



PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY
STAFFING AND OVERTIME REPORT
JUNE 2023

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

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Executive Summary

In recent years, the City of Philadelphia has had difficulty budgeting for and managing overtime spending. Since the pandemic, the City has also been facing a staffing shortage, which has heightened reliance on overtime in certain departments. At the request of the PICA Board, this report compares overtime spending and staffing challenges in key departments.

This report highlights staffing and overtime trends for departments that were included in the City's FY21 Overtime Action Plan process. In their Action Plans, these departments described the primary drivers of their overtime spending and identified steps that could be taken to reduce reliance on overtime. Since the release of these Action Plans, overtime spending has increased as a percentage of General Fund expenditures.

Although staffing shortages are a serious concern across City departments, not all departments are driven to increased overtime spending when faced with high vacancy rates. As detailed in this report, departments with mandated service and staffing levels are more likely to rely on overtime spending to address the operational gaps created by staffing shortages.

Fortunately, the City is already taking some steps to address its overtime and staffing challenges. The Overtime Action Plans were released at the height of the COVID-19 pandemic, prior to the availability of vaccines. Where implementation of measures to address overtime spending were halted or delayed by the pandemic, in many cases they have been taken up again. To address staffing concerns, City Council worked with the administration to include funding for recruitment and retention initiatives in the FY24 budget.

To continue this work towards addressing staffing and overtime challenges, PICA recommends the following next steps:

- Continue to support recruitment and retention efforts, with particular focus on areas where vacancies drive regular use of overtime to maintain service. These efforts should be regularly monitored for effectiveness.
- Work to adapt shift scheduling and management to reduce overtime spending and improve work/life balance for uniformed employees in particular.
- For departments where staffing shortages drive overtime spending, develop realistic timelines and projections for reducing vacancy rates to a point that would notably reduce overtime spending.
- Continue overtime monitoring and reporting as agreed to in the FY21 Overtime Report.

Introduction

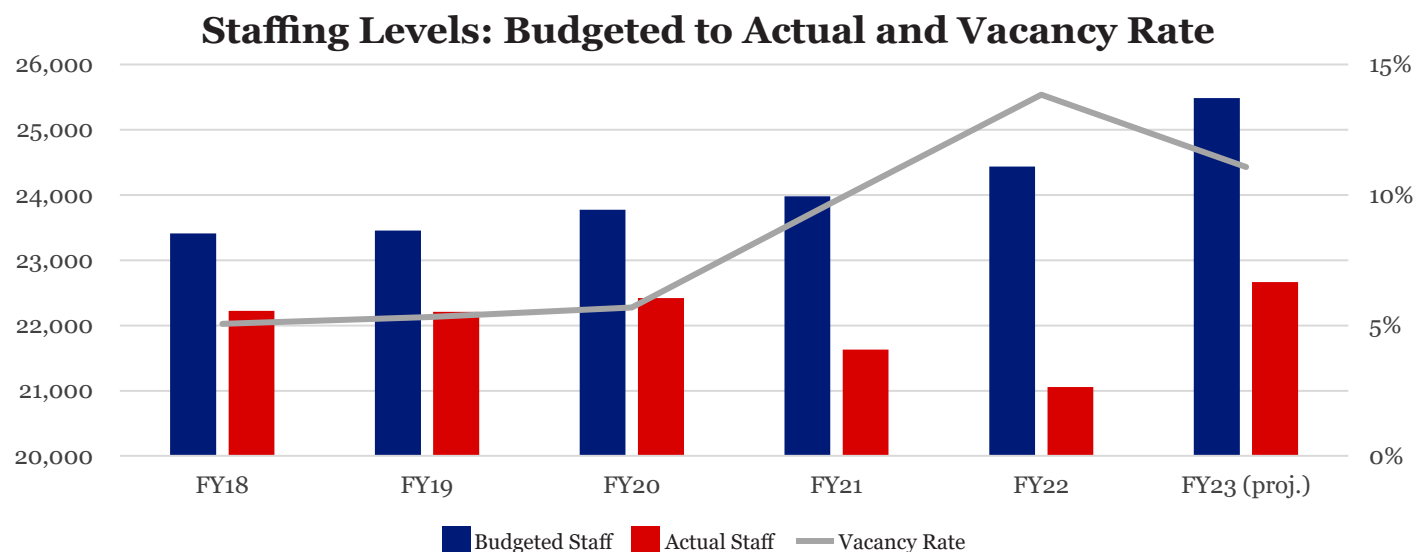
The PICA Board has a long-standing concern with the City of Philadelphia's overtime spending. In response to growing overtime spending and insufficient overtime budgeting, in July of 2020 the PICA Board requested that the City publish a report on overtime spending and develop plans to reduce overtime spending in key departments. This report builds on that work, providing an update as the City emerges from the pandemic.

In its September 2020 Overtime Spending report, the City of Philadelphia noted many departments where staffing levels were a primary driver of overtime spending. Since then, the City's staffing vacancy rate has climbed dramatically, and overtime spending has continued to grow.

This report is organized into four sections. The first provides analysis of citywide staffing trends, noting developments since September 2020. The second section highlights overtime spending trends, showing how they have grown even since the development of departmental Overtime Action Plans in December of 2020. The third section of the report compares staffing and overtime trends, and the potential for staffing vacancies to push overtime spending higher. The fourth section of this report looks at staffing trends, overtime trends, and the relationship between the two for departments that were included in the December 2020 Overtime Action Plans. Finally, this report offers recommendations on steps the City can take to reduce staffing vacancies in key departments, and therefore the use of overtime spending.



Staffing Trends



The staffing vacancy rate for the City of Philadelphia has risen from five percent in FY18 to 18 percent in the third quarter of FY23. Part of this increase in vacancies can be attributed to the addition of just over 2,000 budgeted positions between FY20 and FY23. Another factor driving up vacancy rates has been the net loss of 1,501 City employees between FY18 and the third quarter of FY23. Taken together, these trends have created a high vacancy rate where the City is working to expand and maintain services with more than – as of the third quarter of FY23 – 4,500 fewer employees than budgeted. A variety of issues and events have contributed to these staffing challenges, first and foremost being the global COVID-19 pandemic.

Prior to the arrival of the pandemic in Philadelphia – FY18 through the first half of FY20 – the City had regained staffing levels that had been hampered by revenue declines and associated budget cuts stemming from the impact of the Great Recession. With the arrival of COVID-19 in Philadelphia, the City and the United States as a whole shut down nearly all in-person activities in March of 2020 to slow the spread of the virus. The unemployment rate ballooned from 3.5 percent to 14.7 percent between February and April 2020 as businesses and workplaces shuttered and the economy entered a recession¹. By the end of March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. With the CARES Act came funding for limited overtime reimbursement and acquisition of personal protective equipment for City employees. The CARES Act also implemented forgivable small business loans through the Payroll Protection Program (PPP), distributed support payments to qualified individuals, and enhanced unemployment measures. Despite this measure of Federal relief, the City was still in an uncertain and declining fiscal situation. The City shifted back the collection deadlines for its real estate and business income and receipts taxes. Almost every other revenue category was also impacted by the pandemic shutdown, with revenues dependent on in-person activities suffering the most. It was during this period of uncertainty that the City implemented a hiring freeze for the FY21 budget. During the hiring freeze, departments saw their vacancy rates climb while they were unable to fill positions that opened due to attrition.

In December of 2020, COVID-19 vaccines became widely available, creating a path forward

¹ St. Louis Federal Reserve Economic Data, Unemployment Rate; <https://fred.stlouisfed.org/series/UNRATE>

towards reopening and resuming in-person events. In March of 2021, the federal government acted to shore up state and municipal finances across the country by enacting the American Rescue Plan Act (ARPA) and directing \$350 billion to mitigate the fiscal impacts of the pandemic. The City of Philadelphia received \$1.4 billion in ARPA dollars and designated the funds to be used as revenue replacement for the \$1.5 billion revenue shortfall the City faced.

As the City used ARPA dollars to stabilize the budget and resume hiring, the Great Resignation started in earnest. With some measure of financial security from enhanced unemployment insurance and economic stimulus payments, many Americans took the opportunity to find more satisfying or better-paying work. The City's staffing rate, already tenuous due to the hiring freeze, started feeling the impact of the Great Resignation as well.

In April of 2022, PICA issued a report on the impact of COVID-19 on employee separations in the City of Philadelphia. The report found that between 2017 and 2020, the rate of employee separations nearly doubled. Eleven percent of the City's workforce across all funds – just over 2,900 employees – separated from City employment in calendar year 2021. Eighty percent² of those separations were due to resignations and retirements.

Enrollment in the City's Deferred Retirement Option Plan (DROP) has increased as well. The DROP program allows City employees who have reached normal retirement age (or two years past retirement age for exempt and non-represented employees) with 10 years of credited service to declare their retirement in advance and accumulate monthly retirement benefits in an interest-bearing account for up to four years prior to actual retirement. Upon retirement, retirees receive the accumulated benefits and any accrued interest as a lump-sum payout, then continue to collect regular monthly retirement benefits. Between FY24 and FY28, 1,923 current DROP enrollees will retire. Projected DROP retirements are highest in FY25 and FY26, due to increased DROP enrollment at the peak of the Great Resignation in FY21 and FY22. DROP enrollment is also heavily concentrated in certain departments. Employees of the Police Department – which is already facing persistent staffing, recruitment, and retention challenges – comprise 26.5 percent of all General Fund employees, and 42 percent³ of current DROP enrollees.

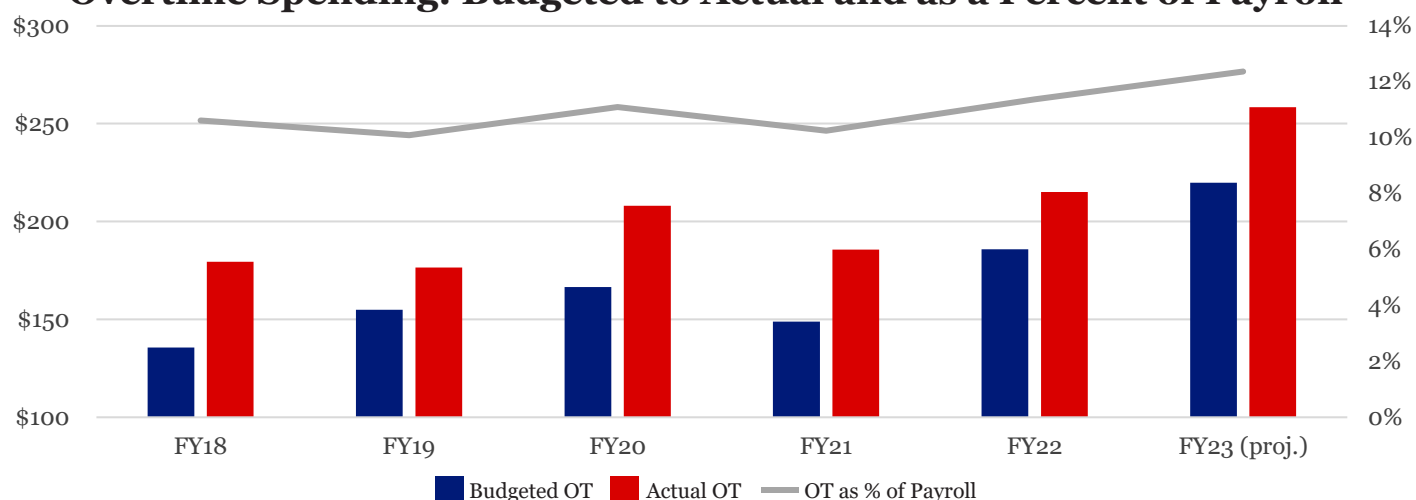
Year-end projections for FY23 estimate that 1,700 employees will be hired in the fourth quarter of FY23, which would bring the vacancy rate down from about 18 percent to just over 11 percent, a decrease of more than six percent in a single quarter. These projections are very optimistic. The largest single-quarter drop in the City's vacancy rate between FY18 and FY23 came in the first quarter of FY18, when the City added 474 employees and the vacancy rate dropped two percentage points. If the City manages to meet its current FY23 projections, it will be a surprising and encouraging achievement – especially because many of the most critically understaffed departments need uniformed employees to fill their ranks. The process for hiring uniformed employees is more rigorous and time consuming due to both hiring standards and the academy process. The Fire Department is the only City department to have gained uniformed employees, about 225, between FY18 and the third quarter of FY23. In recent years, the Police academy has graduated just over 200 cadets annually, while the Department of Prisons has graduated about 100 annually. While the City and uniformed labor representatives have recently implemented hiring incentives, temporary civilianization measures for some roles, and shift-scheduling adjustments, it is unlikely that these incentives will have an immediate impact in FY23 as hiring and training uniformed employees is a months-long process.

² PICA: [COVID-19 Impact on City of Philadelphia Employee Separations](#); April, 2022.

