**SPD Overtime Overexpenditure Workgroup Report**
Response to SLI #203-1-A-2-2018

Introduction

During the 2018 budget process the Council expressed an interest in imposing greater fiscal oversight and controls upon the Seattle Police Department's (SPD's) use and management of overtime. This interest was driven by the fact that SPD's overtime expenditures have regularly exceeded its allotment in recent years, and informed by a 2016 City Auditor audit of SPD overtime.

Table 1. SPD Adopted Overtime Budget and Expenditures, 2014-2017.
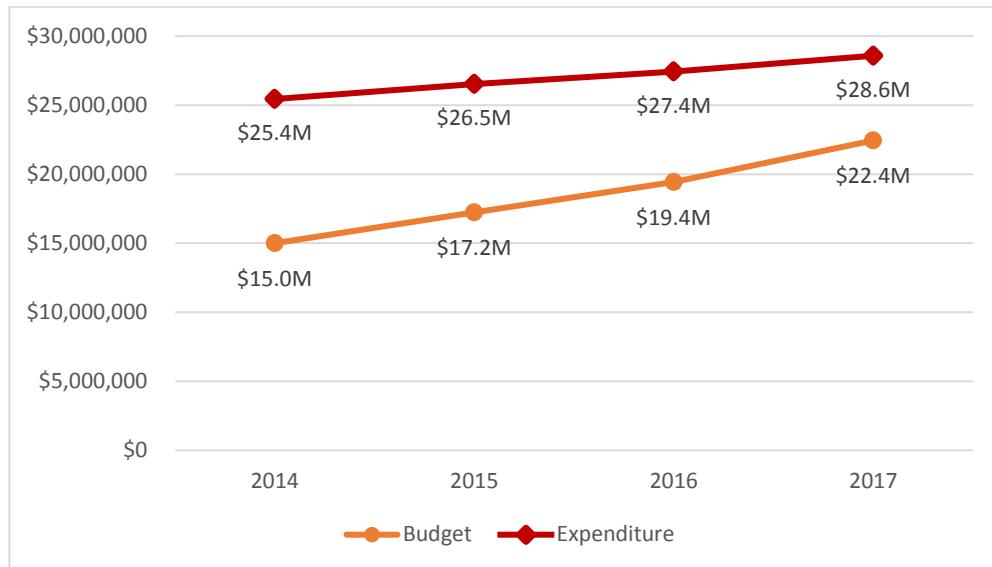
In order to better understand the factors underlying this chronic pattern of spending, the Council requested the Executive to convene an interdepartmental team (IDT) comprised of representatives from the Mayor's Office, City Budget Office, Seattle Police Department (SPD), Office of Police Accountability (OPA), Office of Inspector General for Public Safety (OIG), Council staff for the Chair of the committee responsible for public safety matters, and Council Central Staff, with the City Auditor and Community Police Commission (CPC) serving in an advisory capacity.

This report responds to SLI 203-1-A-2 2018, focused on the four priorities identified in the SLI:

1. Comprehensively describing SPD's overtime policies and practices in relation to the findings and recommendations in the 2016 Office of City Auditor report on SPD overtime controls;
2. Identifying the sources and root causes of the historical gap between SPD budgeted and actual overtime spending (overexpenditure gap) that accounts for factors such as service level needs, staffing levels, population growth, any shifts in systemic practices, and historical events, and that seeks to distinguish between legitimate needs and unnecessary overtime;
3. Evaluating best practices in overtime across the country that may inform SPD's systems; and
4. Issuing recommendations on (a) the most impactful strategies to reduce the overexpenditure gap and (b) strategic approaches to overtime budgeting and budget requests (supplemental and fall budgets) that will give Council a meaningful opportunity to review and approve or disapprove of anticipated overtime expenditures.

Part One: SPD Overtime Policies and Practices and the 2016 Auditor's Report

At the request of former Seattle Police Chief Kathleen O'Toole, the Seattle Office of City Auditor conducted an audit of SPD's overtime controls in 2017. Their goal was to determine if the Seattle Police Department engaged adequate leadership, management oversight, and supervisory controls to manage SPD's overtime spending, which had increased annually since 2010 and consistently exceeded its overtime allocation. They determined that, though some factors contributing to this growth in expense were outside of SPD's control, there were some internal improvements to be made. Ultimately, they

issued thirty recommendations that fell into six broad categories (see Appendix 2 for a complete list of the audit recommendations):

1. **Overtime Policies and Procedures:** The Auditor found that SPD should develop and enforce a clear overtime usage policy, to include guidance on the appropriate use of overtime and how such work is to be authorized, documented, and coded in the payroll system.

