

BOARD of SUPERVISORS



City Hall
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MEMORANDUM

TO: William Scott, Chief, Police Department
Vicki Hennessy, Sheriff, Sheriff's Department
Ben Rosenfield, City Controller, Office of the Controller
Ed Reiskin, Executive Director, Municipal Transportation Agency
Jeanine Nicholson, Chief, Fire Department
Dr. Grant Colfax, Director, Department of Public Health

FROM: Linda Wong, Assistant Clerk
Budget and Finance Committee

DATE: May 7, 2019

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee has received the following request for hearing, introduced by Supervisor Sandra Lee Fewer on April 30, 2019:

File No. 190473

Hearing on the FY2017-2018 Annual Overtime Report and the related structural budget impact for the five City departments with the highest overtime use; and requesting the Controller, Municipal Transportation Agency, Fire Department, Police Department, Department of Public Health, and Sheriff's Department to report.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: linda.wong@sfgov.org.

c: Rowena Carr, Police Department
Asja Steeves, Police Department
Deirdre Hussey, Police Department
Johanna Saenz, Sheriff's Department
Nancy Crowley, Sheriff's Department
Todd Rydstrom, Office of the Controller
Kate Breen, Municipal Transportation Agency
Janet Martinsen, Municipal Transportation Agency
Mark Corso, Fire Department
Greg Wagner, Department of Public Health

Introduction Form

By a Member of the Board of Supervisors or Mayor

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2019 APR 08 PM 2:02
Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Fewer

Subject:

Hearing - Budget Impact of Overtime Spending

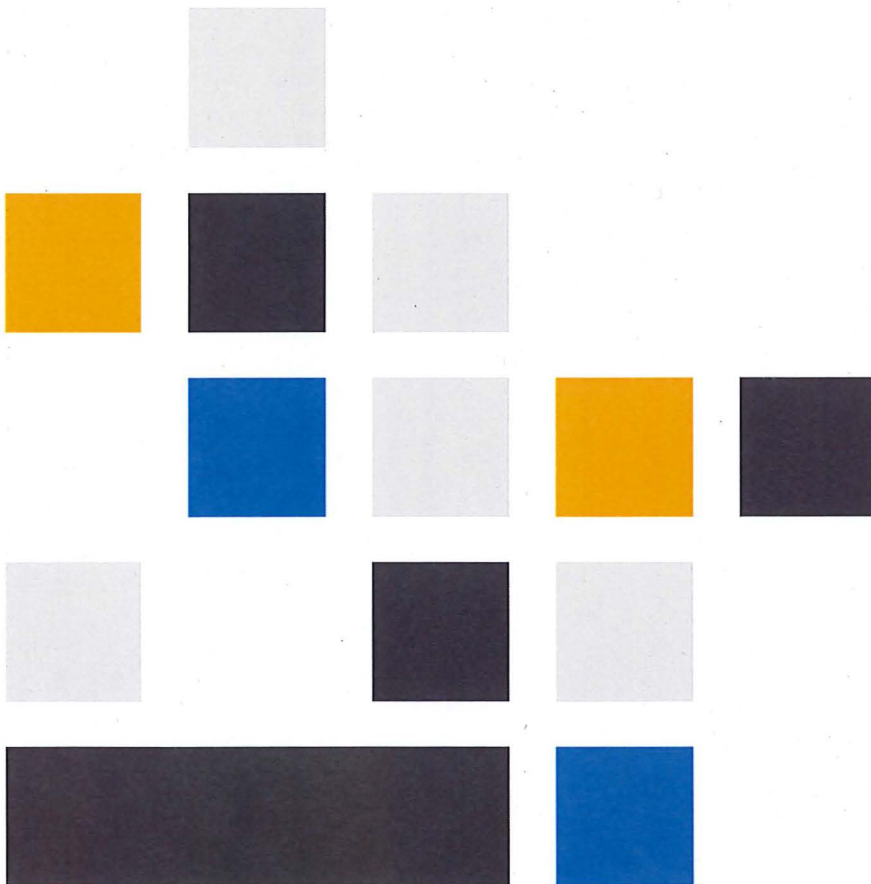
The text is listed:

Hearing on the Fiscal Year 2017-2018 Annual Overtime Report and the related structural budget impact for the five City departments with the highest overtime use; and requesting the Controller's Office, Municipal Transportation Agency, Fire Department, Police Department, Public Health Department, and Sheriff's Department to report.

Signature of Sponsoring Supervisor: *Jordan Lee Yarn*

Fiscal Year 2017-18 Annual Overtime Report

Administrative Code Section 18.13-1(f) requires the Controller submit overtime reports to the Board of Supervisors annually and with the Six-month and Nine-month Budget Status Reports. For the Annual Report, the Controller is required to report the causes and potential solutions for excessive overtime spending in the five departments with the highest overtime use. The Controller is also required to report on compliance with the statutory limits on employees' total annual overtime and total hours worked per week.



April 2, 2019

City & County Of San Francisco
Office of the Controller
Budget & Analysis Division

Highlights

In fiscal year (FY) 2017-18, Citywide overtime hours increased 5.4% from the prior year, from 3.33 to 3.51 million hours. Overtime hours as a percent of total hours worked was 4.9%, up from 4.7% in FY 2016-17. Citywide overtime spending increased 13.0%, from \$219.9 million to \$248.4 million. The rate of increase in spending exceeds the rate of increase in hours mostly due to negotiated wage increases.

Citywide compensatory time off balances increased by over 57,000 hours, or 9.1% in FY 2017-18. Approximately 25,000 hours were earned by Fire Department employees, 12,800 hours by Department of Public Health employees, and 21,000 were by employees at departments outside of the five with the highest overtime use. Balances at the Sheriff's and Police Departments fell.

The five City departments with the highest overtime use were the Municipal Transportation Agency (MTA) and the Fire, Police, Public Health, and Sheriff's departments. These departments were collectively responsible for 82% of Citywide overtime spending. Overtime hours increased at the MTA, Police, Sheriff's, and Public Health departments and decreased at the Fire department, as shown in Table 1.

Figure 1
Ten-Year History of Citywide Overtime Expenditures and Hours

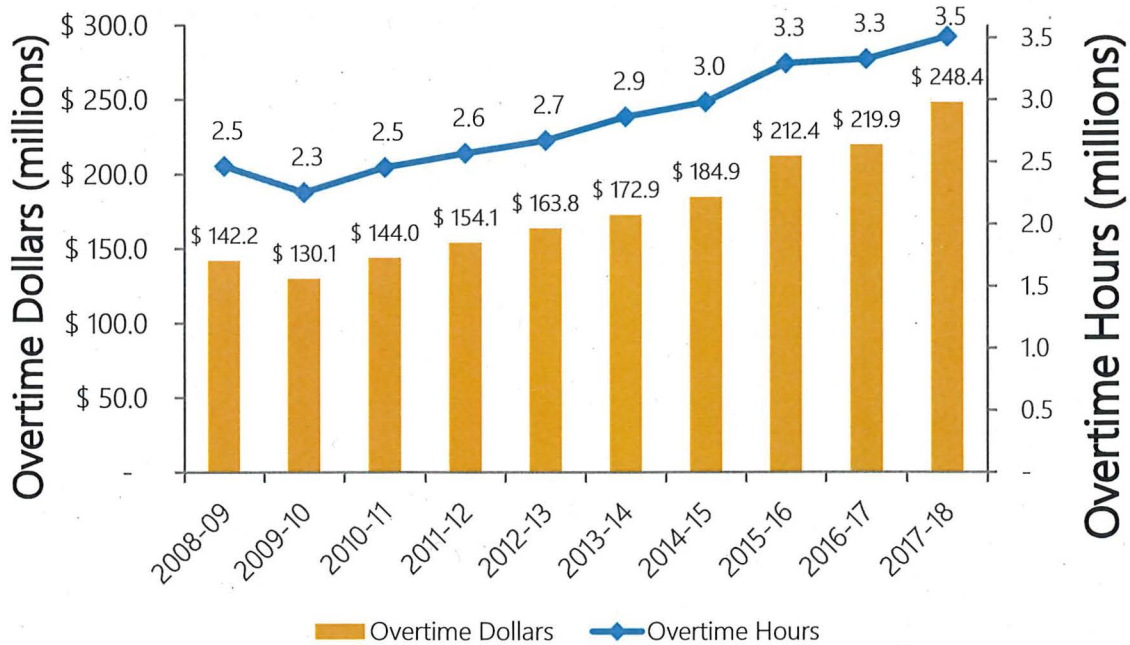


Table 1
Overtime Hours in the Five High Overtime Departments

Department	Overtime Hours FY 2016-17	Overtime Hours FY 2017-18	Percent Change
Municipal Transportation Agency	1,150,588	1,271,111	10.5%
Fire Department	538,910	482,237	-10.5%
Police	447,331	504,854	12.9%
Sheriff	364,715	377,061	3.4%
Public Health	341,316	366,155	7.3%