³ Philadelphia Board of Pensions; as of May, 2023

Overtime Trends

Overtime Spending: Budgeted to Actual and as a Percent of Payroll



Overtime spending in the City of Philadelphia increased from \$179 million in FY18 to a projected \$258 million in FY23. In each fiscal year, actual overtime spending has surpassed budgeted overtime. In FY19 – the last full fiscal year prior to the pandemic – overtime spending comprised 10.1 percent of the City’s payroll spending. In FY23, overtime spending is projected to be 12.4 percent of payroll.

PICA’s Board of Directors has long raised concerns about the City’s management of overtime spending. At the peak of pandemic-related fiscal uncertainty, prior to the rollout of COVID-19 vaccines and enactment of the ARPA, the PICA Board prompted the City to take an in-depth look at overtime budgeting and management. The result of the City’s deep dive was an initial Overtime Report detailing drivers of overtime and the City’s overtime management philosophy. The initial report clarified the City’s approach to overtime, framing it as one of many tools available to provide services and get work done. Departments utilizing overtime often have no options that would prove more cost-effective in delivering services in unplanned circumstances or during seasonal peaks in demand. The report⁴ identified vacancy rates, unplanned leave usage, unplanned circumstances, structural deficiencies, seasonal needs, and service enhancements as drivers of overtime spending.

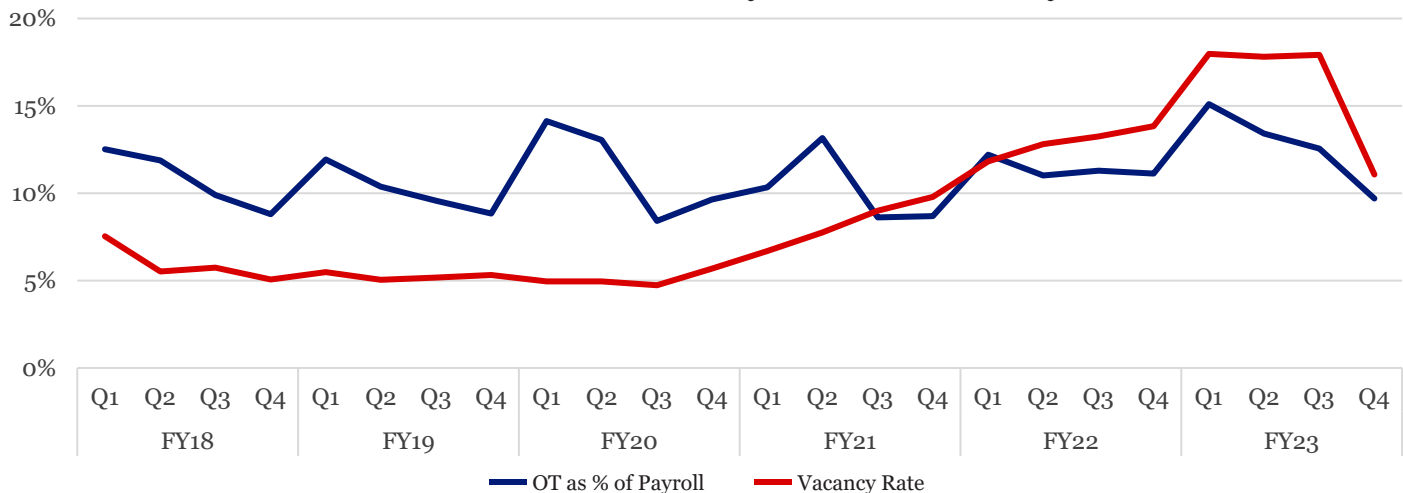
In dialogue with PICA’s Board of Directors, the City provided Overtime Action Plans for 13 departments. While these Overtime Action Plans did not focus as much on overtime reduction as the PICA Board recommended, each Action Plan outlined key departmental drivers for the use of overtime.

The fact that citywide overtime spending has increased since the development and implementation of the City’s Action Plans is concerning. While some departments have managed their overtime spending better, the overall trend suggests that these departments are outliers. With the support of ARPA dollars and stable revenues, spending beyond what is budgeted for overtime has not caused increased payroll spending overall or thrown the budget out of balance. Unplanned overtime expenditures could become a serious issue should City revenues decline in a recession or stagnate under continued inflation.

⁴ City of Philadelphia: [Overtime Spending — Origins, Analysis, & Action Plan](#); September, 2020.

Staffing and Overtime Trends

Overtime as Percent of Payroll vs. Vacancy Rate



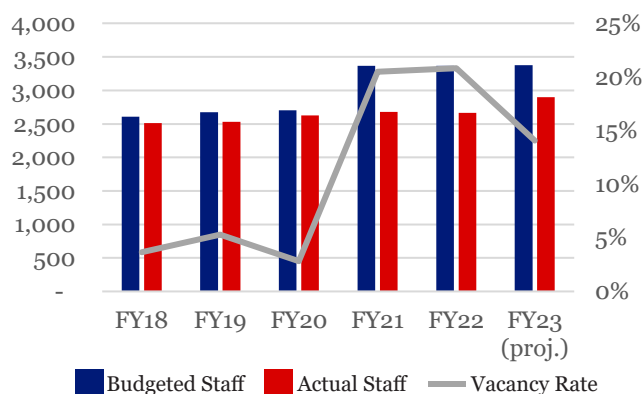
The City of Philadelphia’s current staffing and overtime trends present serious fiscal and operational challenges going forward in an economy experiencing high rates of inflation and low rates of unemployment. As noted in the City’s FY21 Overtime Report, vacancy rates are a primary driver of overtime spending in key departments. Police, Fire, Prisons, and the Department of Human Services all rely on overtime to ensure adequate staffing to meet state and federal staffing and service mandates. When vacancy rates in these departments rise, the use of overtime becomes one of the only options these departments have to deliver essential services around the clock. When not managed carefully, overreliance on overtime can lead to a vicious cycle of burnout and demoralization as departments depend on fewer employees to maintain and enhance service levels.

The section that follows takes a closer look at each of the City offices and departments included in the FY21 Overtime Action Plans. Each page will provide detail on a department’s staffing trends, overtime trends, and the relationship between staffing and overtime spending. Each department’s staffing section compares budgeted staffing, actual staffing, and the department’s vacancy rate from FY18 through FY23. The overtime sections will compare budgeted overtime spending, actual overtime spending, and overtime as a percentage of each department’s payroll costs.

To compare staffing and overtime, this report uses vacancy rates and overtime as a percentage of payroll to allow for comparison between departments that operate on vastly different scales. These two measures also demonstrate the extent to which staffing trends drive overtime spending for each department. Departments where both measures move in the same direction over time have stronger relationships between staffing and overtime spending than departments where measures are divergent.

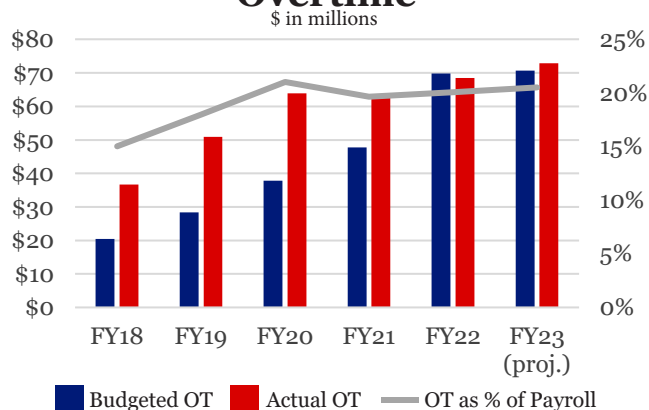
Philadelphia Fire Department

Staffing



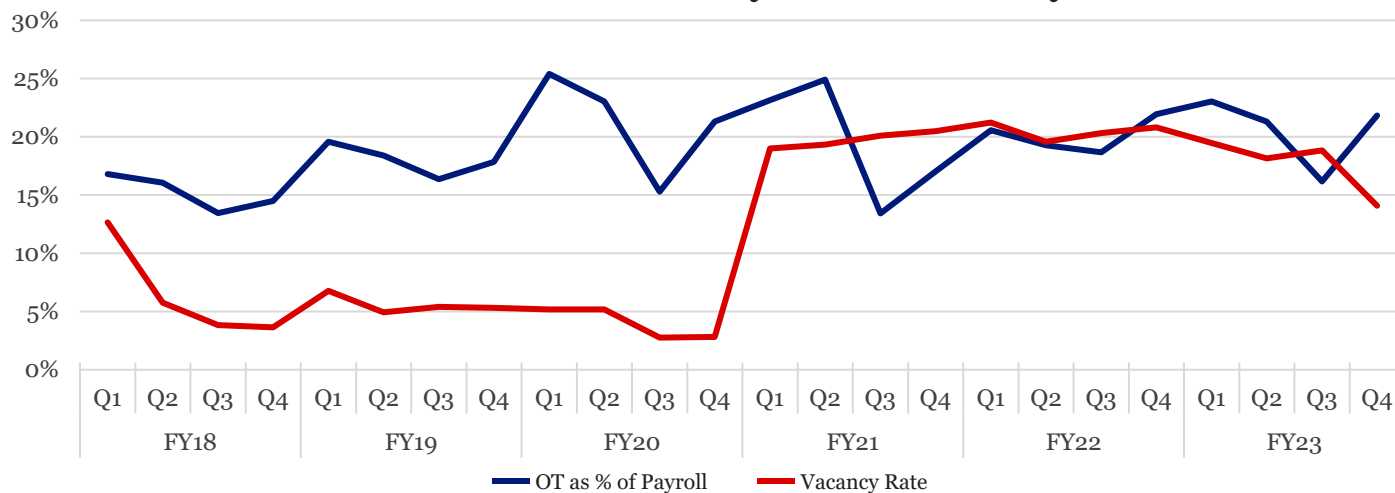
The rate of vacant positions in the Fire Department increased from four percent in FY18 to a high of 21.0 percent in FY22, with projections for FY23 back down to 19.0 percent. Although the department is currently understaffed, the rapid climb in vacancy rates is largely due to the addition of 770 authorized positions. Unlike other academy-based departments, Fire has managed to grow its ranks through the pandemic, adding 390 employees since FY18.

Overtime



The Fire Department has high and consistent levels of overtime spending. As a percentage of its payroll, the department's overtime has grown from 15.0 percent in FY18 to 20.5 percent in FY23. For the first time in years, the Fire Department came in under its overtime budget in FY22. Although overtime spending exceeds budgeted amounts in every other year considered in this report, overtime budgets have become more closely aligned with actual spending than they were before the pandemic.

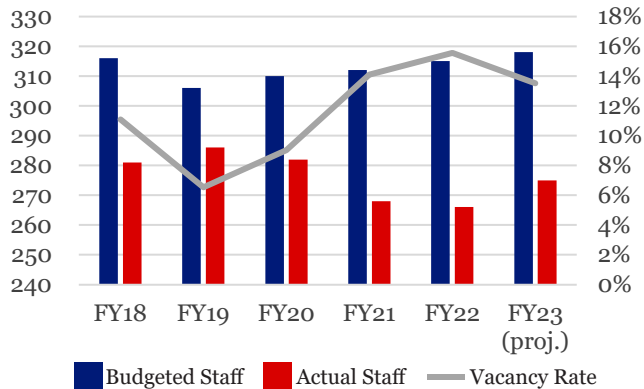
Overtime as Percent of Payroll vs. Vacancy Rate



The Fire Department has yet to submit an Overtime Action Plan to the PICA Board, but in public hearings and budget documents, department leadership consistently states that overtime spending is driven primarily by staffing needs. The Fire Department's day-to-day staffing is determined by minimum staffing standards and is therefore less flexible than other departments. The Kenney administration has made increased Fire Department staffing a priority with the allocation of 770 additional positions to the department since FY18. Fire currently has 390 more employees than it did in FY18, making it one of the few departments that has managed to significantly grow its ranks between FY18 and FY23.