   SPD Response: On May 1, 2017, SPD revised the Department Manual section on overtime, 4.020 – Reporting and Recording Overtime/Out-of-Classification Pay, to address the specific concerns brought up by the Auditor. The revision established that all overtime must be pre-authorized by supervisors and provided guidance to supervisors on when overtime is and is not warranted. It also established clear administrative procedures surrounding overtime. Per Department practice, the revised policy was formally distributed to all personnel, 97% of which acknowledged receipt and took a brief quiz on the policy changes. Additionally, budget and overtime training is now provided to all new managers.

2. **Budgeting for Overtime:** The Auditor found that, based on management practices, SPD's overtime budget was not set at realistic levels to fund actual overtime needs. As a result, the department consistently overspent its budget, sometimes significantly. The auditor recommended that SPD develop a realistic overtime budget that reflects the input of supervisors (i.e., primarily captains) who spend against the budget, the number of department vacancies, planning for special events, and other factors. The auditor recommended supervisors then be held accountable to that budget.

   SPD Response: SPD continues to monitor overtime use each month. SPD command staff regularly discuss issues related to overtime. Both SPD and the City Budget Office review the Department's overtime use each month and share this data with Council Central Staff.

3. **Overtime Operational Controls:** The Auditor found that day-to-day operational controls were inadequate to ensure that overtime is paid accurately, monitored thoroughly, and approved only in compliance with policy and procedure. The Auditor recommended improvements to processes related to approvals and authorizations, recording of overtime, reconciliation of hours paid to hours worked, and recordkeeping. Specific recommendations included the implementation of an automated staff scheduling and timekeeping system and an increase in civilian staffing, as opposed to sworn, for certain tasks.

   SPD Response: The 2017 and 2018 Budgets provided funding for an automated work scheduling and timekeeping system that will allow for increased automation of enforcement of thresholds and controls. The system will also facilitate oversight and monitoring of overtime coding and use and compensatory time thresholds. As of August 22, 2018, the anticipated citywide "go live" date for the work scheduling and timekeeping system is May 2019. The project timeline was extended when other City departments expressed interest in securing a similar solution and subsequently added onto the project.

   The May 1, 2017, revisions to SPD Manual section 4.020 addressed many of the concerns raised by the auditors. The Department used the issuance of their revised overtime policy and the communication that accompanied it to stress the importance of proper coding of overtime and of enforcing policies and the procedures that go with them. Additionally, SPD began to manually review payroll records for errors in the 4th quarter of 2015.

   Growing civilianization, where appropriate, continues to be an important goal of the Department. In response to the audit, SPD reviewed job functions performed by sworn personnel and made a list of those it believes could be done by civilians instead. Civilianization of sworn functions is subject to bargaining with the Seattle Police Officers Guild.

4. **Overtime Management Controls:** The Auditor found that SPD did not adequately and consistently monitor overtime, or review overtime data to identify potentially abusive or unnecessary overtime. They recommended improvements to reporting and monitoring department-wide and at the section level.

SPD Response: The revised overtime policy clearly communicates expectations surrounding both overtime coding and overtime monitoring, including who is responsible for it and how often it must be conducted. The SPD Budget Section provides overtime information on a monthly basis to SPD Command Staff (i.e. Captains and higher ranks). Overtime use is discussed at Command Staff meetings. Assistant Chiefs use the reports to discuss overtime use with their respective captains. The Budget Section is also available to answer questions or meet with command staff to resolve issues. SPD Payroll is also conducting periodic reviews of supporting documents for overtime work that will address whether overtime is being worked and paid in compliance with policies and procedures and prevent and detect unnecessary or abusive overtime.

5. Special Events Overtime Controls: The Auditor found that SPD needed to improve processes related to the planning, authorization, and recording of special events overtime, as well as practices to ensure that reimbursable costs are billed and collected in a timely fashion. These efforts, however, must be done in accordance with City Ordinance 124860 and in cooperation with the City's Office for Special Events. Ultimately, this portion of the audit resulted in a follow-up audit, published in December 2017.

