



Department of Administration  
Budget and Policy Division

Tom Barrett  
Mayor

Sharon Robinson  
Administration Director

Mark Nicolini  
Budget and Management Director

January 30, 2006

Ref: 06017

Alderman Michael Murphy, Chair  
Finance and Personnel Committee  
City Hall, Room 205

Subject: 2005 Police Department Overtime

Dear Alderman Murphy:

This communication reports Milwaukee Police Department (MPD) overtime expenditures in accordance with Common Council File 021045. In addition to overtime expenditures; overtime hours, overtime by type, sworn vacancy rates, and to provide a more complete background, data from 2001 thru 2004 is also provided for comparisons.

**Overtime Budgets and Expenditures**

The Milwaukee Police Department expended a total of \$15,604,755 in overtime for 2005 (Figure 1) with \$12,874,667 of that supported directly by the tax levy (O&M). The O&M overtime expenditures increased approximately \$1.0 million from 2004. Of that \$1.0 million increase, approximately \$600,000 of that can be attributed to the Milwaukee Police Association's (MPA) contract settlement which brought salaries from 2003 to 2005 rates of pay beginning in pay period 10 of 2005. The MPD also utilized \$2.7 million of grant funding in 2005, including \$1.1 million of Community Development Block Grant funds.

The MPD exceeded its 2005 overtime budget by approximately \$3.1 million or \$2.5 million when the MPA contract settlement is taken into consideration. When comparing five year's of expenditures, the MPD has exceeded its overtime budget \$2.1 million in 2004 to \$6.8 million in 2003.

Figure 1

	O&M Budget	O&M Expenditures	Grant Expenditures	Total Expenditures
2001	\$7,300,000	\$9,580,210		\$9,580,210
2002	\$7,500,000	\$13,381,562	\$554,534	\$13,936,096
2003	\$9,100,000	\$15,952,657	\$1,288,922	\$17,241,579
2004	\$9,800,000	\$11,873,681	\$1,640,363	\$13,514,044
2005	\$9,725,000	\$12,874,667	\$2,730,088	\$15,604,755

NOTE: 2001 expenditures include O&M and grant overtime in the "O&M expenditures" column.

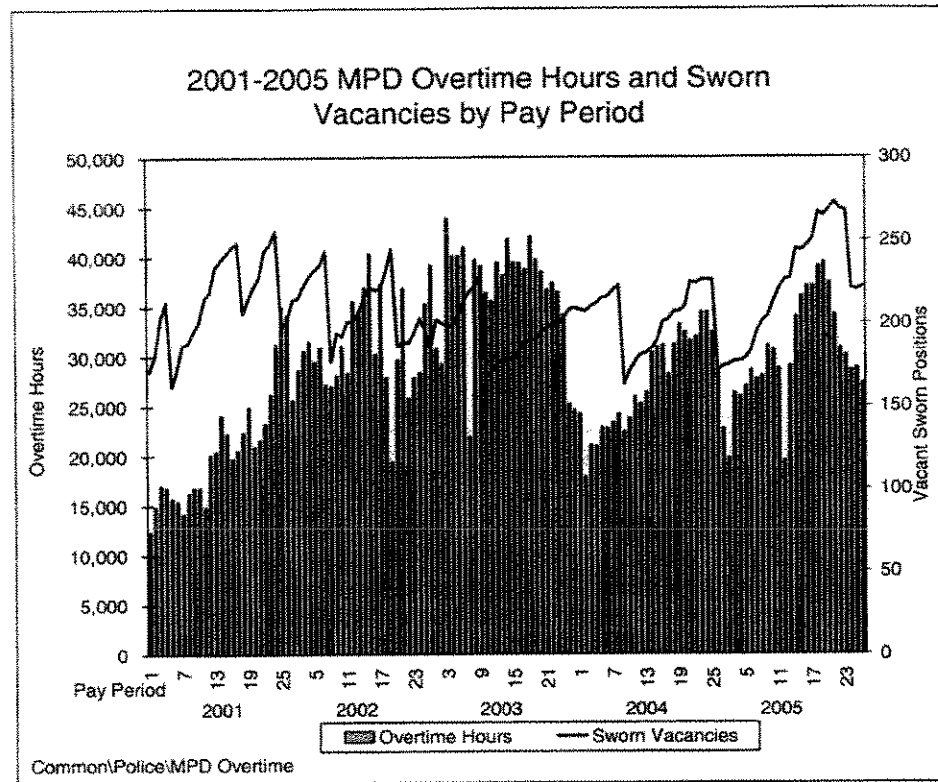
Figure 2

	Hours	Expenditures
2001	543,759	\$9,580,210
2002	799,001	\$13,936,096
2003	948,546	\$17,241,579
2004	711,047	\$13,514,044
2005	783,317	\$15,604,755