Key points regarding overtime use in these departments include:

- **Municipal Transportation Agency (MTA):** Overtime expenditures increased 16%, or more than \$10 million, over the prior fiscal year, a rate significantly higher than MTA has had in the previous four fiscal years due to increased demands from events and construction and training to maintain new vehicles. As new vehicles continue to replace the aging fleet, the Department should experience less pressure for additional overtime.
- **Fire Department:** The department continued its significant decline in overtime this fiscal year. In FY 2016-17, overtime expenditures fell 17%. For the current fiscal year, expenditures are down an additional 7%. The primary reason for the decline is that the department has added almost 200 FTEs of additional staff in the past two years.
- **Police Department:** After a small decline in overtime in FY 2016-17, overtime hours increased almost 13% in FY 2017-18. The overall increase was driven by increased demands for services from other departments, including the Airport, and special revenue (10B) requests, where external entities request and reimburse the City for police services. General Fund overtime hours fell in FY 2017-18.
- **Sheriff's Department:** In Fiscal Years 2015-16 and 2016-17, overtime hours increased by an average of 28% each year. In FY 2017-18, however, overtime hours increased only 3.4% to about 380,00 hours. The Department filled almost all its vacancies for the fiscal year, holding the average overtime hours per FTE steady at about 375.
- **Department of Public Health:** Overtime spending fell 1% at Zuckerberg San Francisco General Hospital (ZSFGH) where service demands were level over the prior year. But, overtime increased almost 16% at Laguna Honda Hospital (LHH) due to increased one-on-one patient care and higher staff vacancy rates.

Citywide Overtime

Citywide overtime hours increased from 3.3 million hours in FY 2016-17 to 3.5 million hours in FY 2017-18, a 5.4% increase.

Figure 1 shows Citywide overtime hours and expenditures for the past ten fiscal years. FY 2017-18 overtime increased somewhat to 3.3 million hours, while spending increased to \$248.4 million. The increase in overtime hours this fiscal year is similar to the increases seen since FY 2009-10, except for FY 2016-17 when overtime hours increased only slightly.

Figure 1
Ten-Year History of Citywide Overtime Expenditures and Hours

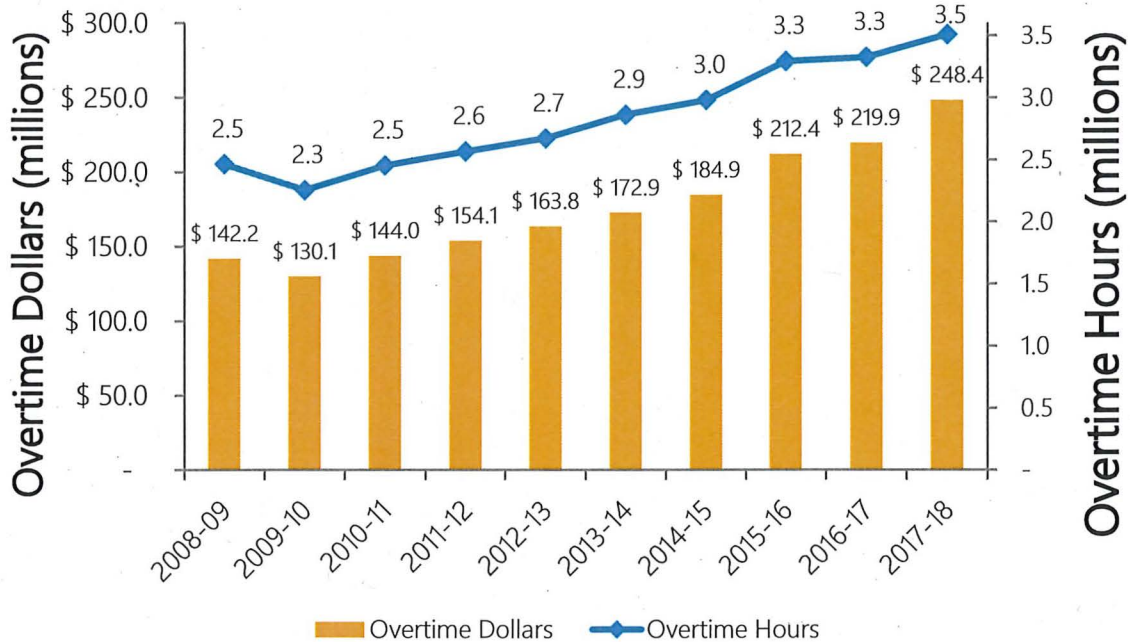
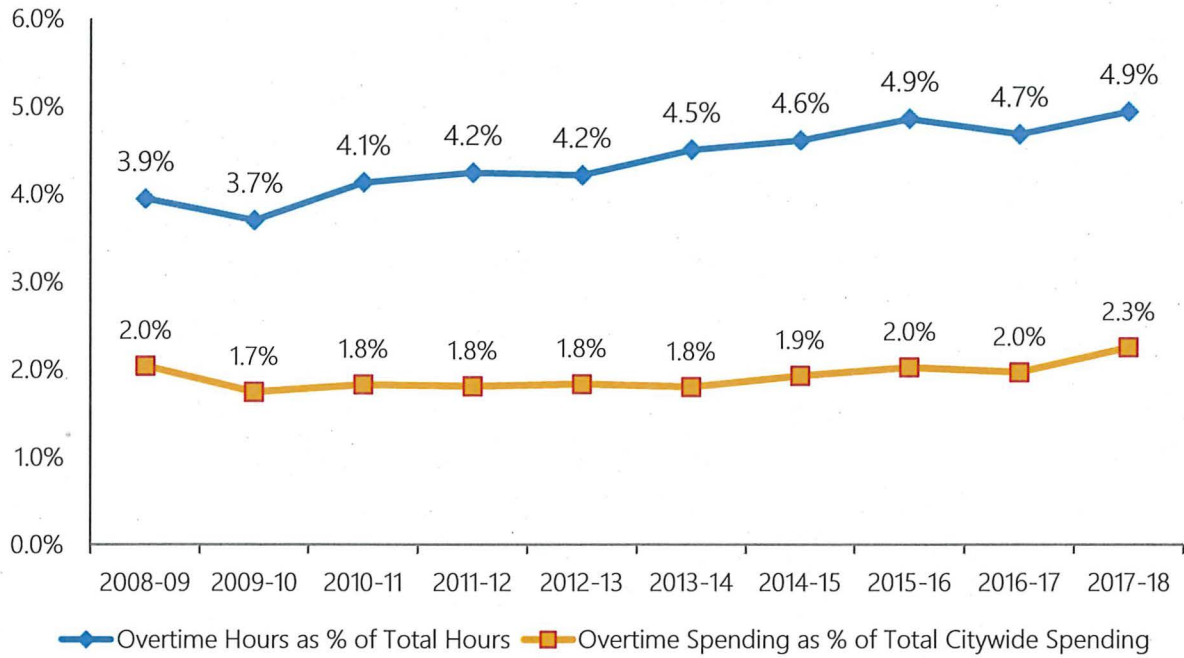


Figure 2 shows the ten-year history of Citywide overtime hours as a percent of total hours and overtime spending as a percent of total spending. Overtime hours were 4.7% of total hours in FY 2016-17 and increased to 4.9% in FY 2017-18. Overtime spending was 2.3% of total Citywide spending in FY 2017-18, up from 2.0% in the prior year.

Figure 2
Ten-Year History of Overtime as a Percent of Total Hours and Citywide Spending



Overtime and Compensatory Time in the Five High Overtime Departments

As shown in Table 2, MTA, Fire, Police, Sheriff, and Public Health were the five departments with the highest overtime expenditures in FY 2017-18. These five departments accounted for almost 82% of all Citywide overtime, which is slightly higher than FY 2016-17.¹

Table 2
FY 2016-17 Overtime Budgets and Actual Expenditures by Department

Department	Revised Overtime Budget (\$ millions)	Actual Overtime Expense (\$ millions)	Budget vs. Actual (\$ millions)	Average Overtime Expense per FTE
Municipal Transportation Agency	36.9	73.5	(36.6)	13,744
Fire	39.3	35.8	3.5	17,766
Police	44.4	46.0	(1.6)	16,085
Sheriff	30.2	28.6	1.5	28,723
Public Health	20.9	20.2	0.6	3,012
All Other Departments	22.0	44.3	(22.3)	3,051
Total	193.7	248.4	(54.8)	8,477

Factors that contribute to overtime use include:

- FTE attrition or growth that does not keep pace with service levels
- Unplanned absences in functions with minimum staffing requirements or 24-hour operations
- Labor contract provisions that reduce flexibility in scheduling
- Unexpected events that exceed available regular time resources.