    SPD Response: Efforts in this area are ongoing. Event staffing is done and/or reviewed during weekly special events meetings at the Seattle Police Operations Center (SPOC). SPD Budget staff began participating in weekly SPOC meetings in 2016. Clear expectations for event staffing will be included in a new policy that documents SPD's standard for event planning, which is currently in development.

    Though SPD's role in billing for events is limited by Ordinance 124860, we continue to work with the Special Events Office to establish procedures to provide actual SPD staffing hours so SEO can bill more accurately. For more information regarding the Special Events Ordinance, see Appendix 3. A Budget and Policy Analyst has been hired to contribute to this effort and to implement a more comprehensive analysis of special events staffing, including comparing actual hours worked with planned hours worked.

    SPD has revised and simplified the After Action Report (AAR), with the goal of collecting useful staffing information quickly. We continue to emphasize the importance of properly filling out the AAR and Event Summary forms, which are used to record SPD time worked for special events. The new work scheduling and timekeeping system, currently planned for implementation in 2018, will simplify and streamline the process considerably.

6. Off-Duty Police Work: The Auditor found that SPD has little control over off-duty police work and does not have a mechanism in place to track off-duty hours worked by SPD employees, even though this off-duty work can result in officer fatigue. They recommended that SPD increase oversight in this area and begin to track off-duty work.

    SPD Response: Former Mayor Burgess issued an Executive Order on September 13, 2017, ordering the Seattle Police Department (SPD) to establish an internal office, directed and staffed by civilians, to regulate and manage the off-duty employment of its employees. A task force of SPD and Executive branch officials was formed to work on this project. The requirements laid out by the off-duty work group include reporting on off-duty hours worked by individuals. This work is ongoing.

Part Two: Historical Gap Between SPD Budgeted and Actual Overtime Spending

In any given year, SPD's total overtime expenditure will normally exceed the portion of the department's budget for overtime. Overtime spending becomes a problem when it forces the Department over its Adopted Budget and the City must increase appropriations to balance the SPD budget.

Overtime is considered a tool to address fluctuations in workload needs. The need for overtime cannot always be anticipated, which can make it difficult to set an adequate overtime budget. To the extent possible, SPD uses savings from other budget accounts to help mitigate the overtime budget gap. In 2014, SPD was projected to overspend its budget and received funding in a Q4 Supplemental.

Ultimately, however, the department ended the year without needing the extra resources. In 2015 and 2016, the department did not operate within its budget, which necessitated an appropriation for balancing the budget at year-end. Some of this overage can be attributed to the overtime budget gap. In 2017, the department operated within its budget. In each of these years, the major drivers of overtime varied. The table below shows the year-end figures for overtime and the SPD bottom line.

Table 2. SPD Overtime Budget Gap and Year-End Balance, 2014-2017

|	2014	2015	2016	2017
Overtime Budget - Revised	$20,462,256	$22,087,351	$21,774,525	$23,438,226
Overtime Expenditures	$25,143,008	$26,285,811	$27,017,618	$28,408,391
Overtime Budget Gap	**($4,680,752)**	**($9,198,460)**	**($8,243,093)**	**($4,970,165)**
Actual SPD Bottom Line*	**$4,822,479**	**($2,058,310)**	**($1,166,987)**	**$3,572,814**

*Prior to any encumbrances or carry forwards; revised budget does not include Q4 Supplemental plug to show real impact of budget gap

SPD, as an emergency response agency, requires 24/7 staff coverage. Employees work overtime based on departmental needs, including:

- Additional police services for events (e.g. parades, music festivals, and dignitary visits);
- High workload for the current level of staffing;
- Peak workloads due to crimes or other conditions;
- Backfilling for absent staff and covering for vacant positions;
- Attending training; and
- Police services for unexpected events, such as demonstrations or protests.

As noted above, there are many variables that contribute to the department's annual overtime expense. While the overtime budget gap cannot be generally attributed to a specific type of overtime, the department's overtime reporting structure does allow for regular analysis of the type of work that is performed on overtime, using the Resource Categories (RCATs). There are seven high-level RCAT categories: Court, Events, Grants, Reimbursable, Sports, Unusual Occurrences, and Regular Duties. Within each of those there are several levels of more detailed information, from RCAT groupings like "Training" or "Protests" to specific activity codes that describe SPD's work at the most granular level.