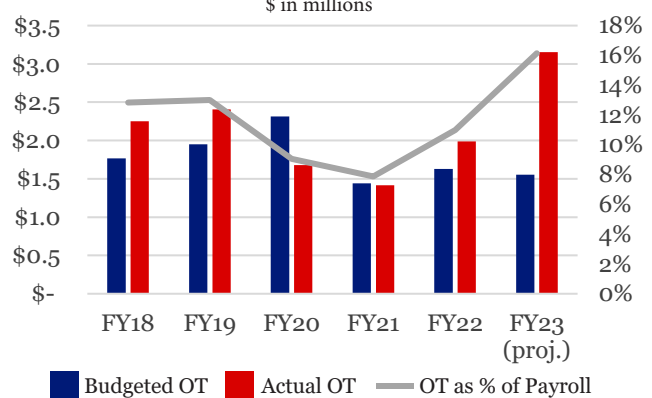
Department of Fleet Services

Staffing



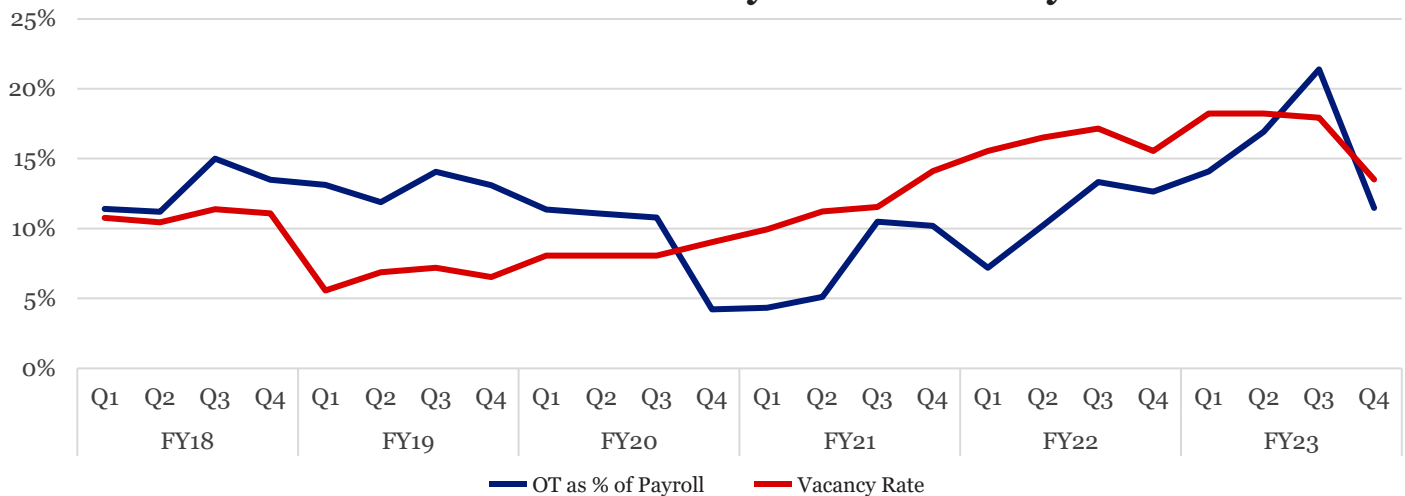
The vacancy rate in the Department of Fleet Services has climbed from a low of seven percent in FY19 to a high of 18.0 percent in the third quarter of FY23. This growing vacancy rate is almost entirely due to attrition, as actual staffing has declined from a high of 286 employees in FY19 to a low of 261 employees in the third quarter of FY23. Although Fleet Services is projected to bring on an additional 14 employees in the fourth quarter of FY23, doing so will be a challenge.

Overtime



In FY20 and FY21, Fleet Services' overtime spending was less than its allocation. Since that time, with the development of its Overtime Action Plan, overtime spending as a percent of Fleet Services' payroll has more than doubled, from 7.9 percent in FY21 to a projected 16.1 percent in FY23. According to current projections, Fleet Services will outspend its FY23 overtime budget by more than one million dollars.

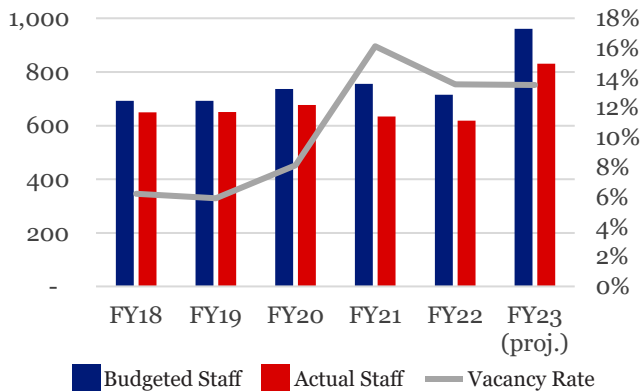
Overtime as Percent of Payroll vs. Vacancy Rate



In its FY21 Overtime Action Plan, the Department of Fleet Services noted that overtime spending is largely driven by demand for services from other departments. This demand spikes after weather events, when more vehicles need repairs and others need to be equipped with snowplows or salt dispersal equipment. The department's ability to respond to this demand without incurring overtime is dependent on its staffing levels. This dynamic is clearly visible in recent years as overtime costs have risen alongside the staffing vacancy rate. When Fleet Services faces seasonal demand peaks, the use of overtime is more cost effective than increasing full time staffing so long as overtime use is not frequent or regular enough to cause employee burnout.

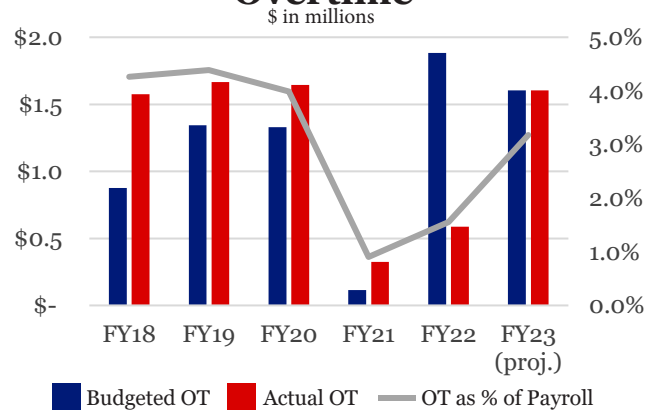
Free Library of Philadelphia

Staffing



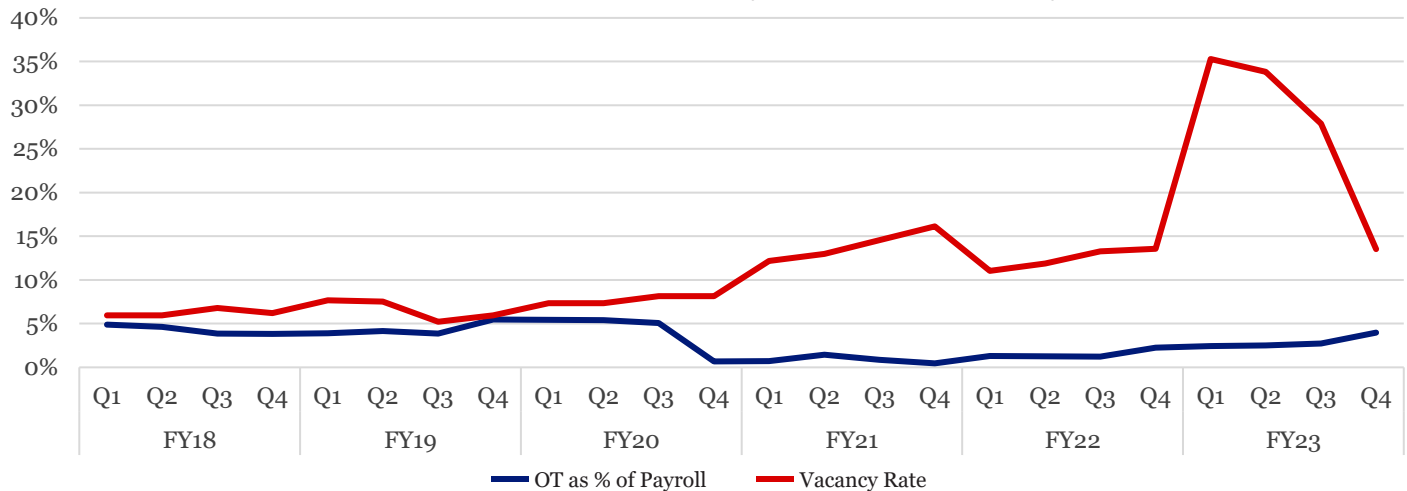
The Free Library of Philadelphia (FLP) increased staffing in FY19, FY20, and, most notably, by a projected 213 employees in FY23. Both FY21 and FY22 saw staffing decreases that resulted in vacancy rates of 16.1 percent and 13.6 percent, respectively. Despite bringing on additional staff to expand service, the expansion of FLP's staffing allocation has caused the vacancy rate to remain relatively high in FY23 at 13.5 percent.

Overtime



In its FY21 Overtime Action Plan, FLP noted that it exceeded its overtime budget between FY16 and FY21 because it consistently underestimated overtime usage. Since the release of this plan, FLP came in significantly under budget in FY22. It is projected to spend its budgeted overtime amount in FY23. Since FY21, FLP has spent a lower percentage of payroll obligations on overtime: 1.6 percent in FY22 and a projection of 3.2 percent in FY23.

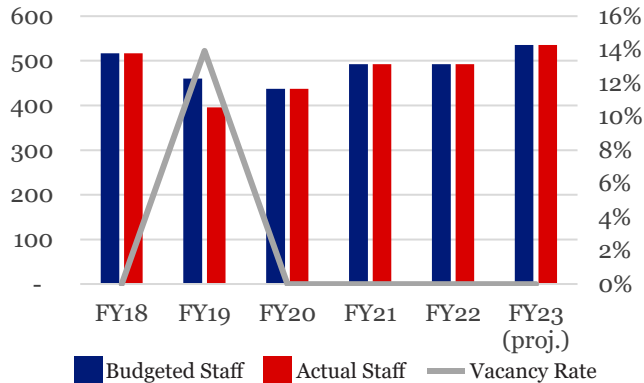
Overtime as Percent of Payroll vs. Vacancy Rate



The Free Library of Philadelphia's Overtime Action Plan notes that much of its overtime usage prior to FY22 was the result of a shortage of payroll clerks and the need to input time records for each employee. While the payroll software OnePhilly was intended to reduce the workload for payroll clerks, the delay in its rollout led to increased overtime usage. FLP also noted shortages in accounting staff and the need to staff libraries for 19 hours during the FY20 and FY21 Primary and General Elections as drivers of overtime usage. As noted, however, FLP overtime spending has decreased over this period even as its vacancy rate has increased.

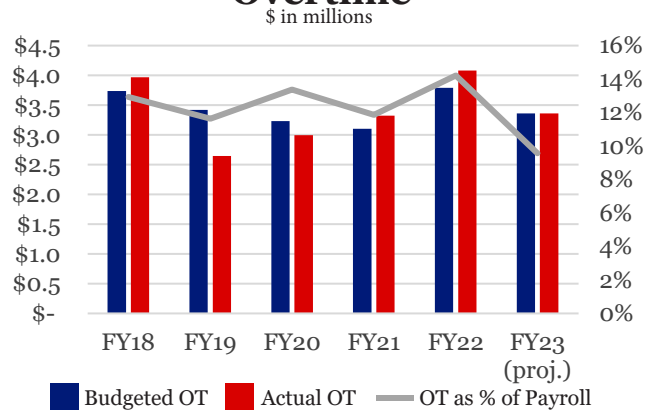
Department of Human Services

Staffing



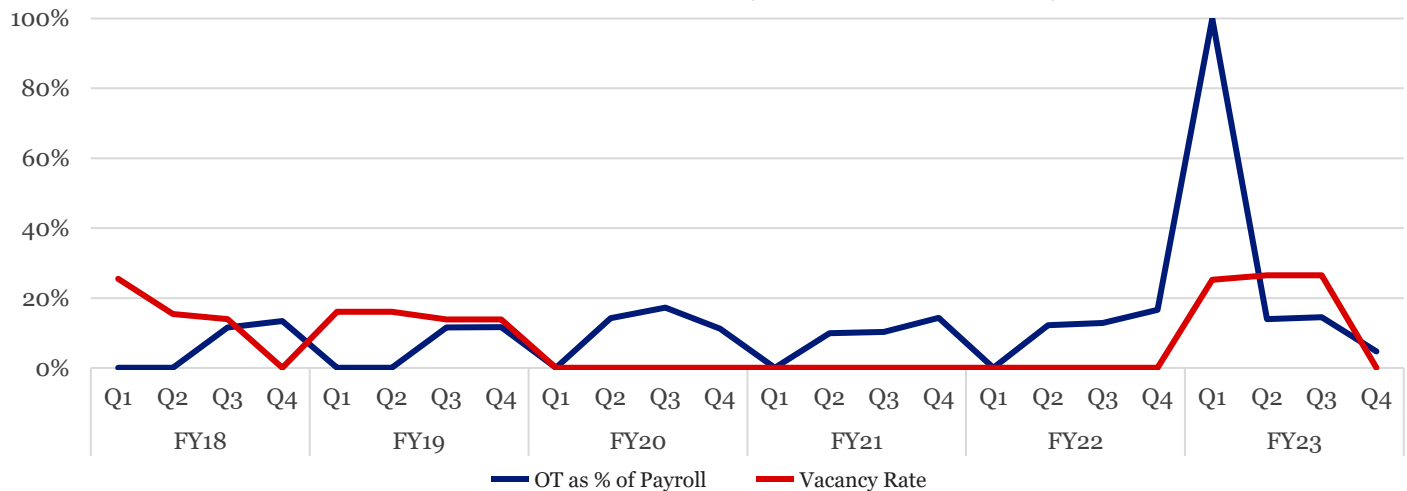
The Department of Human Services (DHS) is not a typical General Fund department. Most DHS employees are grant funded. General Fund staffing for the department declined from 517 in FY18 to 396 in FY19, before rising to 492 employees in FY22. The City currently projects that all DHS General Fund positions will be filled by the end of FY23. Because of the department's atypical budgeting arrangement, vacancy rates are a less reliable indicator of staffing needs for DHS than other departments.