¹ See the Appendix for a breakdown of overtime expenditures by operational unit at these five departments as well as expenditures for certain other departments.

In many situations, paying overtime is less expensive than hiring additional full-time staff, as there are no additional health and retirement benefits or paid leave hours incurred. As a result, departments may choose to use overtime to manage costs while maintaining service levels. In addition, some overtime hours are paid at straight-time rather than time-and-a-half if hours worked do not exceed 40 per week. The percentages of overtime hours paid as straight-time are summarized in Table 3.

Table 3
FY 2017-18 Straight-Time Overtime Hours as a Percent of Total Overtime

Department	Total Overtime Hours	Overtime at Time-and-a-Half (1.5x) Rate	Overtime at Straight (1.0x) Rate	Straight-Time as % of Total
Municipal Transportation Agency	1,271,111	1,171,696	99,415	8%
Fire Department	482,237	353,223	129,014	27%
Police	504,854	497,802	7,052	1%
Sheriff	377,061	337,290	39,770	11%
Public Health	366,155	292,190	73,964	20%
Total of Five Departments	3,001,417	2,652,202	349,215	12%
All Other	508,561	487,028	21,533	4%

A portion of overtime expenses at the Police and Sheriff's Departments are incurred and paid for at the request of other departments within the City or third parties outside the City. In FY 2017-18, other City departments accounted for overtime expenses of \$4.0 million (9% of total) at the Police Department and \$5.3 million (19%) at the Sheriff's Department. These departments typically view overtime that results from these requests as non-discretionary. Further, since some portion of these service requests are not part of the department's standard services, they are not budgeted and are fulfilled through overtime hours worked by existing staff.

In addition, 33% of Police overtime expenditures, or \$15 million, were funded by entities outside the City requesting Police support at special events such as concerts, dignitary visits, or sporting events.

Depending on job classification and union, many employees are not eligible for paid overtime and instead receive compensatory time off in lieu of overtime pay. Other employees are given a choice between overtime and compensatory time. Generally, employees receive an hour and a half of compensatory time for every hour worked exceeding their normal schedule. In contrast to

overtime, where the City must immediately pay employees for working the additional hours, the cost of compensatory time is realized when the time off is expended, not when the hours are worked.

Counterintuitively, strict limits on the amount of compensatory time employees are permitted to earn can reduce total overtime hours and spending, especially in departments with minimum staffing levels where absences must be backfilled, generally with overtime. For example, suppose an employee in such a department works one hour of overtime and elects to receive 1.5 hours of compensatory time in lieu of overtime pay. When the employee uses her compensatory time, that creates a gap of 1.5 hours that may be backfilled with overtime. In this way, the first hour of overtime paid as compensatory time generated an additional 1.5 hours overtime.

If the employee in this example has an hourly wage of \$20 and works an hour of overtime, she could either be paid \$30 or receive 1.5 hours of compensatory time. In the latter case, when the employee takes the 1.5 hours off work, the department may need to backfill that time with 1.5 hours at an overtime rate, for a total cost of \$45. Compensatory time turned what could have been a \$30 overtime expense into a \$45 overtime expense.

Accumulation of compensatory time balances represents a form of "credit card" spending, in which the benefit of hours worked today creates a liability that must be paid in the future. To address this unfunded liability, the City should consider options to reduce compensatory time banks, such as caps, cash-outs, and other methods, to address this unfunded liability.

Table 4 shows compensatory time earned, used, and paid in the last three fiscal years. Whereas overtime hours increased 5.4% in FY 2017-18, Citywide compensatory time earned increased 9% over the prior fiscal year, and 25% over FY 2015-16. Compensatory time paid (either used as time off or paid out) increased 11% over the prior fiscal year and 25% over FY 2015-16.

Of the five high overtime departments, MTA uses the least compensatory time relative to overtime at 3.0%. The Fire department reduced its overtime hours in FY 2017-18 but compensatory time earned increased 13%, although the decline in overtime hours exceeded the increase in compensatory time earned. Among the five high overtime departments, the Sheriff's Department continues to have the highest utilization of compensatory time worked at 25.3% of overtime hours. For the group of All Other Departments, compensatory hours worked were 40% of overtime hours. Relative to the five high overtime departments, the other departments typically have fewer job classes that are eligible to receive paid overtime.

**Table 4
Compensatory Time Earned and Paid, FYE 2016-2018²**

Department	Year	Comp Time Hours Earned	Comp Time Hours Used	Comp Time One-Payout Hours	Total Comp Time Hours Paid	Comp Time Worked as % of Overtime Hours	Year-End Comp Time Balance	% Change from Prior Year
Municipal	2016	53,179	45,851	2,692	48,543	3.2%	46,033	
Transportation Agency	2017	51,856	45,896	3,268	49,164	3.1%	46,891	2%
	2018	56,092	47,289	2,417	49,705	3.0%	50,426	8%
Fire Department	2016	46,786	37,838	6,799	44,637	6.6%	73,389	
	2017	56,460	45,850	9,327	55,177	9.8%	76,161	4%
	2018	63,796	50,239	8,603	58,842	12.5%	100,883	32%
Police	2016	66,138	30,055	37,657	67,712	9.7%	163,796	
	2017	63,889	34,555	17,740	52,295	9.6%	180,070	10%
	2018	57,691	36,583	20,451	57,034	7.7%	177,369	-2%
Sheriff	2016	94,416	83,483	4,005	87,487	23.7%	45,440	
	2017	132,946	117,321	5,662	122,983	25.3%	53,849	19%
	2018	137,815	134,607	4,935	139,542	25.3%	51,612	-4%
Public Health	2016	63,247	48,182	3,785	51,967	14.9%	66,290	
	2017	63,070	54,947	5,462	60,409	12.7%	70,032	6%
	2018	75,392	59,161	5,660	64,821	14.2%	82,865	18%
All Other Departments	2016	219,632	198,480	9,545	208,026	32.4%	178,293	
	2017	256,940	221,545	12,527	234,072	37.0%	205,403	15%
	2018	290,689	248,641	18,375	267,016	39.9%	226,580	10%
Citywide Total	2016	543,398	443,890	64,482	508,372	11.8%	573,242	
	2017	625,161	520,114	53,986	574,100	13.4%	632,407	10.3%
	2018	681,474	576,520	60,440	636,960	13.9%	689,736	9.1%

As determined by rules in labor agreements, some employees can carry a balance of compensatory time into future fiscal years. Widely varying by union, these rules determine the number of hours employees can accrue, how much they can transfer to different job classes or departments, and whether compensatory time can be paid as earnings. Table 4 shows the total FY 2017-18 year-end balance of compensatory time for all employees in the department.

