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Title: Authorizing the Committee on Fiscal Stability and Intergovernmental Cooperation to hold hearings to address the City of Philadelphia's overspending on budgeted overtime, its effect and impact on the City's fund balance and pension obligations and to discuss steps and solutions towards making the City of Philadelphia operate more efficiently and effectively, including the establishment of goals, performance indicators and objectives so that City Departments' progress can be measured and the City can be more transparent and accountable to the taxpayers and residents it serves.

Sponsors: Councilmember Domb, Councilmember Henon, Councilmember Green, Councilmember Johnson, Councilmember Parker, Councilmember Squilla

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Date	Ver.	Action By	Action	Result	Tally
3/9/2017	0	CITY COUNCIL	Introduced and Ordered Placed on This Week's Final Passage Calendar	Pass	
3/9/2017	0	CITY COUNCIL	ADOPTED & REFERRED		

Authorizing the Committee on Fiscal Stability and Intergovernmental Cooperation to hold hearings to address the City of Philadelphia’s overspending on budgeted overtime, its effect and impact on the City’s fund balance and pension obligations and to discuss steps and solutions towards making the City of Philadelphia operate more efficiently and effectively, including the establishment of goals, performance indicators and objectives so that City Departments’ progress can be measured and the City can be more transparent and accountable to the taxpayers and residents it serves.

WHEREAS, Overtime usage across City departments has been steadily increasing since Fiscal Year 2010; and

WHEREAS, According to The Pennsylvania Intergovernmental Cooperation Authority (PICA) *Staff Report on the City of Philadelphia’s Five-Year Financial Plan for Fiscal Years 2017-2021*, City departments have exceeded budgeted overtime in every fiscal year since Fiscal Year 2011, utilizing almost \$20 million more in overtime than budgeted in Fiscal Year 2015; and

WHEREAS, In Fiscal Year 2016, the City of Philadelphia spent \$170 million in overtime costs, approximately 26 percent over budget; representing the sixth year in a row that saw such overspending, and the highest level of overspending since 2010, at a staggering \$45 million more than budgeted; and

WHEREAS, In its 2016 report, the PICA Board and staff noted that the city’s use of overtime has been “steadily rising” since 2010, and stated that they have grown “increasingly concerned about overtime usage and management”; and

WHEREAS, The PICA Board and its staff cautioned, “Regularly exceeding budgeted overtime has the potential

to adversely affect the city's fund balances, which have yet to rise to pre-recession levels. Furthermore, the City has not achieved fund balances that would trigger deposits into the Budget Stabilization Reserve over the life of the current Five-Year Plan"; and

WHEREAS, For Fiscal Year 2016, which ended June 30, the total general fund budget for the year was \$3.9 billion, \$1.5 billion of which was budgeted for salaries, including \$135 million of overtime costs; and

WHEREAS, In Fiscal Year 2016, 23 of the 28 departments considered exceeded their overtime budgets; and

WHEREAS, Of the departments with large overtime budgets (over \$500,000), the Sheriff's Department spent \$5.7 million in overtime costs, which is more than double its budget and 249% of its budgeted overtime; the Streets Department spent \$14.5 million in overtime costs, nearly double what they spent in the previous year and 187% of budgeted overtime; Fleet Management spent \$3.3 million in overtime costs or 179% of budgeted overtime; and Public Property spent \$915,000 on overtime costs or 171% of overtime budgeted; and

WHEREAS, In addition to the above-mentioned departments, as in previous years and again for Fiscal Year 2016, the Police and Fire Departments used the most overtime. The Fire Department spent \$37.4 million, up from \$25 million budgeted and the Police spent \$64 million, up from \$49 million budgeted; and

WHEREAS, Of the departments with small overtime budgets (under \$500,000), departments exceeding their budgets included, the Procurement Department who spent \$28,000 in overtime costs or 566% of budgeted overtime; and the Department of Licenses and Inspections who spent \$1.8 million on overtime costs, approximately three times its budget and 389.9% of budgeted overtime; and

WHEREAS, While the City of Philadelphia discloses substantial information about public spending, its reporting about key performance measures is limited; and

WHEREAS, As stated in PICA's 2016 Staff Report, "Since performance represents the benefit side of the public ledger - while spending represents the cost side - adequate discussion of performance and quantitative performance measures are needed to facilitate public discussion about whether citizens are receiving adequate value for this tax dollars. In addition, disclosure of appropriate performance metrics should assist City officials and program managers in focusing management attention on ways to improve performance"; and

WHEREAS, As it pertains to overtime costs, the PICA report concluded, "[I]t is important that the City closely manage overtime usage across City departments in both the short and long-term to ensure the City's ability to deliver essential services upon which its citizens depend"; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Authorizes the Committee on Fiscal Stability and Intergovernmental Cooperation to hold hearings to address the City of Philadelphia's overspending on budgeted overtime, its effect and impact on the City's fund balance and pension obligations and to discuss steps and solutions towards making the City of Philadelphia operate more efficiently and effectively, including the establishment of goals, performance indicators and objectives so that City Departments' progress can be measured and the City can more transparent and accountable to the taxpayers and residents it serves.