Table 3. Historical Composition of Overtime Usage (in Hours) by RCAT Category, 2014-2017.
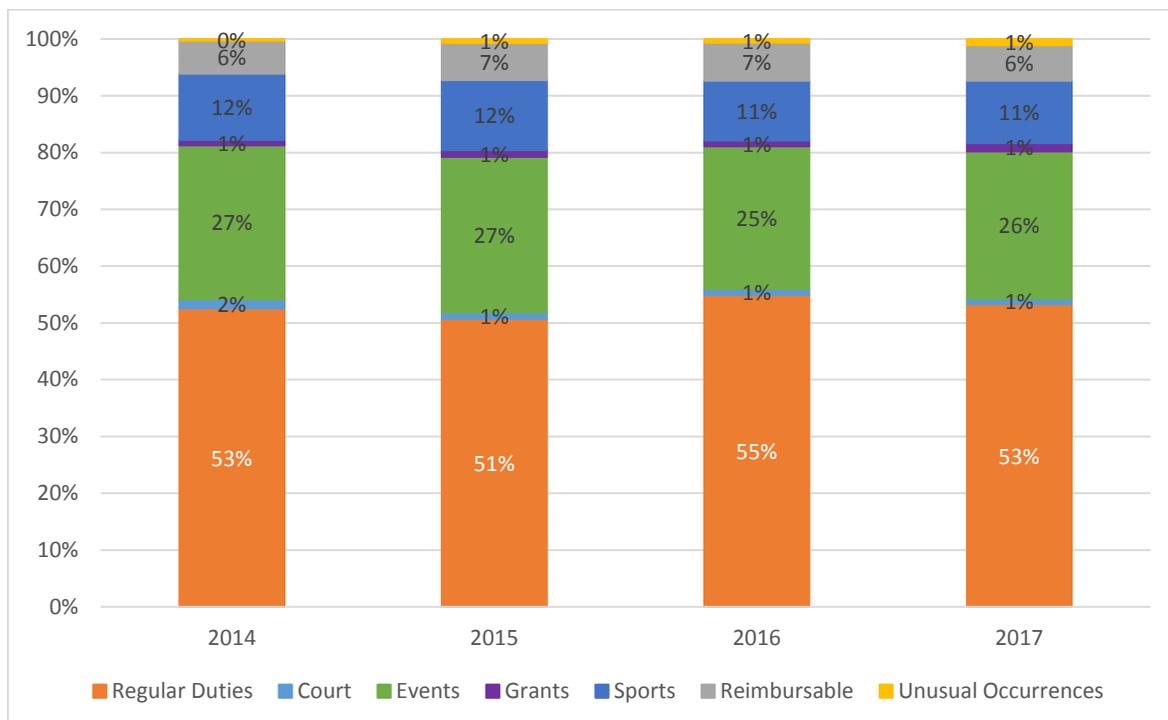
*Majority of actual Sports overtime cost is reimbursable through Memorandums of Understanding

From this coding, we know that in any given year, overtime usage is driven by a variety of factors, such as staffing levels, special events, both of which are discussed in greater detail below.
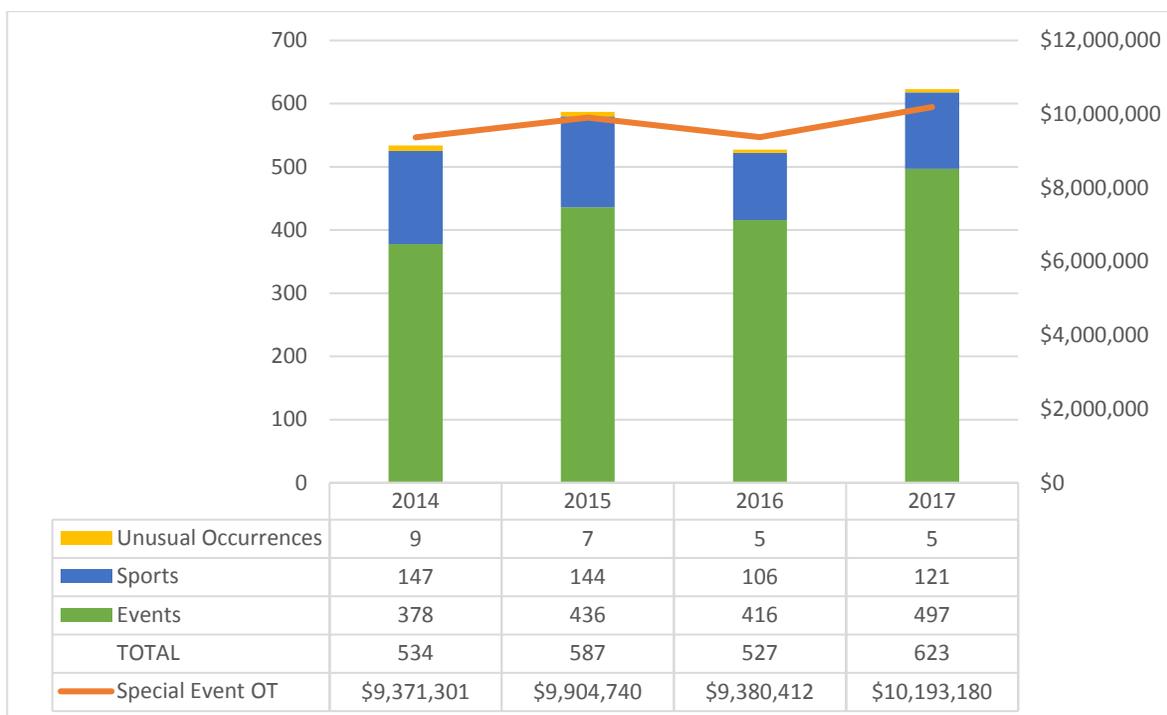
Staffing Levels