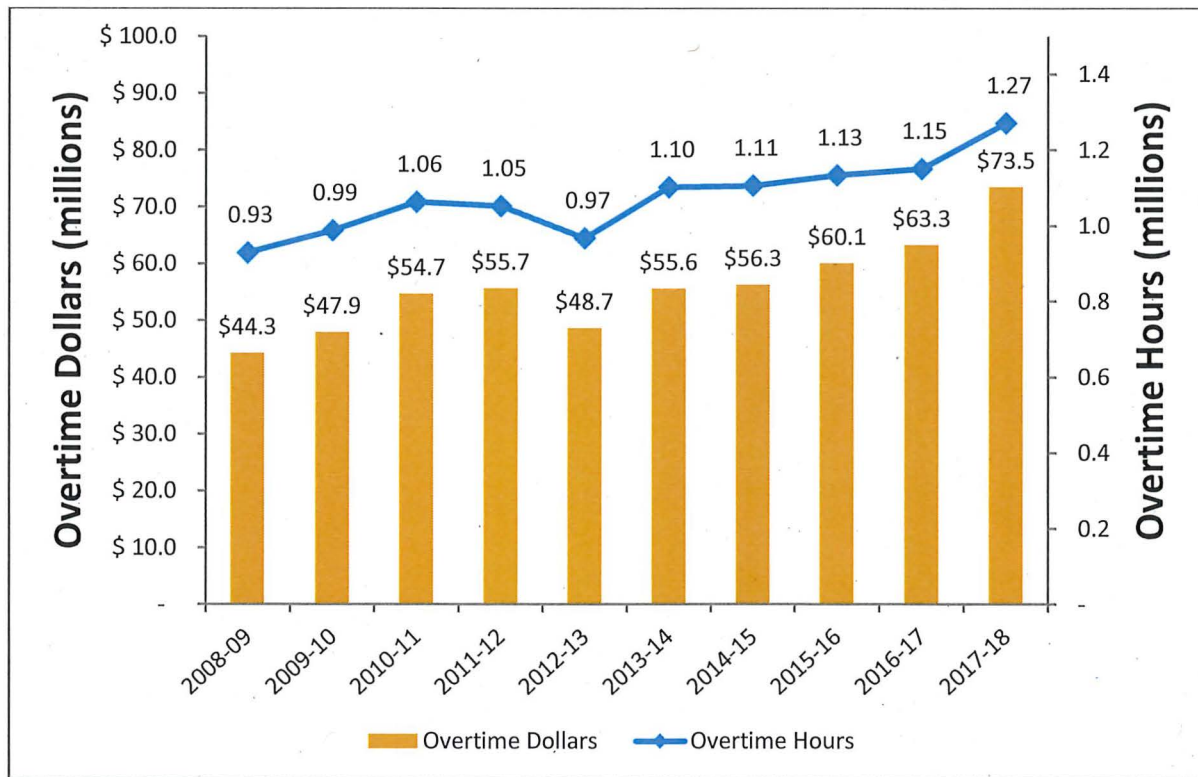
² The change in year-end balance will not equal the difference between compensatory time earned and used. The table excludes technical adjustments made to compensatory hours. For example, in some circumstances, certain employees may lose unused compensatory time at the end of a fiscal year or upon separation from the City. Additionally, the table compiles data from multiple sources that may differ in how and when compensatory time is recorded.

Overtime Details at the Five High Overtime Departments

MUNICIPAL TRANSPORTATION AGENCY

Total overtime hours and expenditures at MTA increased in FY 2017-18. Figure 3 below shows MTA overtime expenditures and hours for the past ten years. At 1.27 million in expenditures this year, overtime use is at a ten-year peak. Overtime hours grew by 10.5% and expenditures by 16.1%, which are significant increases in growth rates from the prior fiscal year.

Figure 3
Ten-Year History of MTA Overtime Expenditures and Hours

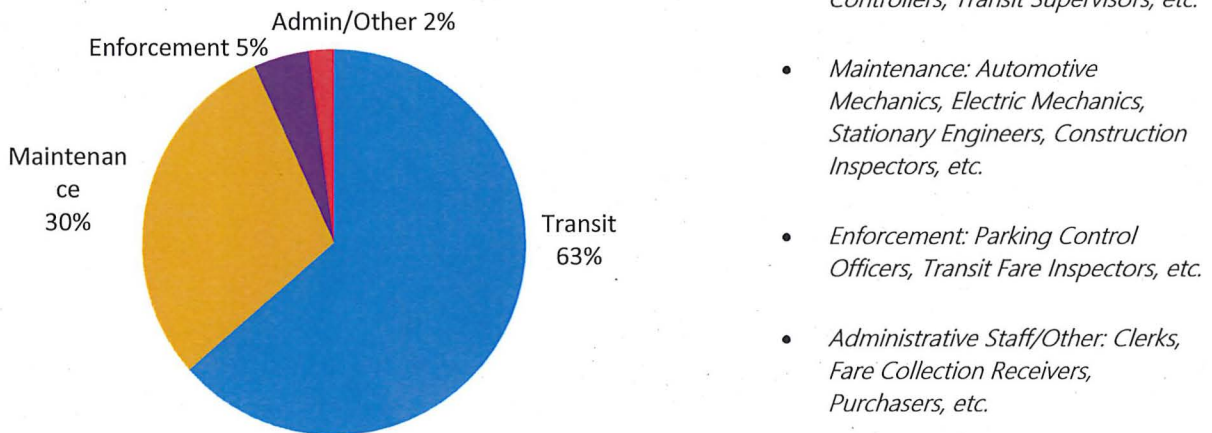


The number of FTEs at MTA declined slightly from the prior fiscal year, from 5,363 FTEs to 5,348 FTEs. The number of overtime hours per FTE jumped from 215 in FY 2016-17 to 238 in FY 2017-18. This is the highest level of overtime per FTE since FY 2013-14 when it was 243.

Overtime at MTA is concentrated in a few job classes. The largest job class, Transit Operators, accounts for 43% of all regular hours at MTA but 55% of all overtime hours. Structural constraints on operations often make hiring a new FTE more expensive than using overtime. For example, when run times do not match a standard eight-hour shift, keeping an operator on for additional time, even if it is overtime, can be cheaper than using an additional driver for a partial shift. This is especially true given labor contracts that guarantee an operator at least 3.5 hours of work whenever a part-time operator is called in.

Figure 4 below divides overtime hours at MTA into five main classification groups. Transit and maintenance classifications combined make up 93% of overtime hours at MTA.

Figure 4
MTA FY 2016-17 Overtime Hour Share by Employee Classification Groups



The Department has a high level of overtime because it continues to rely on scheduled overtime for Transit Operators to improve operational efficiencies. The increase in overtime is attributed to increasing demand for services related to special events and construction projects. With a shortage of Transit Operators, the increased demands have been covered by operators working additional overtime hours. For the maintenance division, increased overtime was driven by training to service the new rail vehicles and radio system, and the opening of a new bus division at Islais Creek in April 2018.

FIRE DEPARTMENT

As shown below in Figure 5, overtime use at the Fire Department continued to drop in FY 2017-18. The Department had 480,000 overtime hours and \$35.8 million in expenditures in FY 2017-18, declines of about 11% and 7%, respectively, from the prior fiscal year.

Figure 5
Ten-Year History of Fire Department Overtime Expenditures and Hours

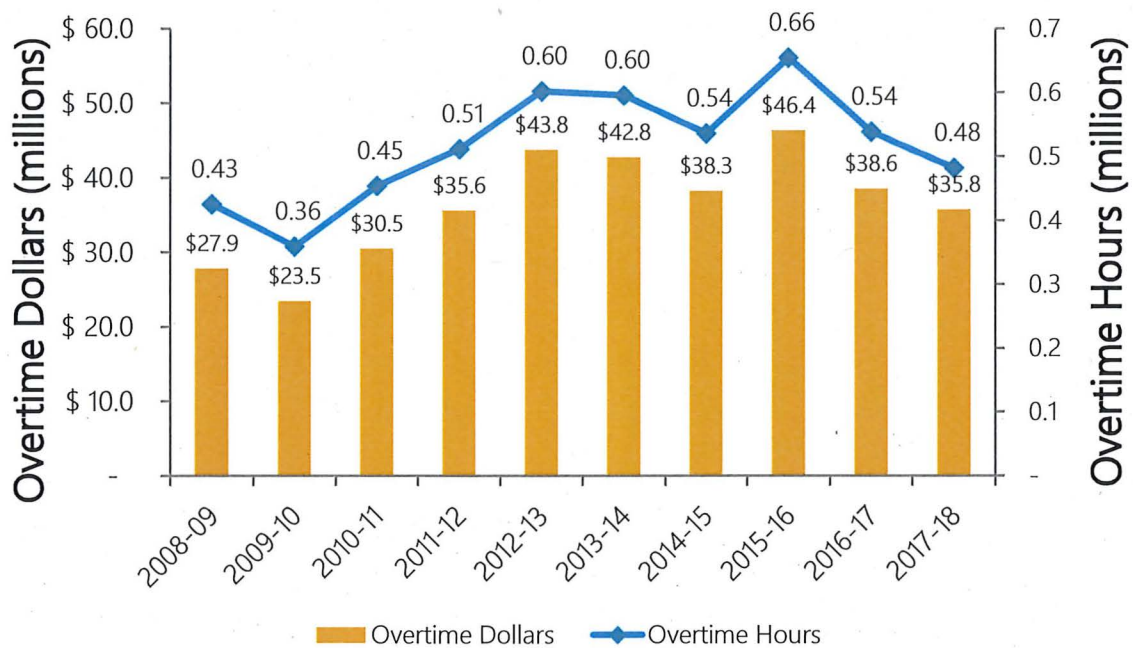
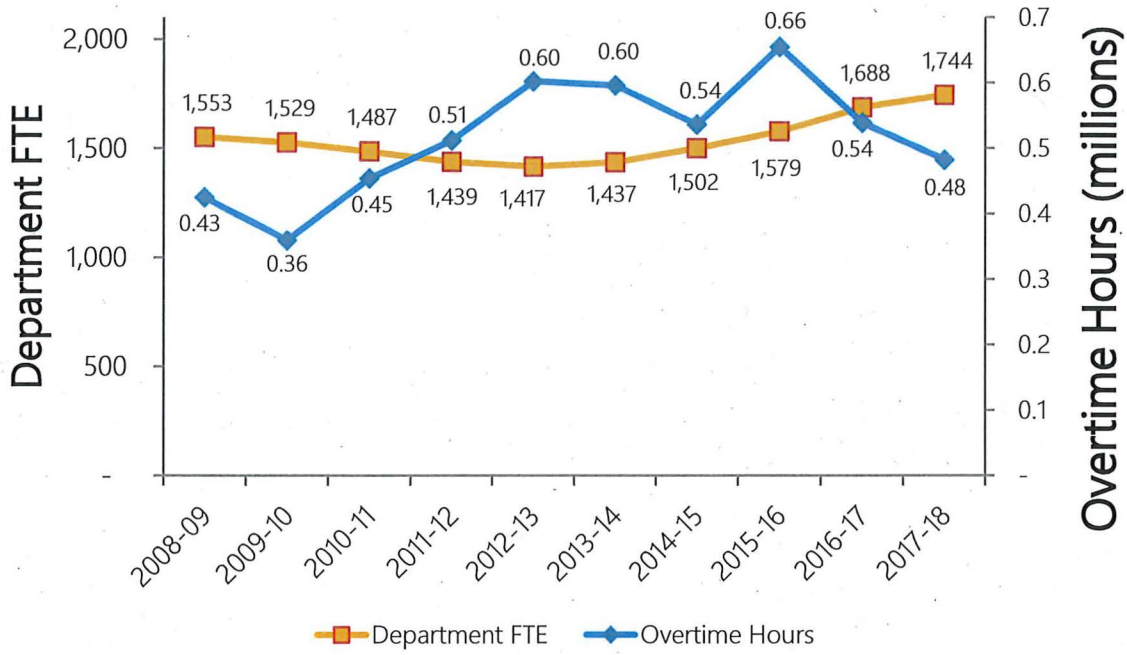