Overtime



DHS overtime spending is driven by the need to maintain 24/7 operations and mandated staffing and service levels. Some department programs, like the Philadelphia Juvenile Justice Services Center, have staffing ratios associated with licensing that require the use of overtime to maintain staffing and licensure. DHS overtime in FY22 reached \$4.1 million, or 14.2 percent of payroll. FY23 overtime spending is projected to decrease to 9 percent of payroll, or \$3.4 million.

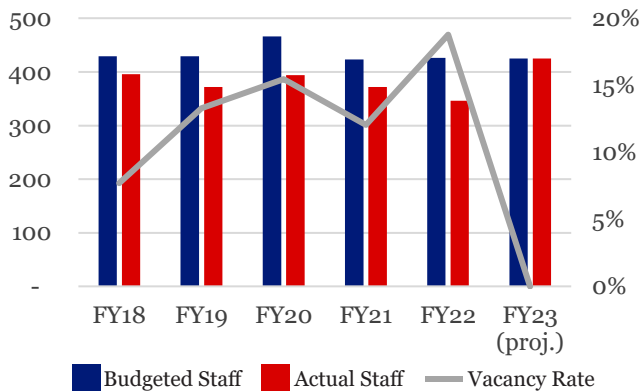
Overtime as Percent of Payroll vs. Vacancy Rate



Some sections' of the Department of Human Services overtime spending is strongly driven by staffing. Child welfare operations and the Philadelphia Juvenile Justice Services Center have staffing requirements that would be more easily met and maintained with higher staffing levels. These positions should be considered for hiring and retention incentives.

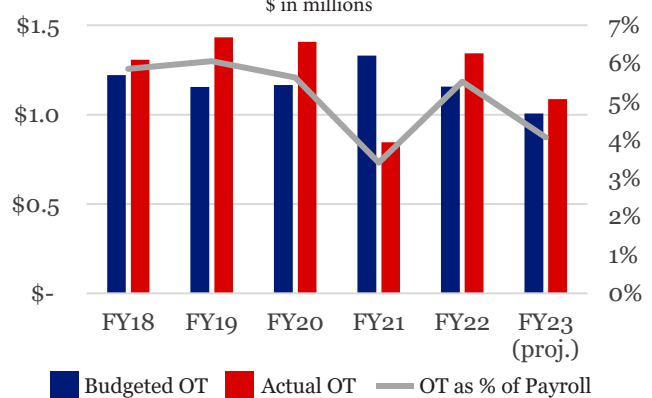
Department of Licenses and Inspections

Staffing



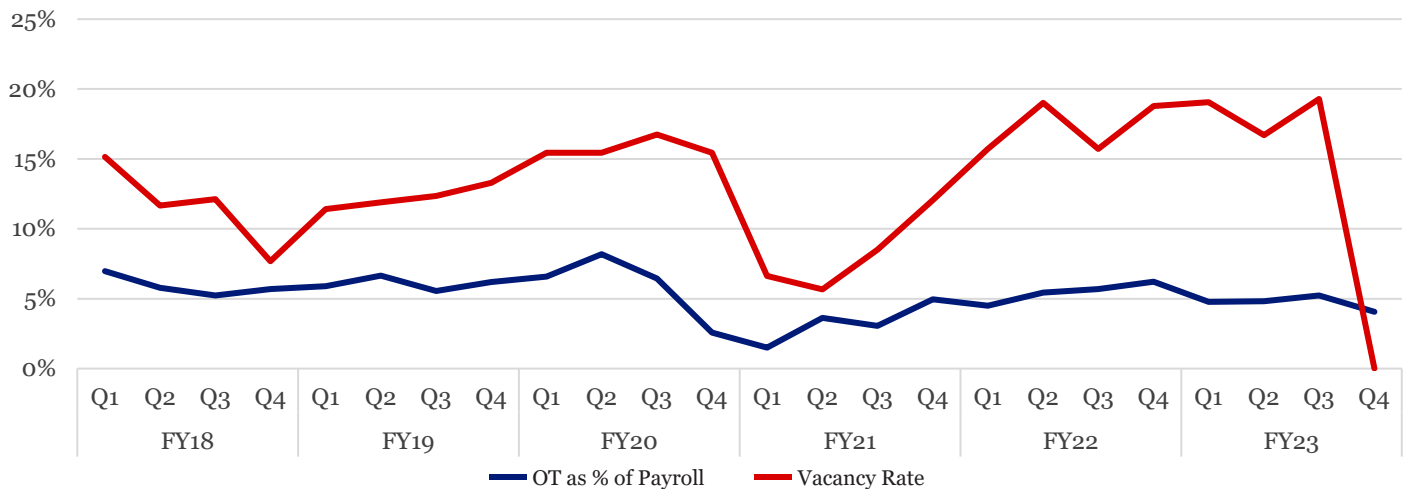
The Department of Licenses and Inspections (L&I) saw its vacancy rate grow from eight percent to 15.0 percent from FY18 to FY20, before dipping to 12.0 percent when the department's budgeted staff allocation was reduced in FY21. Since FY21, the department has seen increased vacancies, with 19.0 percent of its budgeted positions vacant after the third quarter of FY23. In the fourth quarter of FY23, L&I is projected to bring on 82 new employees and end the fiscal year with zero vacancies.

Overtime



From FY18 to FY20, L&I overtime spending was over its allocated overtime budget, comprising between 5.6 and 6.1 percent of the department's payroll. In FY21, overtime spending fell below budgeted levels, then outpaced overtime allocations again in FY22 and FY23. Overtime is expected to be 4.1 percent of the L&I payroll for FY23, a slight reduction from pre-pandemic levels.

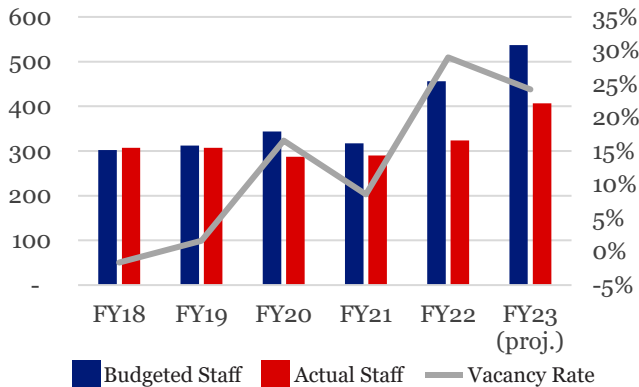
Overtime as Percent of Payroll vs. Vacancy Rate



Staffing is not a strong driver of overtime for the Department of Licenses and Inspections. Most overtime spending in the department is incurred by staff conducting accelerated permit reviews. Overtime spent on these reviews is reimbursed to the General Fund through the payment of fees required for an accelerated review. Should the department meet projections and eliminate staffing vacancies by the end of FY23, further reductions in overtime spending may be possible.

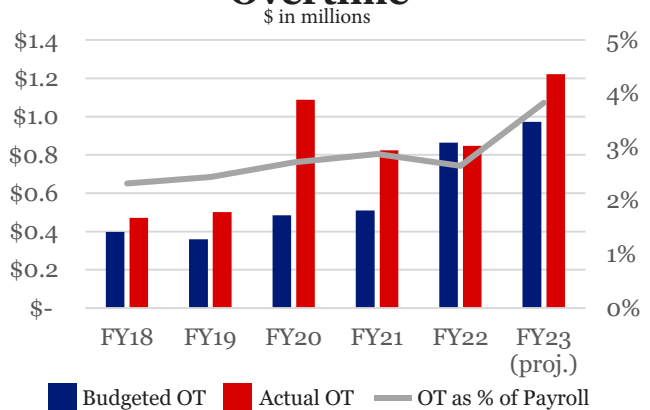
Managing Director's Office

Staffing



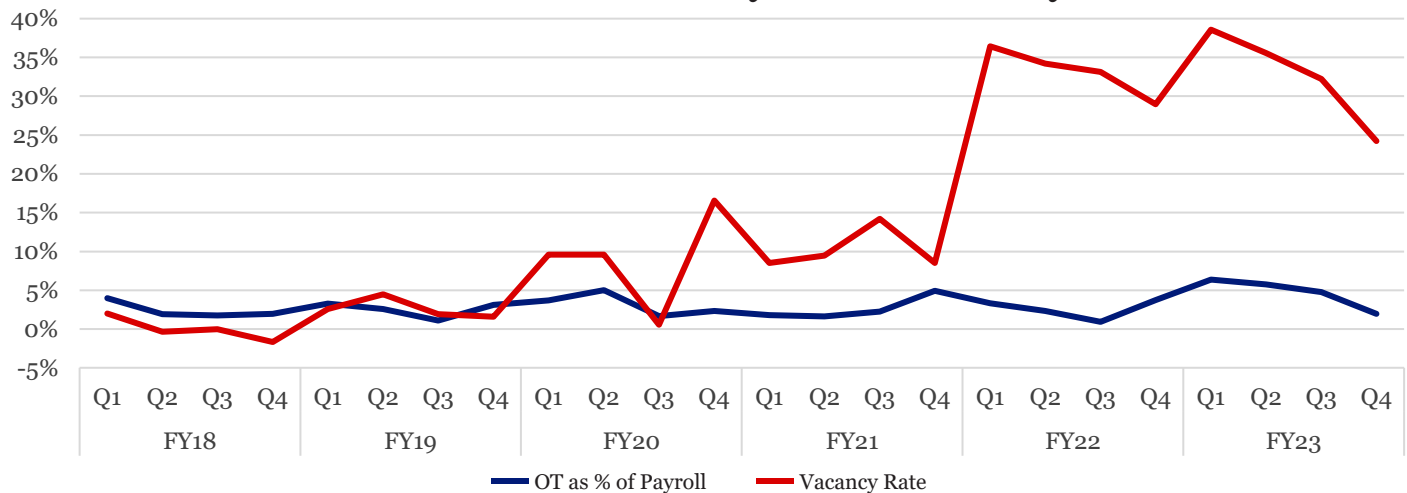
In FY18, the Managing Director's Office (MDO) had five more full-time employees than allocated in the adopted budget. Since then, MDO has become understaffed by a large margin. Understaffing in MDO has been driven by increased staffing allocations as MDO absorbed some departments in FY21 and grew anti-violence and opioid response initiatives. Even so, MDO is projected to end FY23 with a vacancy rate of 24.2 percent.

Overtime



In FY22, just after developing an Overtime Action Plan, MDO underspent its overtime budget by \$17,614. MDO has exceeded its overtime budget in every other year considered in this report. FY23 overtime is projected to exceed FY20 and FY21 overtime, which was incurred responding to the pandemic and civil unrest. Despite these increases, MDO consistently dedicates a small percentage of total payroll to overtime, an average of 2.6 percent.

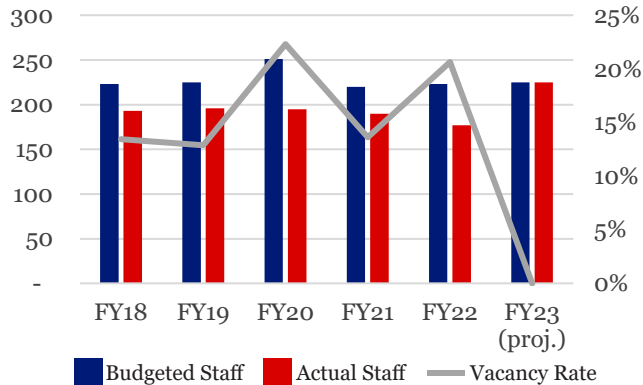
Overtime as Percent of Payroll vs. Vacancy Rate



Staffing levels are not a primary driver for overtime spending in the Managing Director's Office. Although overtime spending has increased, so has the office's overall payroll. As such, MDO has spent an average of 2.6 percent of payroll on overtime from FY18 through FY22. The office has maintained proportionally low spending on overtime despite significant increases in its vacancy rate.