While salary savings is frequently used to offset overtime overexpenditures, there is not a direct relationship between staffing levels and overtime use. Fluctuations in the staffing levels of sworn officers is one of the many contributing factors that drive overtime usage. In 2017, 89.5% of SPD's overtime cost came from hours worked by sworn officers.[1] While the use of overtime is necessitated by changes in staffing levels on a day-to-day basis, the absolute increase in the number of sworn officers from 2014-2017 did not result in a decrease in overtime usage over the same period.

Special Events

SPD provides public safety and/or traffic control services for special events in the City. Special events include a variety of different types of events, from sports to protests and parades. Over the last several years there have been fluctuations in the number of events and the cost of overtime needed to staff special events. The overtime cost associated with special events rose 9% from 2014 to 2017. The number of events (i.e., the number of activity codes generated) increased 17% over the same period. Special Events overtime represents a large portion of the total overtime expense (40% in 2017). The department has dedicated staff resources in the Seattle Police Operations Center (SPOC) who are primarily responsible for special event planning and oversight.

Table 4. Count of Special Event Numbers versus Total Special Event Overtime Expense, 2014-2017.

	2014	2015	2016	2017
Unusual Occurrences	9	7	5	5
Sports	147	144	106	121
Events	378	436	416	497
TOTAL	534	587	527	623
Special Event OT	$9,371,301	$9,904,740	$9,380,412	$10,193,180

Part Three: Best Practices

While performing the 2016 audit of SPD's overtime controls, the Seattle Office of the City Auditor collected benchmarking information from 11 municipal police departments, using this information to determine how SPD's practices compared to those among comparable agencies on the West Coast. They analyzed information pertaining to:

- Demographics (including population and land area)
- Staffing (total, sworn, and civilian)
- Agency budget, overtime budgets, and actual overtime expenditures
- Collective bargaining provisions affecting overtime
- Overtime budgeting, management, and reporting systems
- Special events overtime reimbursement policies

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[1] As measured by percentage of dollars spent on overtime.

- Off-duty policing and secondary employment
- Use of civilians for background checks and training
- Agency thresholds for work hours

The Auditor found that SPD's performance was typically in alignment with its peers. This benchmarking did inform the Auditor's recommendation that SPD implement a timekeeping software – something that half of the agencies use to manage overtime – and their recommendations pertaining to special events cost recovery and off-duty work.

In response to the Auditor's recommendations, SPD amended its policies and procedures related to the requesting and monitoring of overtime. The revised Seattle Police Department Manual Section 4.020 specifies that:

- Every overtime shift must be pre-approved by a supervisor, unless employees are actively participating in a major incident;
- Employees may not work more than 90 total hours in one week, including regular time, overtime, compensatory time, and off-duty employment;
- Supervisors are responsible for minimizing the use of overtime by approving only those shifts that are necessary to the mission of the department;
- Employees will submit requests for overtime using the appropriate form according to policy, and supervisors will document the reason/justification for each shift; and,
- Lieutenants and managers are responsible for monitoring overtime use within their own sections, including the reason for the overtime and the amount worked by each individual.