Figure 6 compares overtime hours and FTEs at the Fire Department for the past ten years. From FY 2008-09 to FY 2012-13, FTEs declined each year. As expected in a department with locally-mandated minimum staffing levels, overtime hours generally increased over this same period.

Figure 6
Ten-Year History of Fire Department Staffing Levels and Overtime



In FY 2015-16, the Department had a large increase in overtime as it opened a new fire station and had not yet hired enough fire fighters to staff all open positions. But from FY 2015-16 to FY 2017-18, total FTEs in the Department have increased more than 10% and overtime hours decreased 26%. Overtime expenditures fell 23%, which is slightly less than the decline in hours because of wage increases. The Department has added additional Fire Academies in the past two fiscal years and will add additional academies in FY 2018-19 as well.

The Department finds that the cost of the additional FTEs is greater than the savings in overtime hours because, as discussed above, no additional benefits are paid on the overtime hours. The Department has incorporated some level of overtime into its staffing model, resulting in both fiscal and operational efficiencies.

The Department expects continued declines in overtime expenditures with the additional staffing. However, two factors could counter this trend. First, over the next few years, the Department's demographics suggest there will be more retirements than hires. Second, the Department will continue to respond to mutual aid requests for wildfires, as it did in in FY 2017-18 and the fall of 2018.

POLICE DEPARTMENT

As shown in Figure 7, overtime use at the Police Department increased from 450,000 hours in FY 2016-17 to 500,000 hours in FY 2017-18, or approximately 13%. This increase follows a decline in FY 2016-17. Overtime spending increased about 9% to \$46.0 million. Year-end compensatory time balances fell about 3,000 hours, or 2%, in FY 2017-18 from the prior year.

Figure 7
Ten-Year History of Police Department Overtime Expenditures and Hours

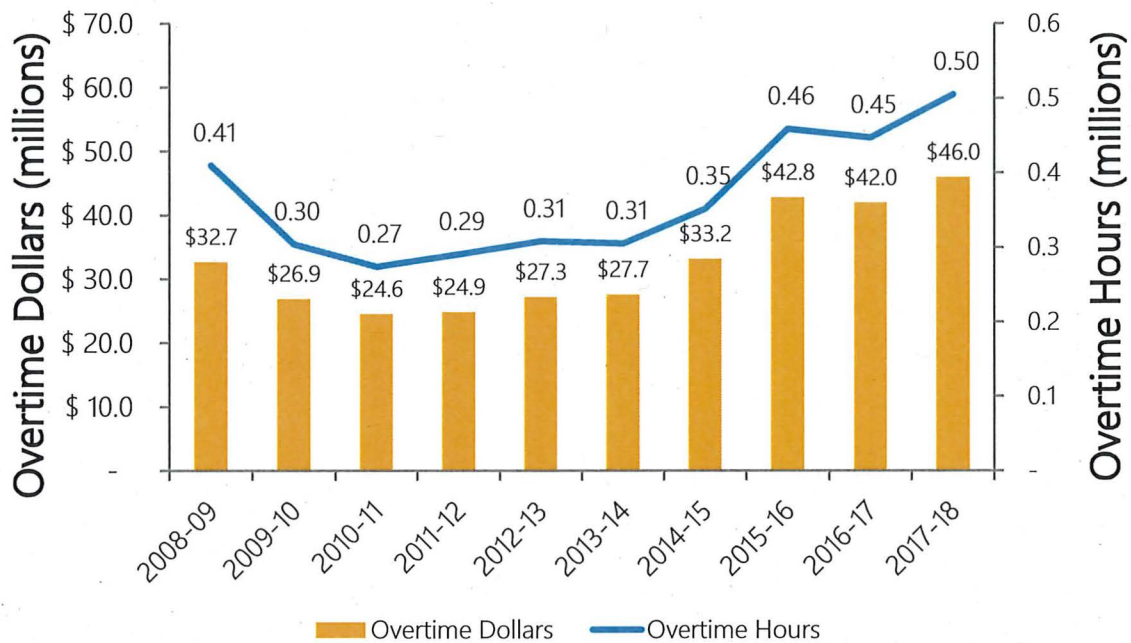
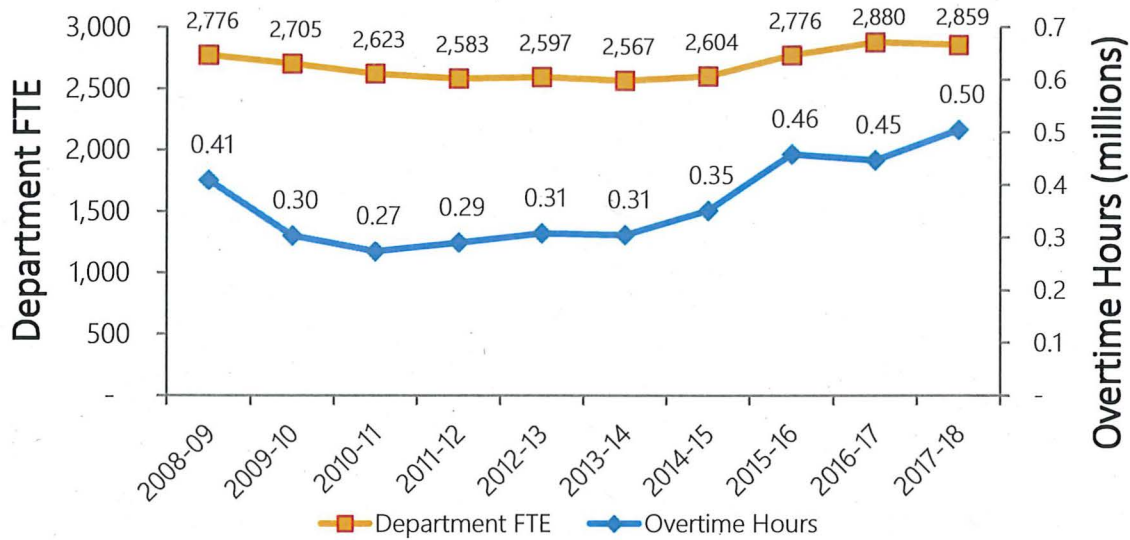


Figure 8 shows Police Department overtime hours with Department FTEs. Between FY 2013-14 and FY 2016-17, total FTEs at the Department increased from 2,567 to 2,880 (12.2%). In FY 2017-18, FTEs declined slightly to 2,859, or less than 1%.