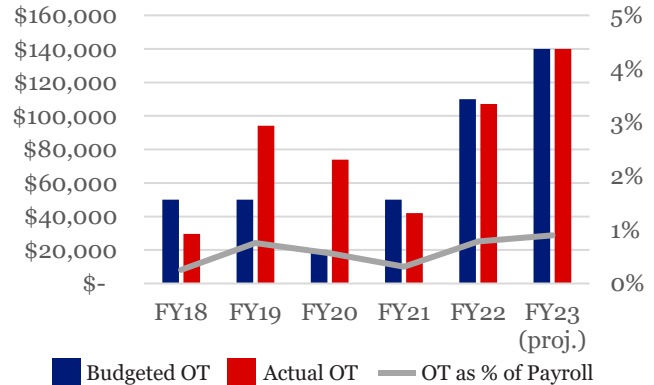
Office of Property Assessment

Staffing



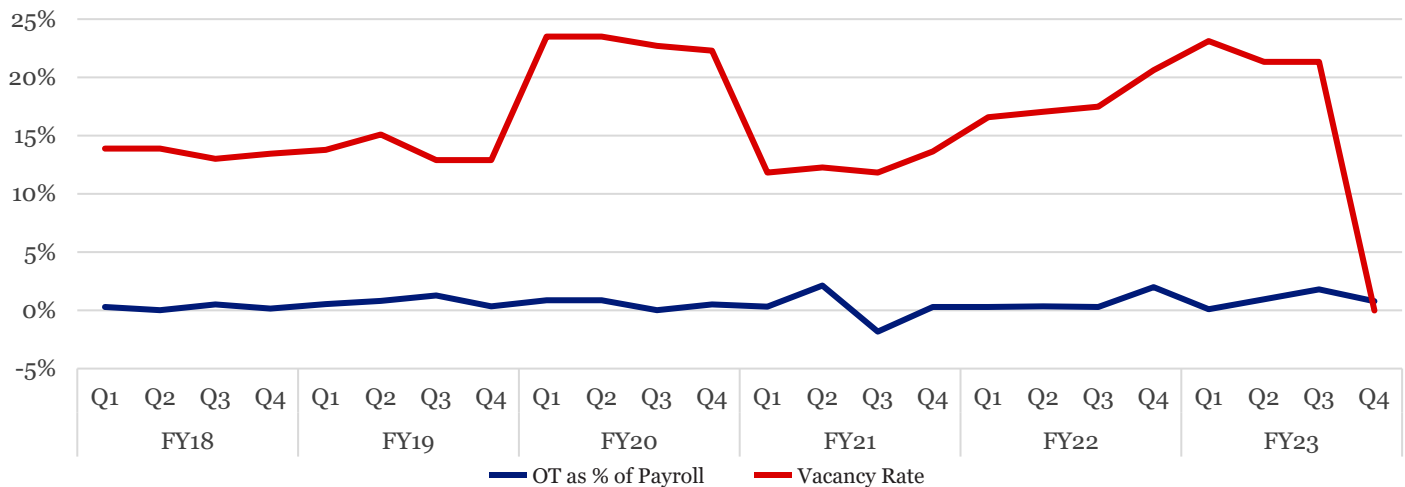
From FY18 through FY23, the Office of Property Assessment's (OPA) vacancy rate has fluctuated between a low of 12.9 percent in FY19 and a high of 22.3 percent in FY20. At the end of the third quarter of FY23, OPA was 48 employees short of its staffing allocation, with a vacancy rate of 21.3 percent. In order to meet its FY23 estimate of zero vacancies, OPA will have to hire 48 new staff members between April and July of 2023, a rate of hiring it has not achieved in any recent years.

Overtime



Overtime spending accounts for a miniscule amount of OPA's budget, ranging from a low of 0.3 percent of payroll in FY21 to a projected high of 0.9 percent of payroll in FY23. Since the development of its Overtime Action Plan in FY21, the office has seen its overtime spending increase by roughly \$100,000, the equivalent of a 333 percent increase between the pandemic-related shutdown of in-person activities until now.

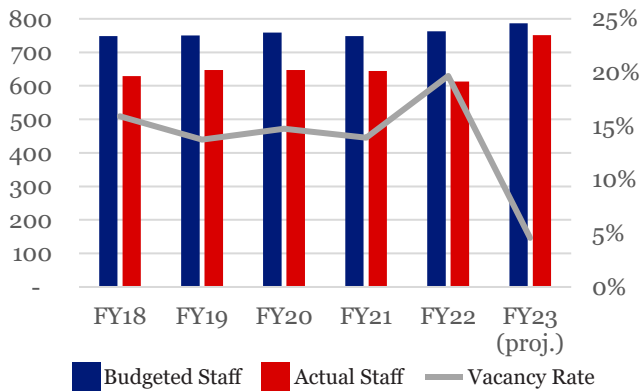
Overtime as Percent of Payroll vs. Vacancy Rate



The Office of Property Assessment identified high vacancy rates as a primary driver of overtime spending in its FY21 Overtime Action Plan. Since then, the office has worked to increase staffing but lost 13 employees. As of the third quarter of FY23, OPA's vacancy rate is 21.3 percent, a slight increase over FY22. The City estimates that OPA will have zero vacancies at the end of FY23. While this improvement would be welcomed, its historical record implies that OPA may find it difficult to hire at such a scale and pace. Although the office has a minimal level of overtime spending, overtime spending has increased significantly since FY21.

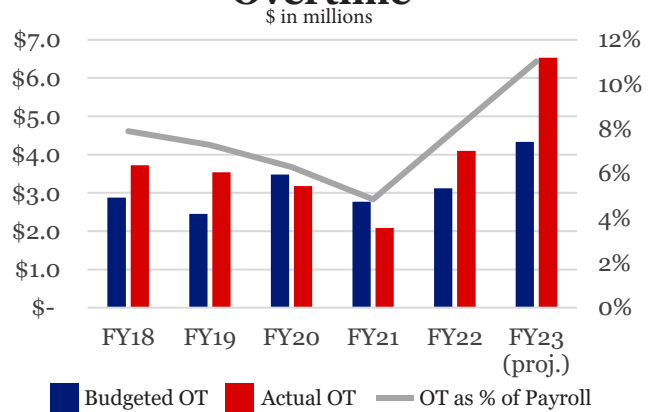
Department of Parks and Recreation

Staffing



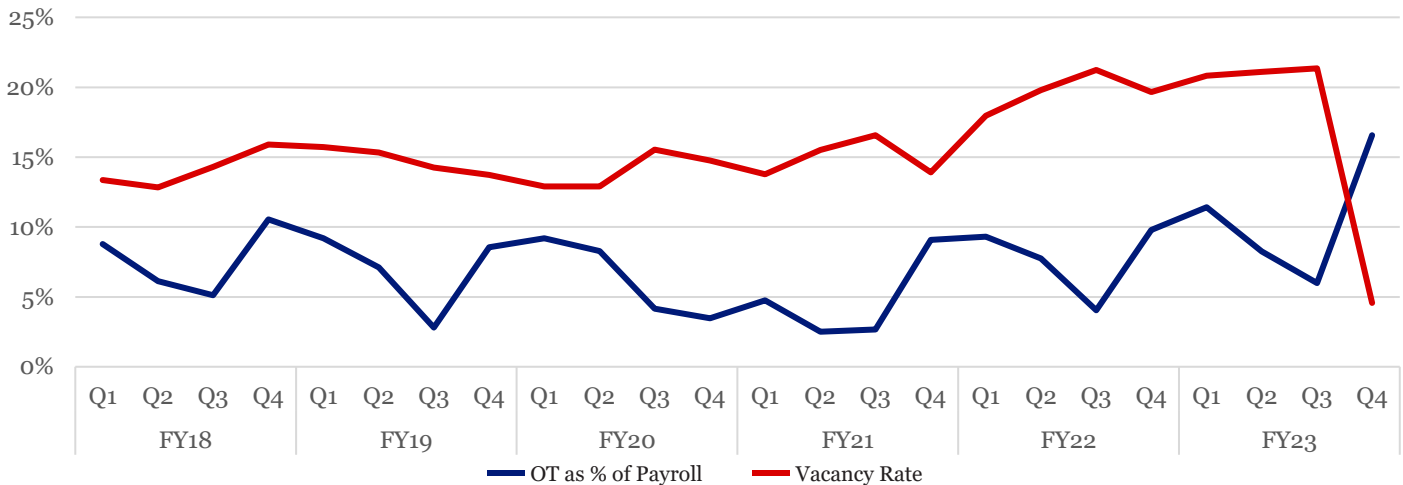
After declining slightly from 15.9 to 13.9 percent between FY18 and FY21, the vacancy rate in the Department of Parks and Recreation grew to 21.3 percent as of the third quarter of FY23. The full-year projection for FY23 is more optimistic, with a projected vacancy rate of just 4.6 percent. The vacancy rate increase for Parks and Recreation is driven in part by the addition of full-time staff positions to deliver in-person summer programming.

Overtime



Overtime spending for Parks and Recreation declined steadily from 7.9 percent of payroll in FY18 to 4.9 percent of payroll in FY21, coinciding with the shutdown of in-person events to slow the spread of COVID-19. Since FY21, overtime spending in the department has risen with the resumption of in-person programming and increase of recreation center staffing minimums for employee safety.

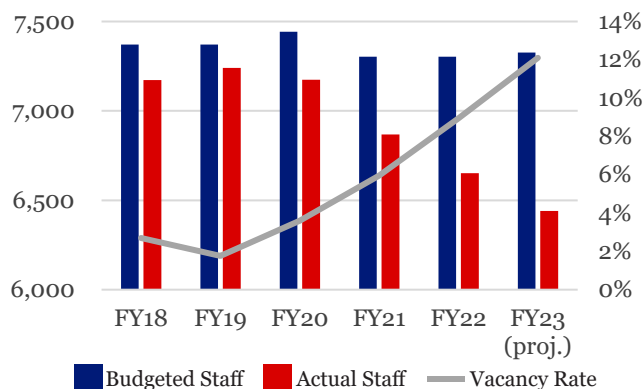
Overtime as Percent of Payroll vs. Vacancy Rate



Parks and Recreation's overall full-time staffing level is not a primary driver of its overtime spending. Demand for Parks and Recreation services is concentrated in summer months, providing programming for youth on summer vacation. Some employment needs may therefore be highly seasonal and better managed with overtime spending than increased year-round staff.

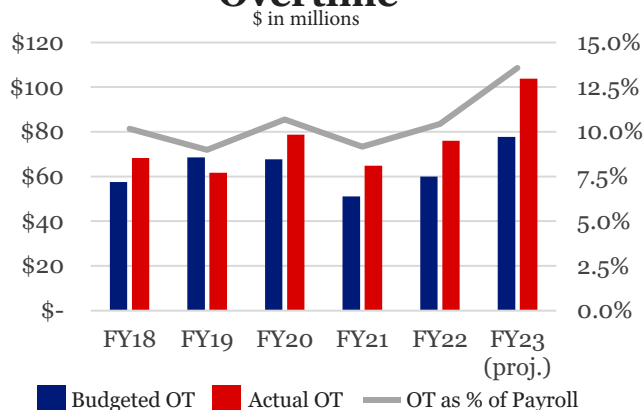
Philadelphia Police Department

Staffing



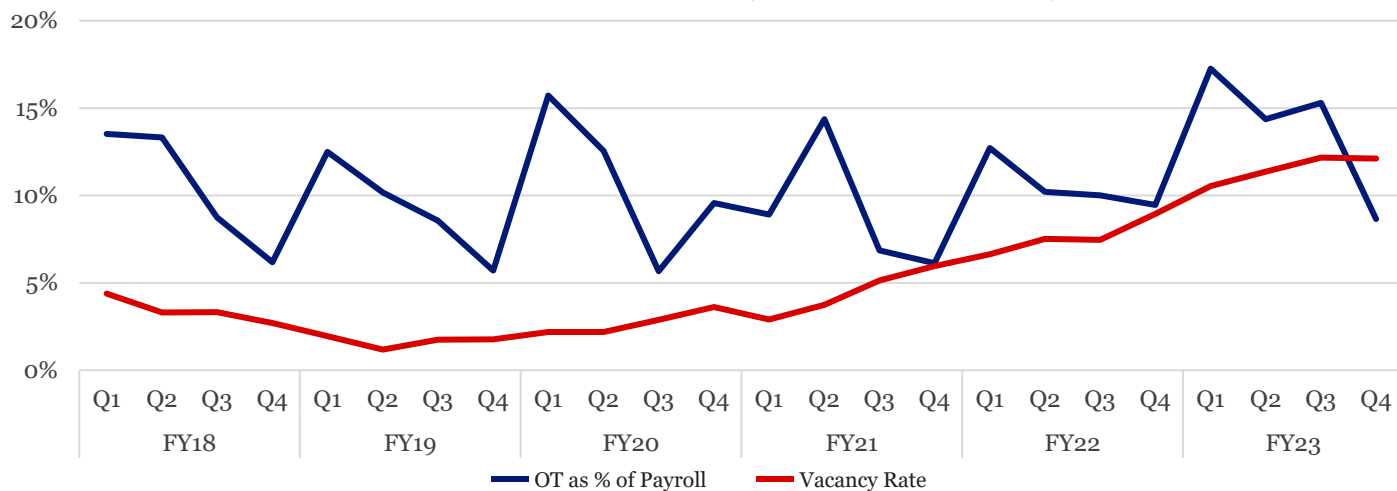
With a projected FY23 vacancy rate of 12.1 percent, the Police Department has a lower vacancy rate than the third quarter FY23 citywide average of 18.0 percent. Unlike other departments, however, Police has not seen an increase in budgeted positions, meaning the vacancy rate is driven by attrition and recruitment challenges. An additional 809 Police employees are enrolled in DROP, comprising 42.0 percent of current DROP enrollees.

Overtime



In its FY21 Overtime Action Plan, the Police Department noted staffing, unplanned leave usage, and court responsibilities as drivers of overtime spending. In FY20, PICA evaluated Police court-related overtime and issued recommendations with the potential to save \$7 million annually. Implementation of PICA's recommendations was delayed by the pandemic. Current projections for FY23 overtime spending are \$103.8 million, or 13.6 percent of the department's payroll.