The Budget and Policy Section provides supervisors, managers, and Command Staff with detailed overtime information at the end of each month in order to support their efforts to monitor overtime use. The reporting provides a department, bureau, section, unit and individual accounting of overtime worked during the reporting period and a year-to-date look at usage against expected totals. Additionally, the Section provides Command Staff with a mid-month overtime report at the end of each pay period for review and dissemination at their discretion. This report provides an opportunity for Commanders to review their section's activity and make operational adjustments, as needed.

Department overtime use is regularly discussed at weekly Command Staff meetings. Individual bureau chief meetings take place as appropriate to discuss issues, share trends that the Budget and Policy Section see in its regular analysis of overtime, and strategize about ways to alleviate overtime use where appropriate. SPOC exists to ensure that consistent staffing principles are used, staffing plans and after action reports are completed, and reporting is done in conjunction with an analyst in the Budget and Policy Section.

The limitation of this effort is the department's need to rely on payroll data for its overtime reporting and analysis. The data become available approximately one week after the end of the pay period. Due to the two-week pay period cycle this can often go deep into the next month before a complete months' worth of data become available. This retrospective look delays reporting and limits the ability of supervisors and managers to adjust operations.

Part Four: Recommendations

1. Support of the Auditor's Recommendations

In 2015-2016, at the request of then-Chief O'Toole, the City Auditor's Office spent months examining the leadership, management oversight, and supervisory control to manage SPD's overtime. The report they generated is a detailed review of best practices and issuance of recommendations to the Department. This SLI-created workgroup recognizes the role of the auditor and work they performed in the generation of managerial and technical recommendations of the 2016 SPD Overtime Audit. In addition, this workgroup recognizes the work SPD has done to date to make changes in response to the audit and recommends SPD continue to pursue and adopt the recommendations of the Overtime Audit.

2. Further Explore Special Events and Special Event-Related Cost Recovery

Through the conversations and meetings with workgroup members, the IDT expressed strong interest in further discussions of and analysis of special events. The goal of this analysis would be to inform the Special Events Committee in making an adjustment to the Special Events rate.

At present, SPD charges a $67 per-hour flat rate cost when staffing special events. This amount is legally established by Seattle Municipal Code 15.52.070 and the dollar value is determined by the Special Event Committee. This rate, set in 2015 through Ordinance 124860, has not been adjusted in several years and does not include additional costs that are borne by the City. The rate does not include key elements associated with police staffing, including costs associated with vehicles, equipment, or overhead. From a parity standpoint, there are some organizers who merit the MOU process and are charged prices much closer to true cost than those that go through Special Events.

Real cost recovery associated with special events is much higher than the prescribed $67/hour fee. The workgroup recommends a follow-up effort to explore full cost recovery. The workgroup recognizes the political challenges to ever achieving true cost recovery on special events. However, it believes that the first step to addressing the discrepancy is being fully informed as to true cost and using that as a starting point for conversations around changes to the Special Events fee for police services.

3. Incorporate community ideas into ongoing discussions around SPD staffing and overtime

The workgroup discussion and interest areas reflect varied views of staff representing many City departments. A voice, however, that has not yet been heard in this conversation is that of the community. The workgroup recommends the ongoing incorporation of community ideas and perspectives into conversations around SPD staffing and overtime. The Community Police Commission is positioned to support this work through their ongoing dialogue with community about issues of policing and reform. The workgroup recommends the CPC provide feedback and recommendations as appropriate, informed by their community contacts, to further the dialogue around what changes would best increase community confidence and ultimately promote and support constitutional and bias-free policing.

Conclusion

The City Auditor's Overtime audit is a comprehensive review of SPD overtime issues and opportunities. Convening this workgroup, however, has brought diverse stakeholders together to discuss and better understand the nuances of SPD overtime need, use, challenges, and opportunities. Overtime is a complex topic and there is still room for improvement. SPD continues to use the Auditor recommendations to guide and inform changes to overtime policies and management and the workgroup supports that ongoing effort. The workgroup also recommends further analytic work be undertaken around understanding cost recovery to inform changes in the Special Events Ordinance. Finally, the workgroup supports the incorporation of community ideas into discussions around SPD staffing and overtime. Together, these recommendations will support ongoing visibility and process improvements into SPD overtime.