Figure 8
Ten-Year History of Police Department Staffing Levels and Overtime



The Police Department is not a fixed-post department, which means it does not backfill positions during employee absences. Consequently, changes in overtime hours are not as closely tied to FTE changes where absences must be backfilled, such as deputy sheriffs or transit operators. Most overtime use at the Department is the result of work orders from other departments, grants, and services requested by non-city entities:

- 33% of overtime is funded through Special Law Enforcement Services (10B) where a third-party requests Police support at events such as dignitary visits, parades, festivals, or sporting events. This category of overtime is not budgeted.
- 9% of total overtime—or 13% of General Fund overtime—is funded through work orders from other city departments.
- 8% of total overtime is funded from grants and other non-10B revenues.

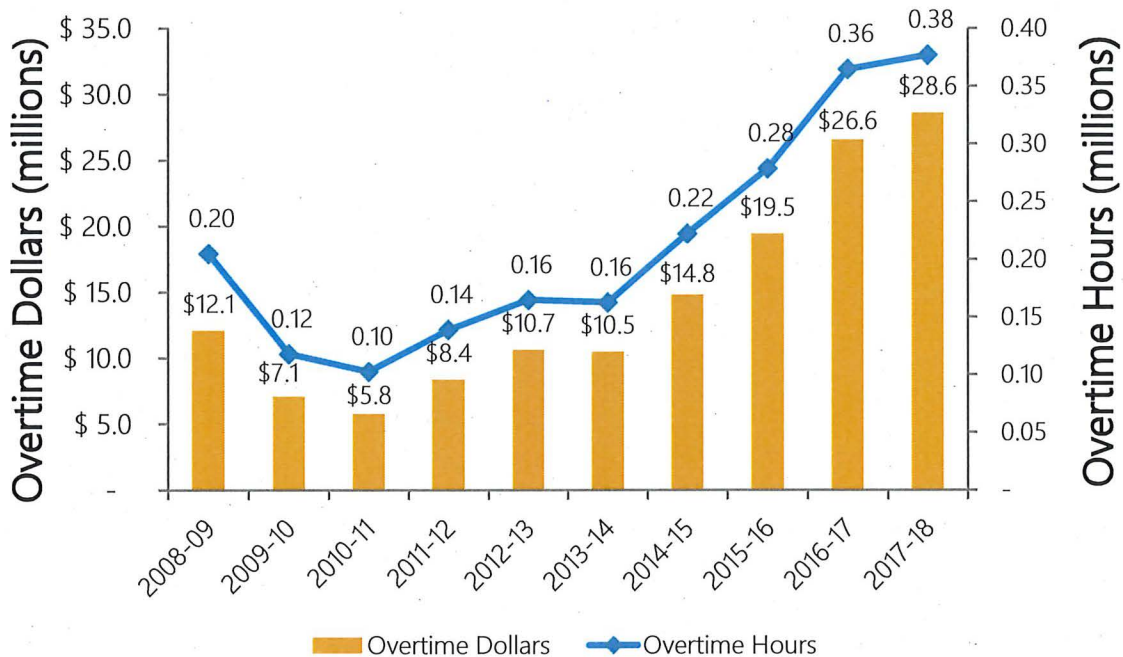
General Fund overtime expenditures (excluding work orders) fell from \$25.4 million in FY 2016-17 to \$20.6 million in FY 2017-18. The increase in overtime hours was driven by an increased number of requests from other departments and from private payers (10B overtime). The Department expects significant growth in service requests in future fiscal years. In particular, the Department anticipates a large number of service requests to cover the 250 events per year at the Chase Center, which will open in FY 2019-20.

The Department allocates an overtime budget to each of its four bureaus at the beginning of the fiscal year. This process has been successful in managing overtime. In addition, budget staff run a report every pay period to track whether overtime spending is on budget. Staff also closely monitor employees' overtime to ensure that they do not exceed the annual overtime limits.

SHERIFF'S DEPARTMENT

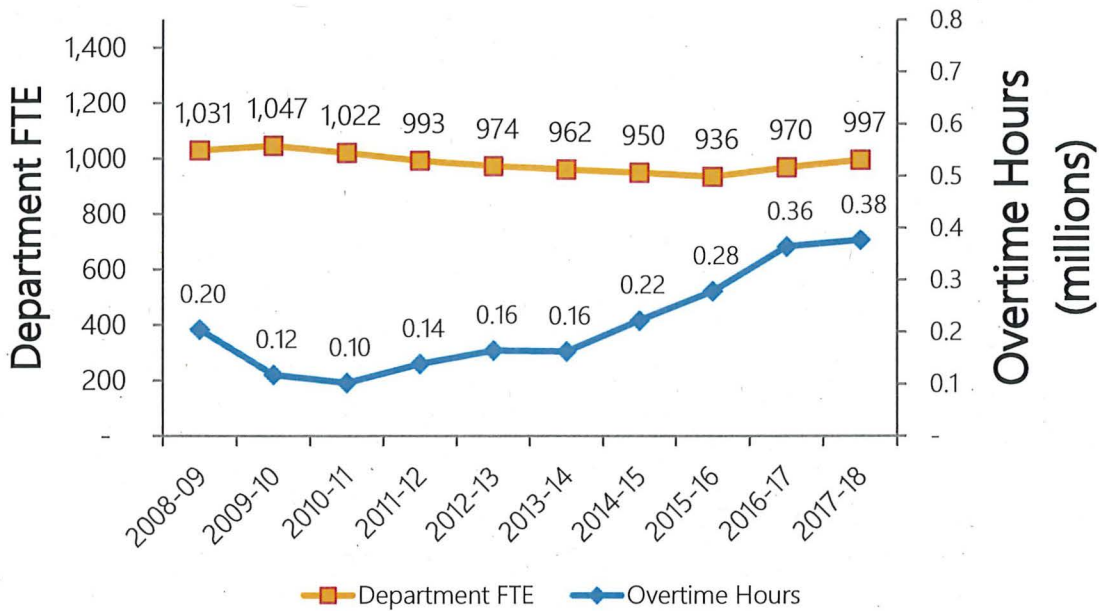
Figure 9 presents the Sheriff's Department overtime hours and expenditures for the past ten years. The rise in overtime use that began in FY 2011-12 continues, but the rate of increase declined significantly in FY 2017-18. In FY 2017-18, total overtime hours increased 3.4% from the prior year to 380,000, and spending increased from \$26.6 million to \$28.6 million, or 7.6%. Over 20% of expenditures are recoverable through work orders with other departments or third-party payers, such as private events at City Hall.

Figure 9
Ten-Year History of Sheriff's Department Overtime Expenditures and Hours



As shown in Figure 10, FTE counts are up 6.5% since FY 2015-16. The Department reports that it filled most of its budgeted positions in FY 2017-18, which has allowed the Department to slow its growth rate of overtime hours. Additionally, on the demand side, two sources of overtime growth in the past two years—work requirements at Zuckerberg San Francisco General Hospital and increased training—have stabilized.