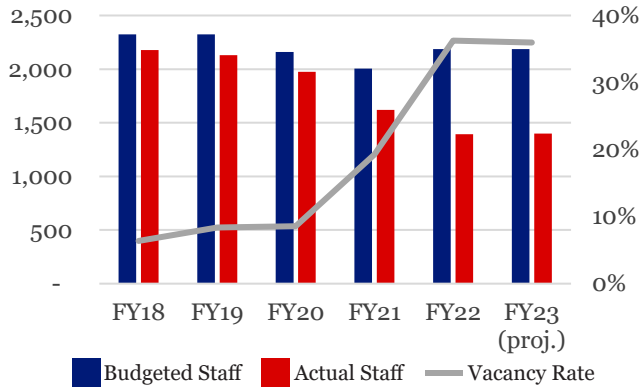
Overtime as Percent of Payroll vs. Vacancy Rate



Staffing levels and overtime spending are closely associated for the Police Department. Although the department has other drivers of overtime like unplanned events, court appearances, and leave usage, the rise in vacant positions since FY19 has driven Police overtime spending to new heights. An academy-based hiring process that requires new employees to complete nine months of in-person training adds another obstacle to the department's hiring challenges. Recent arbitration awards allowing for the civilianization of some positions should help the department maintain service levels in some areas in the short term. The department has added 51 civilian employees in FY23 thus far.

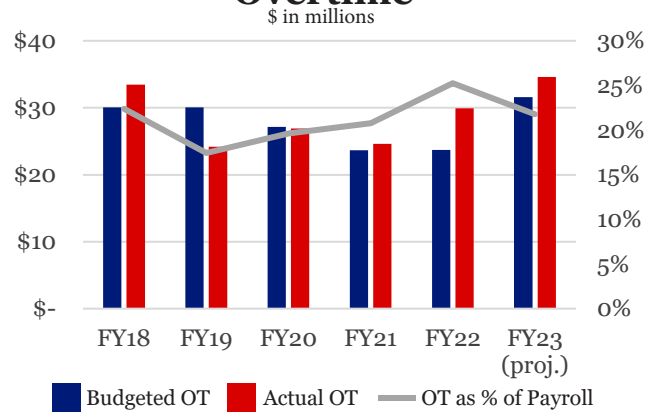
Department of Prisons

Staffing



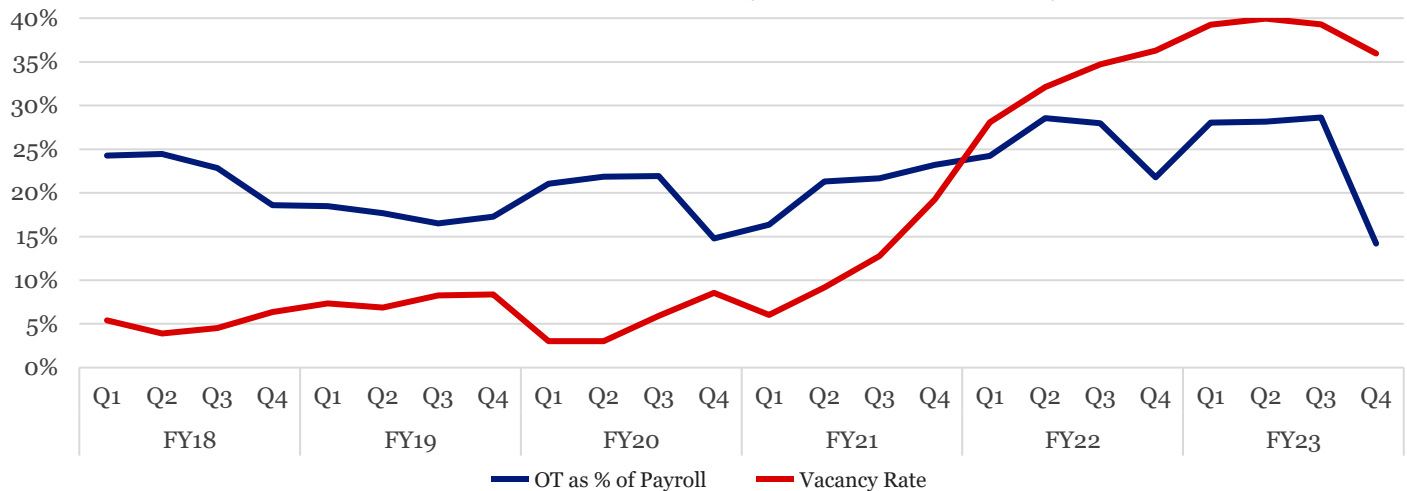
Vacancies in the Department of Prisons climbed from 6.4 percent in FY18 to 36.3 percent in FY22, with a slight drop to 36.0 percent projected for FY23. This department has the highest vacancy rate of any City department. Recent arbitration awards that include attendance bonuses and changes to shift scheduling are intended to reduce the number of vacancies in this department.

Overtime



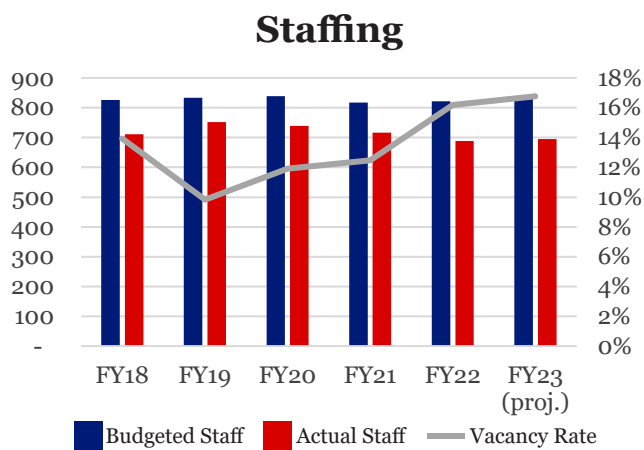
Overtime costs as a percentage of the Department of Prisons payroll have remained relatively stable and high between FY18 and FY23. After dipping to a low of 17.4 percent in FY19, Prisons spent a high of 25.2 percent of its payroll on overtime in FY22.

Overtime as Percent of Payroll vs. Vacancy Rate

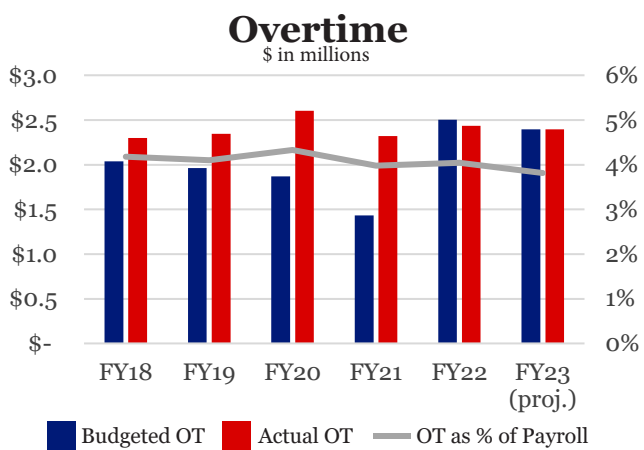


The use of overtime in the Department of Prisons has a clear relationship with staffing levels in the department, with higher vacancies driving higher overtime spending. Unplanned leave usage is also a driver of overtime spending according to the department's Action Plan. Because the department operates under mandated staffing levels, it must cover shifts with overtime when staff are unavailable due to vacancies or call-outs. Prisons was one of the first departments to implement recruitment and retention bonuses, as well as shift-scheduling adjustments, to improve employee quality of life and attract more applicants.

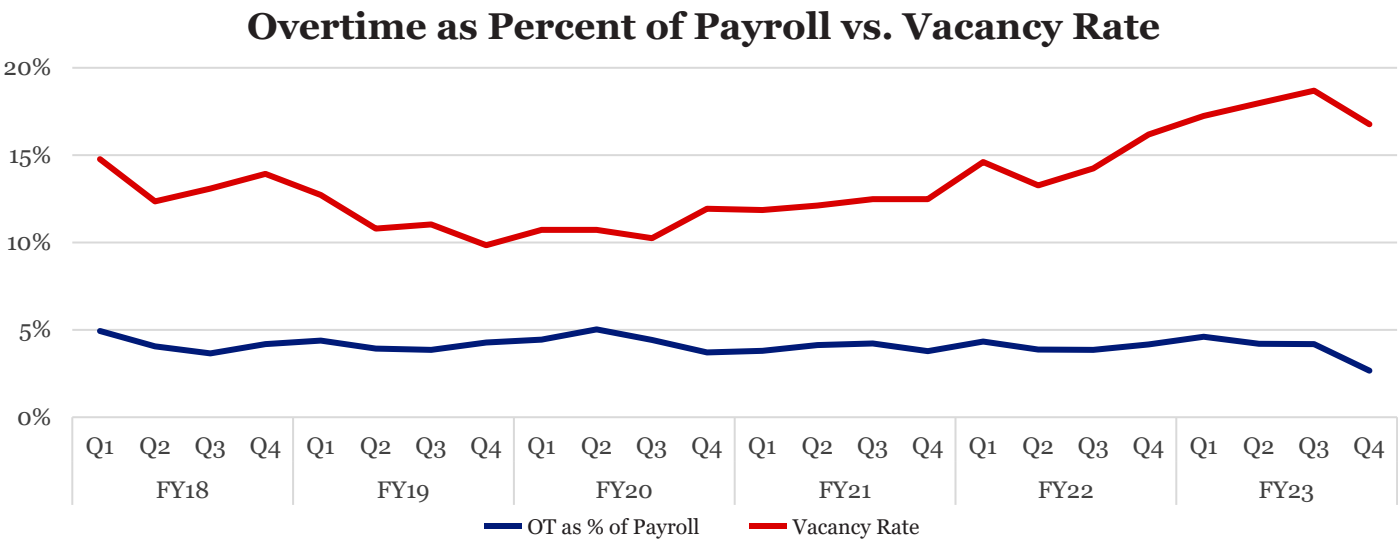
Department of Public Health



In FY19, prior to the onset of the COVID-19 pandemic, the Department of Public Health saw its vacancy rate drop to 9.8 percent. Since then, the vacancy rate has steadily climbed, and is projected to reach 16.8 percent in FY23. Because staffing allocations have remained relatively consistent, the increase in Public Health’s vacancy rate is directly related to the loss of 57 employees between FY19 and FY23.



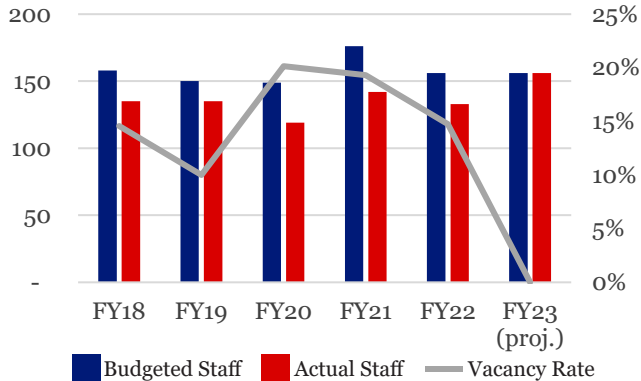
Despite staffing challenges and a global pandemic, the Department of Public Health’s overtime spending has remained level between FY18 and FY23. This stability is made possible in part by grant revenue that allows for overtime reimbursement. FY23 overtime is projected to come in at 3.8 percent of the department’s payroll.



In its FY21 Overtime Action Plan, the Department of Public Health lists high vacancy rates as a driver of overtime usage, specifically when the department is required to perform services during night or weekend hours. Despite these service demands, Public Health has managed to keep overtime spending level even as its vacancy rate has climbed in recent years.

