



Department of Administration  
Budget and Policy Division

Tom Barrett  
Mayor

Sharon Robinson  
Administration Director

Mark Nicolini  
Budget and Management Director

January 29, 2007

Ref: 06017

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

Subject: 2006 Police Department Overtime - Final Report

Dear Alderman Murphy:

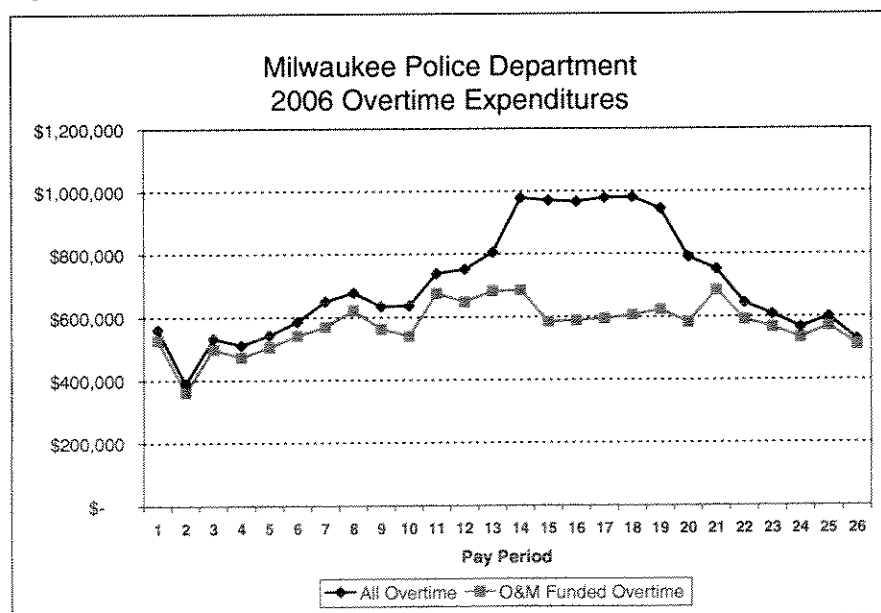
This communication reports Milwaukee Police Department (MPD) overtime expenditures in accordance with Common Council File 021045. The report contains final 2006 data, along with various comparison data from prior year(s).

**Overtime Budgets and Expenditures**

In 2006, the Milwaukee Police Department expended \$18.3 million in total overtime, \$14.9 million of that supported directly by the tax levy (O&M). Compared to 2005, this is an increase of \$2.7 million, or 17% (from \$15.6 million) in total overtime and an increase of \$2.0 million, or 15% (from \$12.9 million) in tax levy supported overtime.

Compared to the 2006 budget (O&M only), expenditures were \$5.3 million over the \$9.7 million budget, which was reduced \$1.5 million from the Mayor’s original 2006 proposed budget. This overage amount is reduced slightly when taking into account the \$750,000 transferred from the Community Services Staffing Special Purpose Account (SPA). Common Council Resolution 060222 passed on July 12, 2006, appropriated \$750,000 of the \$1.5 million from the SPA to the MPD for overtime. This represented the necessary “match” to secure \$750,000 from the State of Wisconsin Office of Justice Assistance.

Figure 1



While the Budget Office continued to monitor overtime and overall salaries, it was evident that the MPD would exceed its overtime budget for 2006. The Budget Office sent a follow up communication for the Mayor to the Chief in early October to state concerns and formally request the MPD to drastically reduce its overtime for the remainder of 2006. Figure 1 shows the MPD's success in reducing overtime in the 4<sup>th</sup> quarter.

It must also be noted that funds awarded by the State of Wisconsin are not be represented on the o&m side of expenditures since they were received and administered as a grant. These funds (total of \$950,000) are represented under "All Overtime" for expenditure and hour tables (the \$18.3 million cited above). Figure 1 depicts how these various grant awards impact the total overtime expenditures by pay period, especially the additional state funds that were utilized during the Summer Initiative.