Figure 10
Ten-Year History of Sheriff's Department Staffing Levels and Overtime



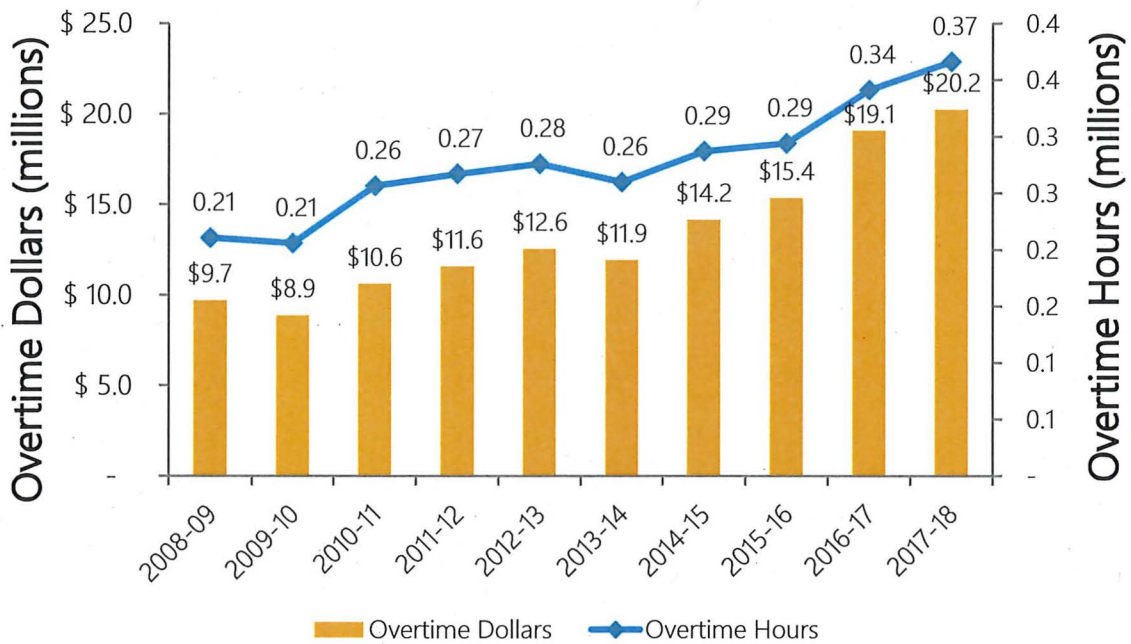
The Department also notes that the cost of an overtime hour is currently less expensive than an additional regular, full-time hour with benefits. That is, using overtime in lieu of additional staff working straight time has very little direct impact on the Department's budget. However, overtime does present significant operational, policy, and fairness concerns, all of which suggest the need to reduce overtime. The distribution of overtime in the Department is highly skewed. In FY 2017-18, the top ten percent of employees worked 35% of the total overtime hours Department-wide. The top 5% of employees worked 22% of the total overtime hours. Seven employees worked more than 2,080 hours of overtime each, which means they worked more overtime hours than regular time hours. The Department notes, however, that the willingness of some employees to work significant overtime hours reduces the amount of mandatory overtime for employees who do not want to work additional hours.

Provisions in labor agreements may affect compensatory time usage within the Department. For example, based on its interpretation of the Deputy Sheriff's Association's (DSA) labor agreement, during the first half of FY 2018-19, Department policy limited employees to earning no more than 160 compensatory time hours in a fiscal year. However, under the terms of a settlement agreement between the DSA and the City, employees may earn unlimited compensatory time between 2/9/2019 and 6/30/2019 as long as their balance remains below 160 hours. The Department reports that in the two pay periods that followed the implementation of this agreement, compensatory time earned increased 50%.

DEPARTMENT OF PUBLIC HEALTH

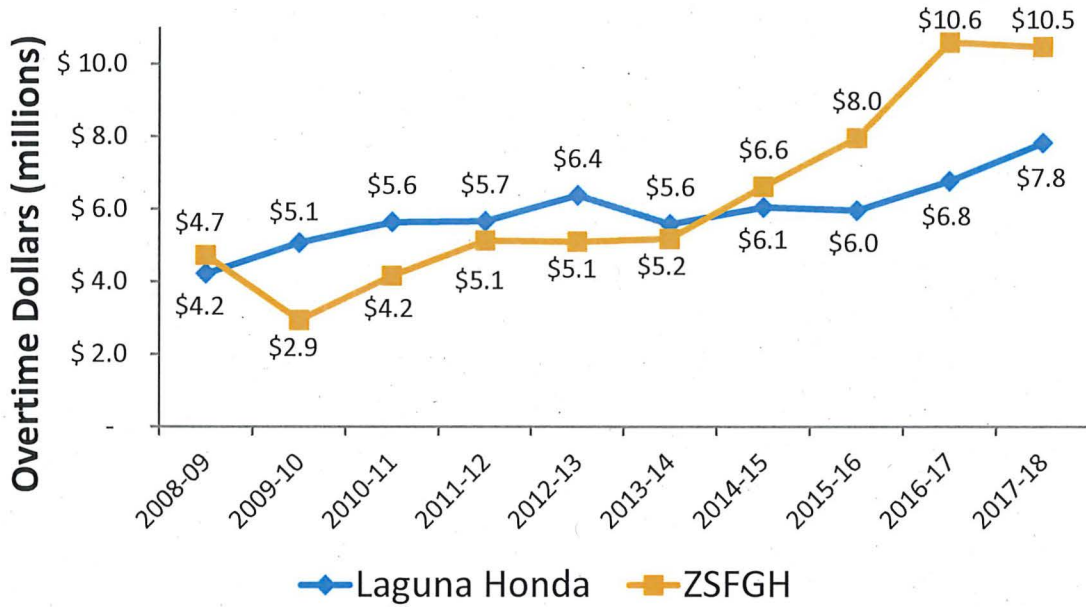
As shown in Figure 12, overtime hours increased to 370,000 in FY 2017-18, an increase of 7.3% over the prior year and expenditures increased to \$20.2 million, a 6.0% increase. The larger increase in the prior fiscal year was driven by the completion of Zuckerberg San Francisco General Hospital. This year, the rate of increase returned to the average rate over the past five years.

Figure 12
Ten-Year History of the Department of Public Health Overtime Expenditures and Hours



More than 90% of Department overtime expenditures were associated with the two City hospitals, Zuckerberg San Francisco General Hospital (ZSFGH) and Laguna Honda Hospital (LHH). Figure 13 below gives the overtime expenditures at each hospital over the past ten years. In contrast to the prior fiscal year, when ZSFGH was the main cause of increased overtime expenditures, overtime expenditures fell slightly at ZSFGH. Overtime spending increased almost 16% at LHH.

Figure 13
Ten-Year History of Overtime Expenditures at DPH Hospitals



Overtime expenses per FTE at LHH increased from \$5,146 in the prior fiscal year to \$5,835 in the current year, even while total FTE increased from 1,315 to 1,341. Overtime expenses per FTE at ZSFGH declined from \$3,649 to \$3,455, while total FTE increased from 2,904 to 3,032. Overtime expense per FTE for the current year is in Table 5.

Table 5
Overtime Expense per FTE at DPH Hospitals

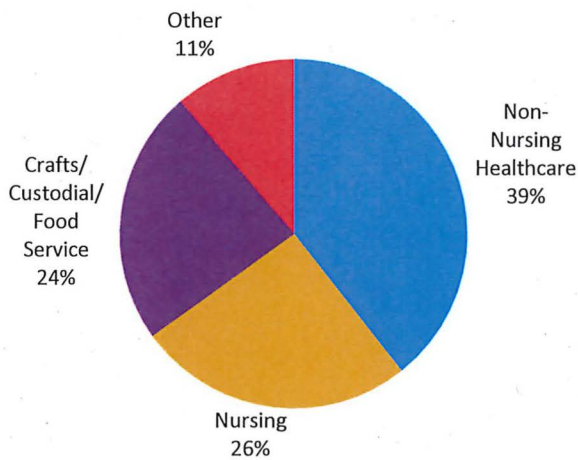
Hospital	Total FTE	Overtime Expense	Overtime Expense Per FTE
Zuckerberg San Francisco General Hospital	3,032	\$10,473,463	\$3,455
Laguna Honda Hospital	1,341	\$7,825,224	\$5,835

The Department reports that overtime fell slightly at ZSFGH because the number of patients at the hospital, or "census," was essentially the same as the prior fiscal year. In contrast, higher overtime at LHH was driven by increased service demands at LHH. To provide a therapeutic and safe environment, LHH added additional, 24-hour one-on-one patient coaches for residents that

have safety and health needs exceeding routine care. Additionally, staff vacancy rates increased from 3% to 5% in FY 2017-18, requiring additional overtime hours to backfill the vacancies.

Figure 14 below shows the distribution of overtime across employee classification groups. In FY 2017-18, the nursing category was 26% of total overtime expenditures, down from 30% in the prior fiscal year. Direct patient care, including nurses and other healthcare workers, accounts for 75% of the Department's overtime expenditures, an increase of 2% over last year.

Figure 14
FY 2017-18 Overtime Hour Share by Employee Classification Groups at DPH



- *Nursing: Registered Nurses, Licensed Vocational Nurses, Special Nurses, etc.*
- *Non-Nursing Healthcare: Anesthetists, Pharmacists, X-Ray Laboratory Aides, Surgical Procedure Technicians, etc.*
- *Crafts/Custodial/Food Service: Storekeepers, Cooks, Porters, Carpenters, etc.*
- *Other: Eligibility Workers, Payroll Clerks, Cashiers, etc.*

Annual Overtime Limits and Weekly Limit on Hours Worked

Administrative Code section 18.13-1 restricts all City employees from working overtime that exceeds 25% of their regularly scheduled hours. By approval of the City's Department of Human Resources (DHR) or the Municipal Transportation Agency's Department of Human Resources when appropriate, specific job classes or individuals in a department can receive approval to exceed the 25% limit. Overtime hours for which the City bears no direct or indirect costs, such as the Police Department's Special Law Enforcement Services (10B), are not counted toward the 25% limit.