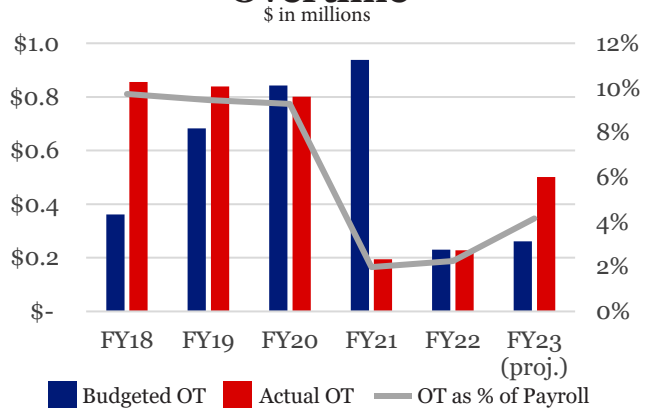
Department of Public Property

Staffing



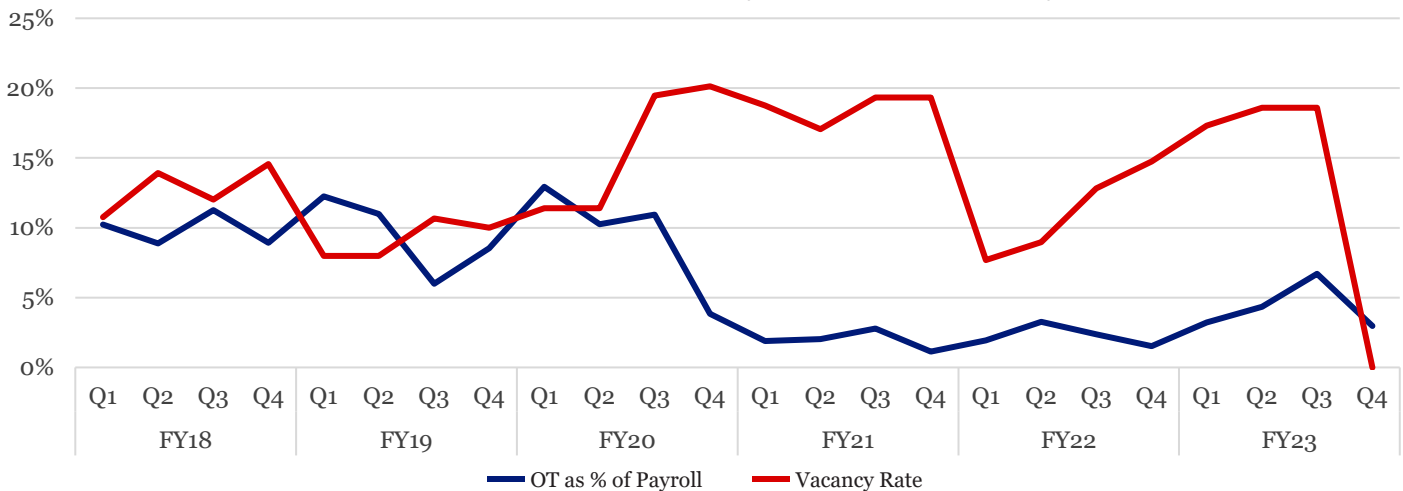
Department of Public Property staffing has fluctuated slightly between FY18 and FY23, with staffing ranging from a low of 119 in FY20 to a high of 142 in FY21. The department's vacancy rate has averaged about 16 percent over this period. The City projects that Public Property's vacancy rate will drop from 18.6 percent to zero in the final quarter of FY23. Reaching this estimate will be difficult, as Public Property has not rehired at such a pace in recent years.

Overtime



Between FY18 and FY20, Department of Public Property overtime spending remained relatively stable, declining slightly from 9.7 to 9.3 percent of payroll. With the pandemic shutdown and transition of many City employees to remote or hybrid work, overtime spending fell significantly from 9.3 percent to two percent of payroll in FY21. In FY23, the department is projected to overspend its overtime allocation by \$24,000 and spend 4.2 percent of payroll on overtime.

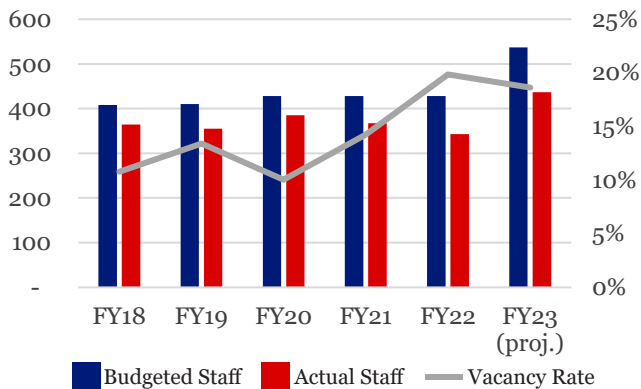
Overtime as Percent of Payroll vs. Vacancy Rate



Staffing is a moderate driver of overtime spending for the Department of Public Property. Its overtime spending is often driven by demand for departmental services, particularly unplanned special events. In FY23, the Department of Public Property created a special events unit specifically intended to staff special events that may otherwise require temporary staff reassignments and overtime spending.

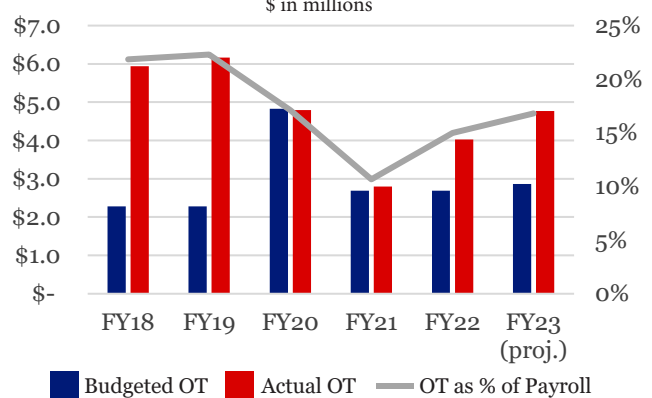
Sheriff's Department

Staffing



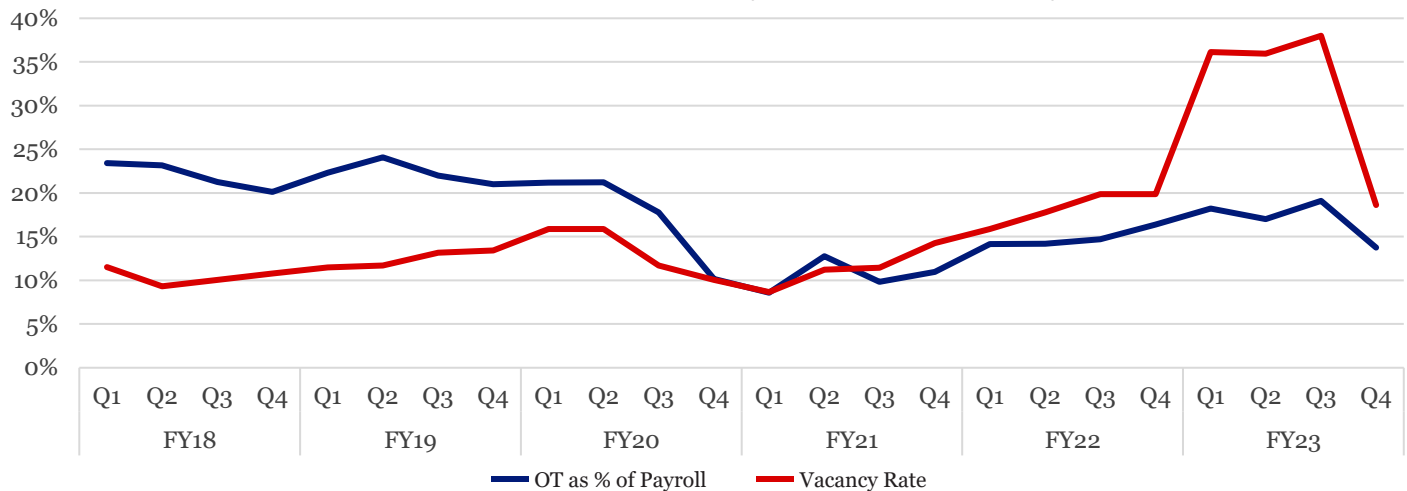
The Sheriff's Department saw modest increases in staffing levels prior to the pandemic. Since FY20, vacancy rates have climbed due to an increase of 110 allocated positions alongside a drop in actual staffing from 385 in FY20 to 333 in the third quarter of FY23. Projections for the end of FY23 estimate the department will add 134 employees in the fourth quarter of FY23. This is likely not possible, as the Sheriff's Department has never hired at such a rate.

Overtime



Between FY18 and FY23, the Sheriff's Department saw overtime costs peak at 22.3 percent of personnel spending prior to the pandemic in FY19. Since the development of an Overtime Action Plan in FY21, overtime spending has increased from 10.7 percent to a projected 16.8 percent of the department's payroll in FY23, while dollar amounts have continued to exceed overtime allocations.

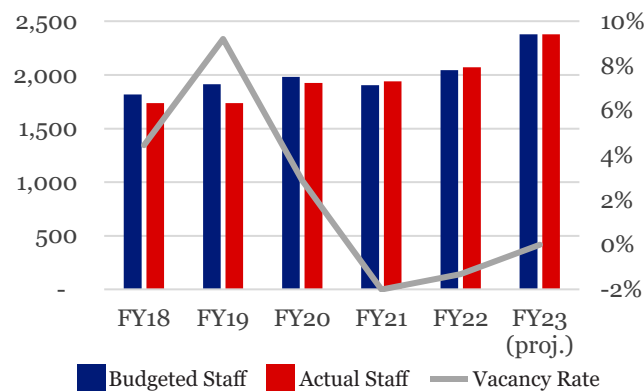
Overtime as Percent of Payroll vs. Vacancy Rate



With roughly level staffing between FY18 and FY21, overtime spending sank to its lowest levels when the First Judicial District ceased in-person court operations during the pandemic shut-down in FY21. Although overtime spending has increased since the courts have reopened, it has not reached pre-pandemic levels despite the loss of 34 employees since FY21. In this scenario, adding more than 200 additional full-time employees to grow from the current staff of 333 to the budgeted staffing level of 537 would certainly cost more than the \$3.6 million in overtime spending projected for FY23.

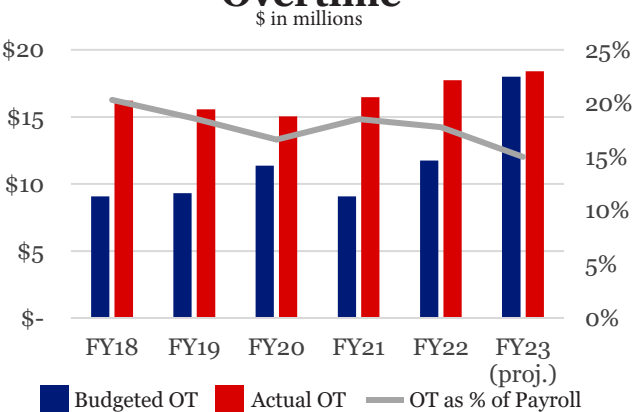
Streets Department

Staffing



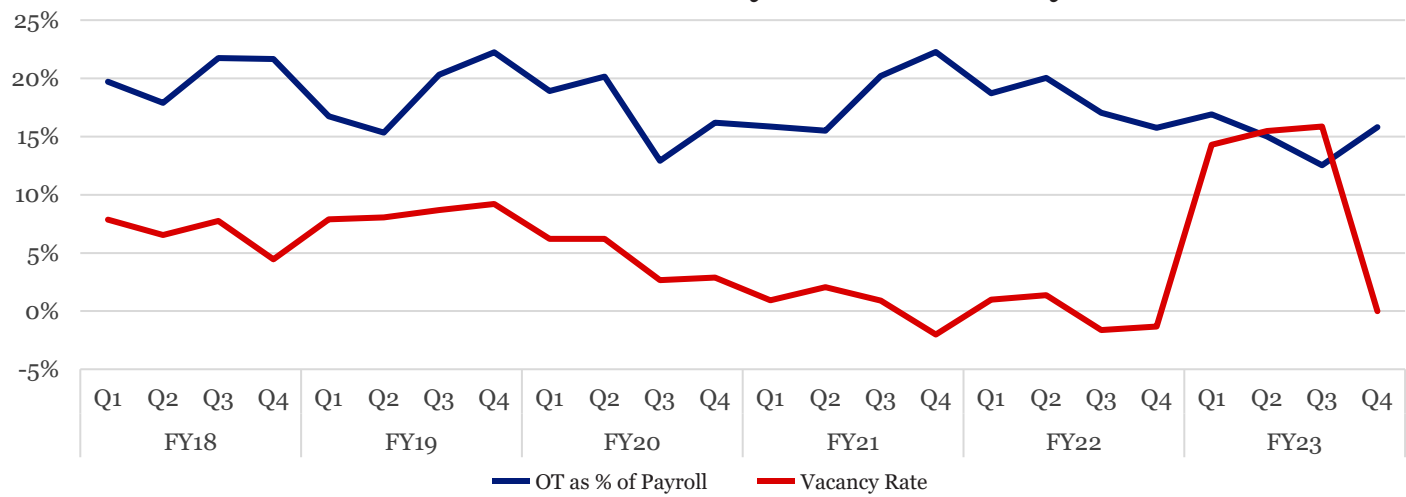
Between FY18 and FY23, the Streets Department saw its vacancy rate plummet. In FY21 and FY22, the department was staffed above its allocation. It is one of five departments highlighted in this report with a staffing vacancy rate projected to be zero at the end of FY23. Streets has recently added full-time staff members to address elevated refuse volumes and court-mandated installation of ADA compliant curb cuts.

Overtime



Despite putting together one of the more detailed Overtime Action Plans in FY21, the Streets Department has consistently overspent its overtime budget. According to the department, this is driven by unplanned leave usage. Even though budgeted overtime for FY23 is higher than the FY22 actual, the FY23 projection represents a decrease from 17.8 percent of payroll to 15.0 percent of payroll spent on overtime.

Overtime as Percent of Payroll vs. Vacancy Rate



As noted in its Overtime Action Plan, overtime spending in the Streets Department is driven more by day-to-day staffing in response to unplanned leave usage than long-term staffing vacancies. Streets is one of the few departments that has been staffed above its allocation in recent years, yet overtime spending has climbed faster than the department’s overtime budget. Reducing overtime spending in the Streets Department is likely more dependent on absenteeism control policies than filling staffing vacancies.