**Overtime Hours and Expenditures**

As Figure 2 depicts, overtime hours and expenditures have varied greatly over the past five years. Since the rates of pay are not directly comparable with each year, it also makes sense to compare overtime hours in addition to financial expenditures. For example, between 2004 and 2005 the number of overtime hours increased 10.2% (includes grant funded) while the expenditures increased 15.5%. This difference can be attributed to the previously mentioned MPA contract settlement along with individual salary step increases and the ALEASP contract settlement. For a broad comparison, the 2005 overtime hours are 44.1% greater than 2001 yet 17.4% less than 2003 overtime hours.

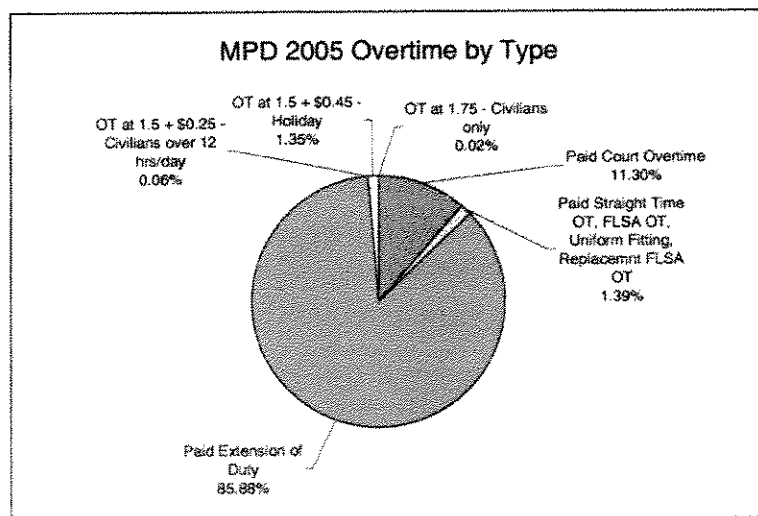
Figure 3



**Overtime Hours and Sworn Vacancies**

Overtime hours and sworn vacancy data were compared for the last five years to assist in determining if there is any correlation between overtime and sworn vacancy rates. There is no statically significant correlation between overtime hours and sworn vacancies when reviewing data from 2001 thru 2003. A correlation analysis performed on the 2004 and 2005 data did reveal a correlation with a  $R^2$  equal of 0.95 ( $R^2$  greater than 0.8 is considered a strong correlation). However, when looking closer to at the data (Figure 3), there also appears to be other factors that may explain or discount a true correlation. During the summer, overtime traditionally increases due to festivals, response to increased criminal activity, and greater use of grant overtime. Considering the last two Police Officer recruit classes started at the end of 2004 and 2005, this strong correlation could be simply explained by the timing of recruit classes and expected seasonal use of overtime. Also, the vacancies drop when the recruits are first hired. However, the recruits' academy training takes 23 weeks and they receive another 12 weeks of field training, making it improbable for the reduction in sworn vacancies to have an impact to overtime hours or expenditures. It will be necessary to reanalyze in coming years to provide a statistically significant data set to further prove or disprove any correlations.

Figure 4



January 30, 2006

### 2005 Overtime Breakdown

Figure 4 depicts all 2005 overtime by earning code. The majority of overtime is classified as Extension of Duty (85.88%) in which \$12.7 million was expended for in 2005. The second greatest overtime utilization was for Court Overtime (11.30%) in which \$2.2 million was expended. All remaining overtime categories represent less than 3% of overtime usage. Of the Court Overtime expended, more than 75% was comprised of State felony cases and District Attorney appearances. The city's own Municipal Court only accounts for approximately 5.6% of all Court Overtime.

### Salaries

The MPD salary account expended a total of \$147.3 million in 2005 (not including the 27<sup>th</sup> pay period). While the 2005 salary account was budgeted at \$136.6 million, there were two major contract settlements that impacted the MPD expenditures in 2005 (MPA and ALEASP). These additional funds were budgeted in the Wages Supplement Fund Special Purpose Account. When taking into account those other funds, the MPD did come within budget for 2005 and it is not expected that the MPD will need any additional Contingent Fund appropriations or Contingent Borrowing in order to close the 2005 books.

If you have further questions on this matter, please feel free to contact David Schroeder of my staff at extension 8524.

Sincerely,



Mark Nicolini  
Budget and Management Director



David Schroeder  
Budget and Management Special Assistant

DS:dmr

Cc: Finance and Personnel Committee  
Fire and Police Commission  
Mayor's Office  
Chief Nannette Hegerty