As noted in Section 2 above, some overtime hours pay at a straight-time rate rather than time-and-a-half. Overtime that is paid at the straight-time wage rate is excluded from the overtime totals used to check adherence to the 25% limit. This is consistent with DHR procedures used to analyze exemption requests.

Table 6 below counts the number of employees, by department, that exceeded the annual 25% overtime limit in FY 2017-18, and shows how each department performed compared to the limit.

Table 6
Number of Employees Exceeding Maximum Allowed Annual Overtime

Department	Employees Above Default Limit	Employees Exempt	Employees Not Exempt	Average Overtime as % of Regular Hours
General Services Agency - City Admin	15	0	15	30%
Airport	11	10	1	28%
District Attorney	1	0	1	30%
Emergency Management	37	31	6	38%
Public Health	127	0	127	33%
General Services Agency - Public Works	3	0	3	31%
Fire Department	50	0	50	31%
Human Services	3	0	3	29%
Juvenile Probation	11	4	7	29%
Library	2	0	2	46%
Municipal Transportation Agency	584	0	584	35%
Police	36	22	14	27%
Port	1	0	1	29%
Public Utilities Commission	18	0	18	31%
Elections	10	0	10	35%
Sheriff	208	0	208	42%
War Memorial	1	0	1	26%
Total	1,117	67	1,050	36%

In FY 2017-18, a total of 1,117 employees Citywide had total overtime hours that exceeded the 25% limit. This is an increase of 229 employees (26%) over FY 2016-17. DHR granted exemptions to certain job classes or individuals at Airport, Emergency Management, Juvenile Probation, and Police. These exemptions account for 67 of the 1,117 employees who exceeded the annual overtime limit. No other departments requested exemptions from DHR.

Exemptions from DHR do not remove all restrictions on overtime use. DHR still imposes an absolute maximum amount of overtime above the 25% limit. For example, DHR restricted certain job classes at the Department of Emergency Management to a maximum of 1,000 overtime hours, and two job classes at the Airport received exemptions up to 700 overtime hours. Moreover, DHR's exemptions also generally specify that any employee's overtime exceeding the 25% limit must be either involuntary or else must enable another employee to avoid involuntary overtime. This report does not evaluate adherence to this restriction.

In many job classes, overtime hours are heavily concentrated among a relatively small number of individuals. There may be varied reasons for this concentration, including union rules that favor seniority in allocating overtime or a small number of employees that repeatedly volunteer for overtime when others do not. For example, in FY 2017-18, ten percent of employees in the Sheriff's Department accounted for 35% of the overtime hours.

Skewed distributions of overtime hours raise questions of efficiency and fairness. Can employees perform their jobs effectively if they work excessive overtime? Do union rules reserve overtime for senior employees? Are there informal practices that might exclude employees that would choose additional overtime? Such questions are a matter of a union-by-union, department-by-department, and job class-by-job class analysis.

Administrative Code section 18.13-1(a) requires that employees work no more than 72 hours per week, or 144 hours in a pay period. (The Code excludes certain Fire Department employees from this requirement.) Other than disasters or public safety emergencies, the Code does not allow any exemptions to this requirement. Table 7 shows, by department, the total occurrences of an employee exceeding 144 working hours in a pay period, the number of employees who exceeded 144 hours at least once during the year, and the number of pay periods in which at least one employee exceeded 144 hours.³

³ Data used for Table 7 do not include all payroll revisions. Table 7 excludes employees in pay periods that received revisions for prior pay periods.

Table 7
Number of Employees Exceeding 144 Working Hours in a Pay Period

Department	Total Number of Times Employees Exceeded 144 Hours	Number of Employees who Exceeded 144 Hours at Least Once	Number of Pay Periods with an Employee above 144 Hours	Average Number of Hours Exceeding 144
General Services Agency - City Admin	8	6	8	16
Airport Commission	8	4	6	5
Emergency Management	26	10	17	10
Public Health	130	51	26	12
General Services Agency - Public Works	2	2	2	11
Human Services	7	4	7	11
Juvenile Probation	5	4	3	6
Library	4	2	4	15
Municipal Transportation Agency	308	137	26	10
Police	8	8	5	23
Port	3	3	1	11
Public Utilities	7	6	4	7
Recreation and Park	3	3	1	29
Elections	20	19	2	14
Sheriff	195	78	25	16
Total	734	337	137	13

Appendix
Four Year History of Overtime Spending by Department (\$ Millions)

Department	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		FY 2017-18 Change from Prior Year Actual		
	Actual	Actual	Actual	Revised Budget	Actual	Budget vs Actual	\$ Million	Percent
Municipal Transit Agency - Total	56.3	60.1	63.3	36.9	73.5	(36.6)	10.2	16.1%
Police								
General Fund (Excl. Work Orders)	19.3	24.6	25.4	20.5	20.6	(0.1)	(4.8)	-19%
General Fund Work Orders	3.9	3.9	3.6	4.1	4.0	0.1	0.5	13%
Airport	1.2	2.0	1.9	3.0	2.3	0.7	0.4	19%
Special Law Enforcement Services (10B)	10.5	13.0	13.1	15.1	15.1	-	2.0	15%
Other	2.3	3.2	1.6	1.7	4.0	(2.3)	2.4	149%
<i>Total</i>	37.1	46.7	45.6	44.4	46.0	(1.6)	0.4	1%
Public Health								
ZSF General	6.6	8.0	10.6	10.6	10.5	0.1	(0.1)	-1%
Laguna Honda	6.1	6.0	6.8	8.2	7.8	0.4	1.1	16%
Non-Hospital Ops.	1.6	1.5	1.7	2.0	2.0	0.1	0.2	12%
<i>Total</i>	14.2	15.4	19.1	20.9	20.2	0.6	1.1	6%
Fire								
General Fund	33.7	42.0	33.4	31.2	26.9	4.3	(6.6)	-20%
Airport	3.9	4.0	4.8	6.0	4.6	1.4	(0.2)	-3%
Other	0.6	0.3	0.4	0.4	0.4	0.0	0.0	0%
Special Revenue	-	-	-	1.7	3.9	(2.2)		
<i>Total</i>	38.3	46.4	38.6	39.3	35.8	3.5	(2.8)	-7%
Sheriff								
General Fund (Excl. Work Orders)	14.2	19.0	26.1	26.2	22.6	3.7	(3.6)	-14%
General Fund Work Orders	2.5	3.5	5.1	3.1	5.3	(2.3)	0.2	4%
Other	0.6	0.4	0.4	0.4	0.2	0.1	(0.2)	-45%
Special Revenue	-	-	-	0.5	0.5	-		
<i>Total</i>	17.3	23.0	31.7	30.2	28.6	1.5	(3.1)	-10%
Subtotal - Top 5 Departments	<i>163.3</i>	<i>191.6</i>	<i>198.3</i>	<i>171.7</i>	<i>204.2</i>	<i>(32.5)</i>	<i>5.9</i>	<i>3%</i>
Public Utilities	6.9	6.7	7.4	4.9	4.8	0.1	(2.6)	-35%
Airport	3.9	3.3	3.3	2.1	5.5	(3.4)	2.2	67%
Emergency Management	2.6	3.5	4.0	4.7	4.7	0.0	0.7	18%
Public Works	2.8	2.2	2.8	3.0	4.2	(1.2)	1.4	52%
Admin Services	1.4	1.9	2.1	1.0	2.7	(1.8)	0.6	29%
Human Services	3.8	3.7	3.0	0.5	2.6	(2.1)	(0.4)	-14%
Juvenile Probation	1.6	1.6	1.5	1.2	1.8	(0.6)	0.3	19%
Recreation and Park	1.2	1.0	1.3	1.2	1.7	(0.5)	0.4	27%
Technology	1.0	0.9	1.3	0.5	1.1	(0.6)	(0.2)	-13%
Fine Arts Museum	0.9	1.1	0.9	1.2	0.7	0.5	(0.2)	-19%
All Other Departments	2.0	2.4	2.7	1.6	14.4	(12.8)	11.7	433%
Citywide Total Overtime	<i>191.4</i>	<i>219.8</i>	<i>228.6</i>	<i>193.7</i>	<i>248.4</i>	<i>(83.1)</i>	<i>5.2</i>	<i>2%</i>
Top 5 Departments as a % of Total	85%	87%	87%	89%	82%			

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