Recommendations

The City of Philadelphia's current staffing and overtime trends present serious fiscal and operational challenges in an economy experiencing high rates of inflation and low rates of unemployment. As noted in the City's FY21 Overtime Report, vacancy rates are a primary driver of overtime spending in key departments. The Prisons, Police, Fire, and Human Services departments all rely heavily on overtime to meet staffing requirements. To prevent overtime spending from escalating to a level that would make it even more difficult for the City to maintain fund balances and produce a balanced Five-Year Plan, these departments require attention and resources.

Since the development of the FY21 Overtime Action Plans, overtime spending has increased and continues to outpace amounts budgeted for overtime. Overtime spending has also increased as a percentage of the City's General Fund payroll, which is indicative of the staffing challenges in large departments with uniformed employees. Meeting current projections for FY23 would drive the City's vacancy rate down significantly, from 17.9 percent in the third quarter of FY23 to 11.1 percent by the end of the fiscal year.

PICA's recommendations are as follows:

Support recruitment and retention efforts, with particular focus on areas where vacancies drive regular use of overtime to maintain service. The City has already taken some steps to ramp up recruitment and increase retention by removing degree qualifications from job requirements where possible, eliminating the "Rule of Two" in civil service hiring, and temporarily waiving residency requirements for high-demand positions. Working with the administration, City Council amended the proposed FY24 budget to include additional funding for hiring bonuses, police recruitment and cadet training, increased parental leave, and internal workforce development. PICA staff commends the City for adopting these measures, especially those with a targeted focus towards departments where vacancies drive overtime. Alongside their implementation, each recruitment and retention initiative should be continually evaluated for effectiveness.

Work to adapt shift scheduling and management to reduce overtime spending and improve work/life balance for uniformed employees in particular. Recent agreements between the City and AFSCME District Council 33 have implemented piloting of adjusted shift scheduling in the Department of Prisons.

For departments where staffing shortages drive overtime spending, develop realistic timelines and projections for reducing vacancy rates to a point that would notably reduce overtime spending. For departments that are required to train new employees through an academy process, timelines and projections should include realistic expectations of academy capacity.

Continue overtime reporting as agreed to in the FY21 Overtime Report. This includes submission of monthly overtime utilization reports to PICA, preparation and submission of quarterly overtime memos explaining operational reasons for overtime utilization to PICA, and continued reporting on overtime, staffing, and leave usage in Quarterly City Manager's Reports.

Appendix A: Overtime Spending by Department (\$)

Department	Actual					Projected
	FY18	FY19	FY20	FY21	FY22	FY23
Citywide						
Adopted Overtime	135,620,173	154,863,464	166,561,406	148,883,244	185,786,679	219,750,557
Actual Overtime	179,380,142	176,564,791	208,034,045	185,591,876	215,014,701	258,480,132
Total Class-100 Obligations	1,690,080,953	1,749,789,358	1,874,182,010	1,811,423,186	1,890,714,287	2,089,461,595
Overtime as Percent of Class-100 Obligations	10.6%	10.1%	11.1%	10.2%	11.4%	12.4%
Fire						
Adopted Overtime	20,418,337	28,393,506	37,823,353	47,713,783	69,784,271	70,697,756
Actual Overtime	36,673,566	50,943,620	63,932,091	62,597,682	68,452,340	72,897,756
Total Class-100 Obligations	244,026,657	283,319,650	303,857,650	318,512,653	341,171,247	355,085,385
Overtime as Percent of Class-100 Obligations	15.0%	18.0%	21.0%	19.7%	20.1%	20.5%
Fleet Services						
Adopted Overtime	1,768,574	1,952,606	2,315,880	1,442,904	1,629,828	1,553,098
Actual Overtime	2,249,940	2,406,919	1,679,115	1,413,920	1,986,852	3,153,098
Total Class-100 Obligations	17,532,835	18,501,080	18,563,332	17,982,245	18,075,554	19,540,916
Overtime as Percent of Class-100 Obligations	12.8%	13.0%	9.0%	7.9%	11.0%	16.1%
Free Library						
Adopted Overtime	877,404	1,343,781	1,331,159	114,541	1,885,000	1,605,000
Actual Overtime	1,576,070	1,667,956	1,646,292	325,884	587,443	1,605,000
Total Class-100 Obligations	36,929,841	38,004,616	41,221,658	36,056,416	37,737,788	50,503,478
Overtime as Percent of Class-100 Obligations	4.3%	4.4%	4.0%	0.9%	1.6%	3.2%
Human Services						
Adopted Overtime	3,733,806	3,417,347	3,232,445	3,101,290	3,789,034	3,357,632
Actual Overtime	3,968,761	2,644,765	2,993,692	3,324,490	4,080,821	3,357,632
Total Class-100 Obligations	30,712,077	22,738,842	22,404,173	28,025,714	28,716,422	35,060,204
Overtime as Percent of Class-100 Obligations	12.9%	11.6%	13.4%	11.9%	14.2%	9.6%
Licenses & Inspections						
Adopted Overtime	1,220,825	1,155,385	1,165,385	1,331,213	1,156,213	1,007,007
Actual Overtime	1,306,891	1,432,352	1,408,144	845,614	1,342,903	1,087,007
Total Class-100 Obligations	22,292,655	23,626,633	24,986,716	24,779,256	24,295,338	26,693,387
Overtime as Percent of Class-100 Obligations	5.9%	6.1%	5.6%	3.4%	5.5%	4.1%
Managing Director's Office						
Adopted Overtime	397,676	360,000	485,000	509,709	864,650	972,050
Actual Overtime	471,245	501,777	1,088,557	824,568	847,036	1,222,050
Total Class-100 Obligations	20,292,249	20,519,487	40,052,290	28,719,552	31,958,314	31,942,985
Overtime as Percent of Class-100 Obligations	2.3%	2.4%	2.7%	2.9%	2.7%	3.8%
Office of Property Assessment						
Adopted Overtime	50,000	50,000	20,000	50,000	110,000	140,000
Actual Overtime	29,688	94,062	73,955	42,002	107,053	140,000
Total Class-100 Obligations	11,852,174	12,500,926	13,142,246	13,393,546	13,638,652	15,578,357
Overtime as Percent of Class-100 Obligations	0.3%	0.8%	0.6%	0.3%	0.8%	0.9%
Parks & Recreation						
Adopted Overtime	2,875,000	2,452,430	3,477,271	2,766,357	3,116,670	4,328,400
Actual Overtime	3,720,838	3,538,131	3,182,453	2,083,704	4,101,277	6,528,400
Total Class-100 Obligations	47,030,321	48,579,951	50,465,519	42,876,919	51,586,651	59,175,651
Overtime as Percent of Class-100 Obligations	7.9%	7.3%	6.3%	4.9%	8.0%	11.0%

Department	Actual					Projected
	FY18	FY19	FY20	FY21	FY22	FY23
Police						
Adopted Overtime	57,575,000	68,626,000	67,660,500	51,104,605	60,033,425	77,706,379
Actual Overtime	68,238,536	61,647,723	78,667,457	64,896,010	76,002,003	103,806,379
Total Class-100 Obligations	670,260,752	685,445,815	736,072,678	708,324,818	727,678,591	764,495,947
Overtime as Percent of Class-100 Obligations	10.2%	9.0%	10.7%	9.2%	10.4%	13.6%
Prisons						
Adopted Overtime	30,039,861	30,039,861	27,132,127	23,637,781	23,725,100	31,591,422
Actual Overtime	33,450,882	24,169,020	26,918,548	24,602,298	29,907,097	34,591,422
Total Class-100 Obligations	149,461,785	138,537,912	137,253,128	118,472,913	118,473,913	158,889,026
Overtime as Percent of Class-100 Obligations	22.4%	17.4%	19.6%	20.8%	25.2%	21.8%
Public Health						
Adopted Overtime	2,039,921	1,964,000	1,871,700	1,432,800	2,505,544	2,397,000
Actual Overtime	2,300,499	2,346,586	2,602,722	2,319,808	2,434,412	2,397,000
Total Class-100 Obligations	54,999,157	57,173,653	60,130,461	58,289,725	60,210,880	62,781,033
Overtime as Percent of Class-100 Obligations	4.2%	4.1%	4.3%	4.0%	4.0%	3.8%
Public Property						
Adopted Overtime	361,608	682,160	843,148	937,774	230,414	261,096
Actual Overtime	855,977	839,027	800,350	195,014	228,450	501,096
Total Class-100 Obligations	8,797,024	8,875,590	8,610,609	9,847,147	10,124,679	12,064,207
Overtime as Percent of Class-100 Obligations	9.7%	9.5%	9.3%	2.0%	2.3%	4.2%
Sheriff						
Adopted Overtime	2,276,185	2,276,187	4,824,927	2,685,042	2,685,042	2,865,990
Actual Overtime	5,934,927	6,163,832	4,797,577	2,799,955	4,021,949	4,765,990
Total Class-100 Obligations	27,179,518	27,638,571	28,049,726	26,258,562	26,834,747	28,365,689
Overtime as Percent of Class-100 Obligations	21.8%	22.3%	17.1%	10.7%	15.0%	16.8%
Streets						
Adopted Overtime	9,075,000	9,298,300	11,356,042	9,060,261	11,752,509	18,003,319
Actual Overtime	16,200,539	15,557,607	15,039,549	16,469,836	17,741,782	18,403,319
Total Class-100 Obligations	79,636,511	83,603,511	90,344,142	88,868,951	99,660,073	122,494,102
Overtime as Percent of Class-100 Obligations	20.3%	18.6%	16.6%	18.5%	17.8%	15.0%

Appendix B: Staffing (Full-Time Employees)

Department	Actual				Projected	
	FY18	FY19	FY20	FY21	FY22	FY23
Citywide						
Budgeted Staff	23,411	23,458	23,774	23,980	24,438	25,489
Actual Staff	22,226	22,210	22,422	21,630	21,055	22,665
Percent Vacant	5.1%	5.3%	5.7%	9.8%	13.8%	11.1%
Fire						
Budgeted Staff	2,606	2,672	2,704	3,368	3,368	3,376
Actual Staff	2,511	2,530	2,628	2,678	2,667	2,901
Percent Vacant	3.6%	5.3%	2.8%	20.5%	20.8%	14.1%
Fleet Services						
Budgeted Staff	316	306	310	312	315	318
Actual Staff	281	286	282	268	266	275
Percent Vacant	11.1%	6.5%	9.0%	14.1%	15.6%	13.5%
Free Library						
Budgeted Staff	692	692	737	756	715	961
Actual Staff	649	651	677	634	618	831
Percent Vacant	6.2%	5.9%	8.1%	16.1%	13.6%	13.5%
Human Services						
Budgeted Staff	517	460	437	492	492	535
Actual Staff	517	396	437	492	492	535
Percent Vacant	0.0%	13.9%	0.0%	0.0%	0.0%	0.0%
Licenses & Inspections						
Budgeted Staff	429	429	466	423	426	425
Actual Staff	396	372	394	372	346	425
Percent Vacant	7.7%	13.3%	15.5%	12.1%	18.8%	0.0%
Managing Director's Office						
Budgeted Staff	302	312	344	317	456	537
Actual Staff	307	307	287	290	324	407
Percent Vacant	-1.7%	1.6%	16.6%	8.5%	28.9%	24.2%
Office of Property Assessment						
Budgeted Staff	223	225	251	220	223	225
Actual Staff	193	196	195	190	177	225
Percent Vacant	13.5%	12.9%	22.3%	13.6%	20.6%	0.0%
Parks & Recreation						
Budgeted Staff	748	750	759	748	763	787
Actual Staff	629	647	647	644	613	751
Percent Vacant	15.9%	13.7%	14.8%	13.9%	19.7%	4.6%
Police						
Budgeted Staff	7,371	7,371	7,443	7,304	7,304	7,327
Actual Staff	7,172	7,241	7,175	6,869	6,651	6,440
Percent Vacant	2.7%	1.8%	3.6%	6.0%	8.9%	12.1%
Prisons						
Budgeted Staff	2,325	2,325	2,160	2,006	2,186	2,186
Actual Staff	2,177	2,130	1,975	1,620	1,393	1,400
Percent Vacant	6.4%	8.4%	8.6%	19.2%	36.3%	36.0%

Department	Actual				Projected	
	FY18	FY19	FY20	FY21	FY22	FY23
Public Health						
Budgeted Staff	826	834	839	818	822	835
Actual Staff	711	752	739	716	689	695
Percent Vacant	13.9%	9.8%	11.9%	12.5%	16.2%	16.8%
Public Property						
Budgeted Staff	158	150	149	176	156	156
Actual Staff	135	135	119	142	133	156
Percent Vacant	14.6%	10.0%	20.1%	19.3%	14.7%	0.0%
Sheriff						
Budgeted Staff	408	410	428	428	428	537
Actual Staff	364	355	385	367	343	437
Percent Vacant	10.8%	13.4%	10.0%	14.3%	19.9%	18.6%
Streets						
Budgeted Staff	1,819	1,912	1,982	1,903	2,045	2,378
Actual Staff	1,738	1,736	1,925	1,941	2,072	2,378
Percent Vacant	4.5%	9.2%	2.9%	-2.0%	-1.3%	0.0%

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