**Overtime Hours**

Since the majority of overtime is earned by Milwaukee Police Association (MPA) members, it is not possible to directly compare 2005 expenditures to 2006 expenditures since the MPA was at 2003 and 2005 rates of pay in 2005. The MPA contract settlement did not take effect until period 10 of 2005. All 2006 MPA overtime is at 2006 rates of pay. Since there are differing rates of pay that contribute to the 2005 and 2006 overtime expenditures, overtime hours are also provided (see Figure 2). As Figure 2 depicts, total overtime hours increased significantly during the summer months compared to 2005. This was associated with the \$950,000 additional state funds, \$750,000 transfer from the SPA, and response to concerns over violence made by the Mayor, Common Council, MPD, State Legislators, and citizens.

Figure 2

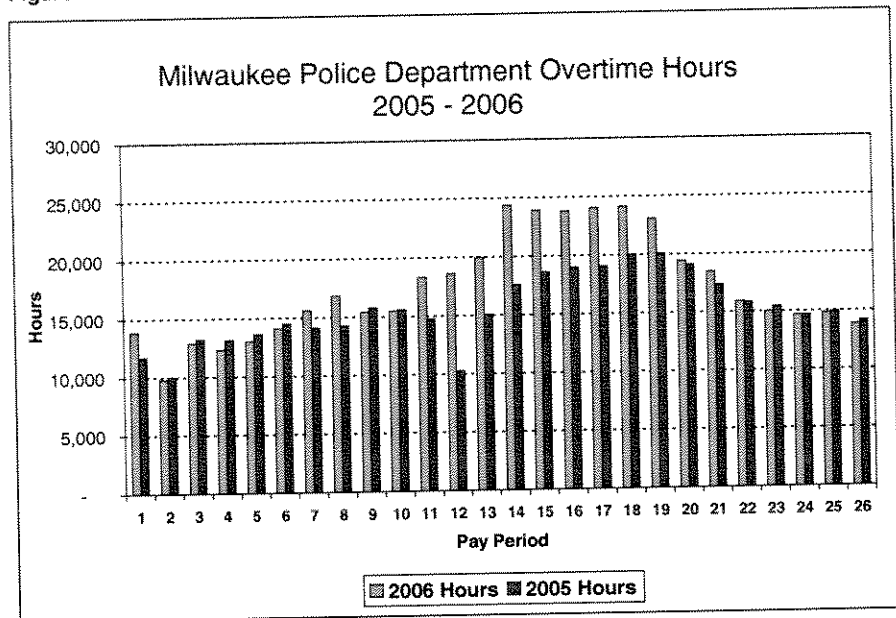
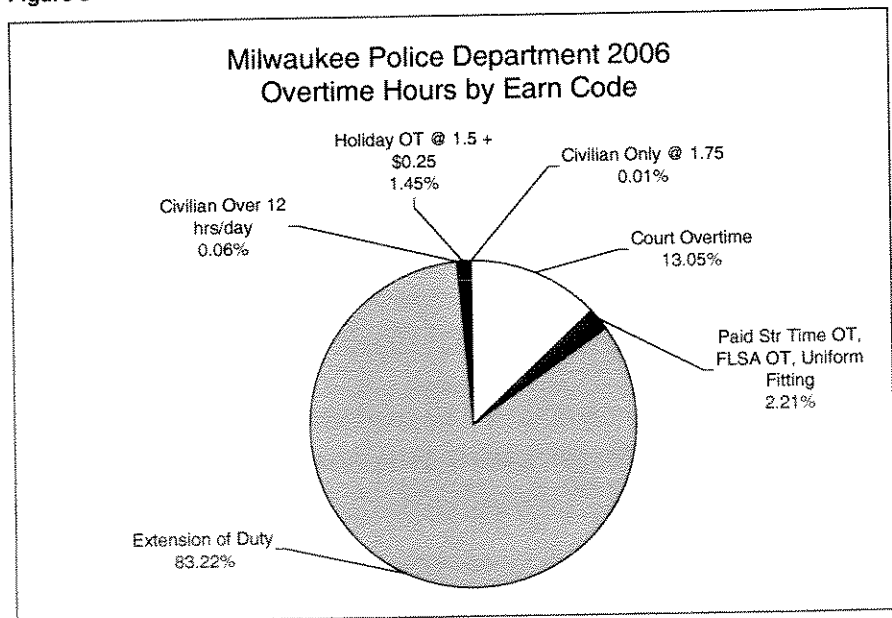
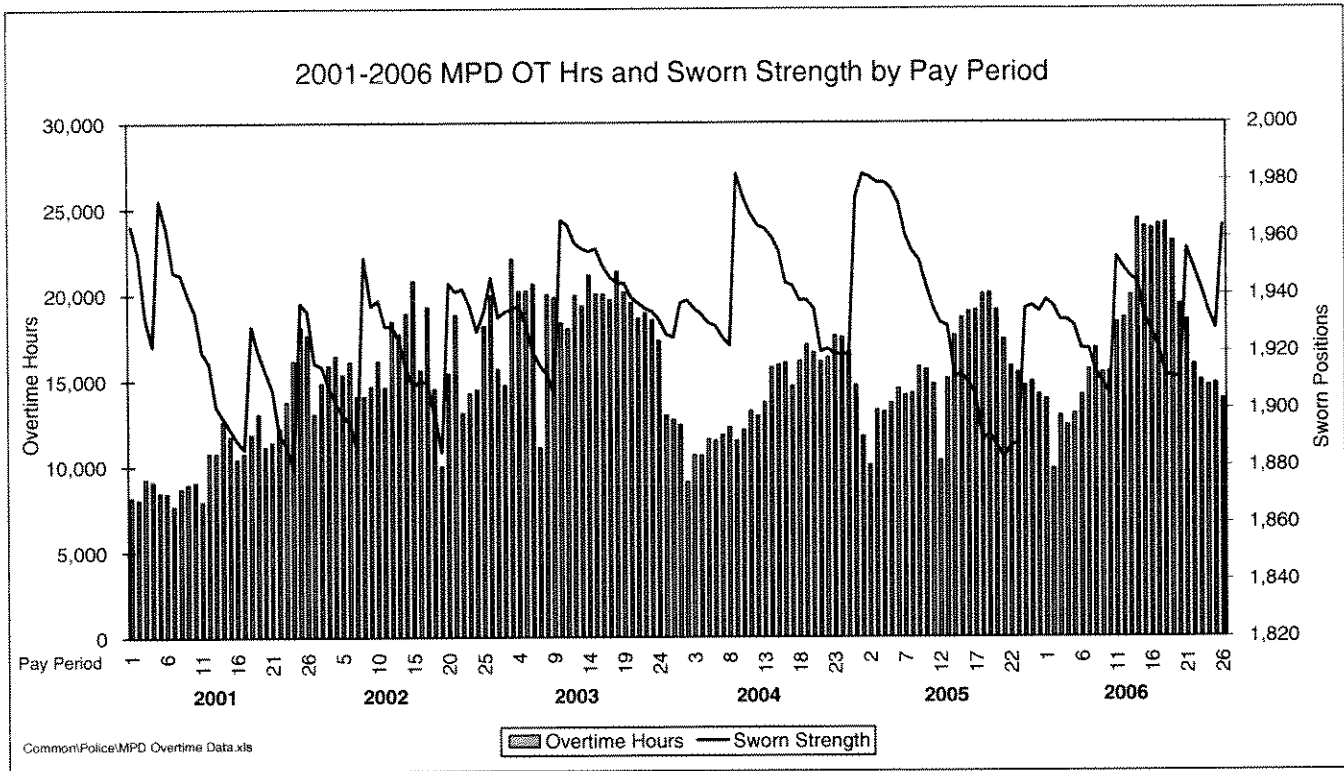


Figure 3



and response to concerns over violence made by the Mayor, Common Council, MPD, State Legislators, and citizens.

Figure 4



To assist the Committee in understanding how the overtime has been utilized by the MPD, overtime hours by type is provided (see Figure 3). Compared to prior years, there has been no significant a change to utilization. The vast majority of overtime, over 83%, continues to be utilized as “extension of duty.”

### Overtime vs. Sworn Strength

Many have asked if a correlation exists between overtime expenditures and sworn vacancies. To illustrate the two, Figure 4 depicts overtime hours and sworn strength, more accurate measures than overtime expenditures and sworn vacancies since there are annual differences in rates of pay and total authorized positions. Correlation analysis, as has been done in the past, does show a qualifying r-square value, implying there is some correlation. However, upon closer review of the data, these results may be inconclusive. In every year since 2001, except for 2003, there has been recruit class started late in the year. This timing coincides with the natural and expected reduction in overtime, since calls for service and crime in general decreases in the winter months. Also, there are many unaccountable variables to account for to achieve a clean and clear correlation analysis, such as number of calls for service, type of call, number of on going investigations and type, number of sworn personnel that are available (not including recruits, inactive for duty, those in field training, etc.), seasonal variations, and all other possible social factors that impact previously mentioned calls for service.

### Total Salary Expenditures

Overtime, while represented as a separate budget line item, is accounted for within the MPD’s \$145.1 million salary account. The adjusted total 2006 salary budget for the MPD is \$146.5 million to include funding transferred in Common Council Resolution 060222. This resolution also utilized \$750,000 for additional overtime and \$750,000 for an additional Police Officer recruit class in 2006. Grant amounts such as the funds awarded by the

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state (along with all other grants and agreements) are charged to other accounts and are not included when considering the total salary expenditures. As of January 26, 2007, the MPD 2006 salary account showed expenses of \$148.5 million. After taking into consideration the adjusted salary budget and anticipated Wages Supplement Fund transfers, the MPD salary account has a Contingent Fund exposure of \$1.8 million.

The Budget Office is currently working with the Comptroller and departments on closing the 2006 books. In the coming weeks, our office will consider and submit to the Finance and Personnel Committee fund transfers and Contingent Fund requests to deal with any account shortfalls for all city departments and enterprise funds. Our office will make sure the Finance and Personnel Committee is kept apprised of these fund transfers and carryovers. We have no expectation of a need for any contingent borrowing for operating purposes.

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  
Fiscal Planning Specialist Senior

DS:dmr

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

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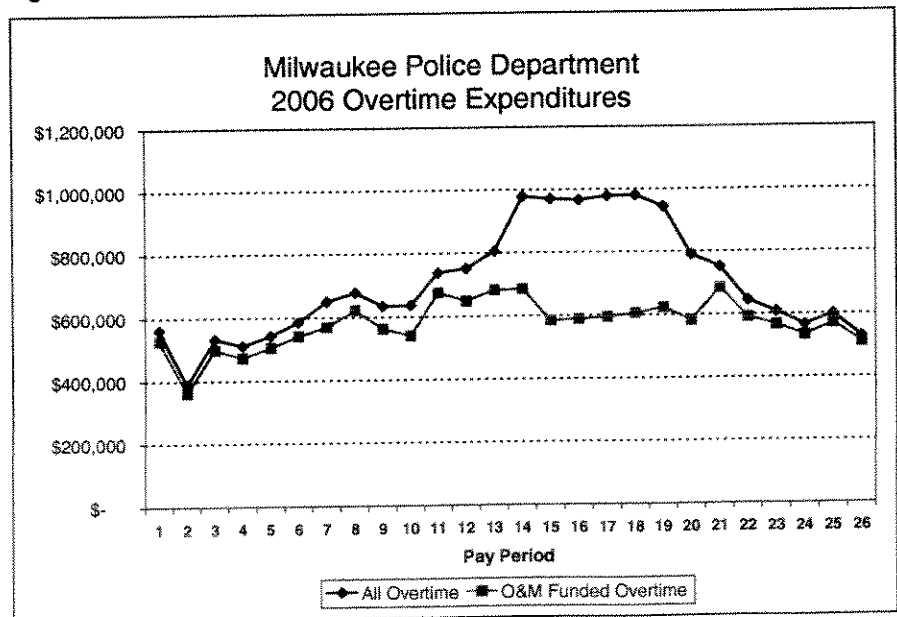
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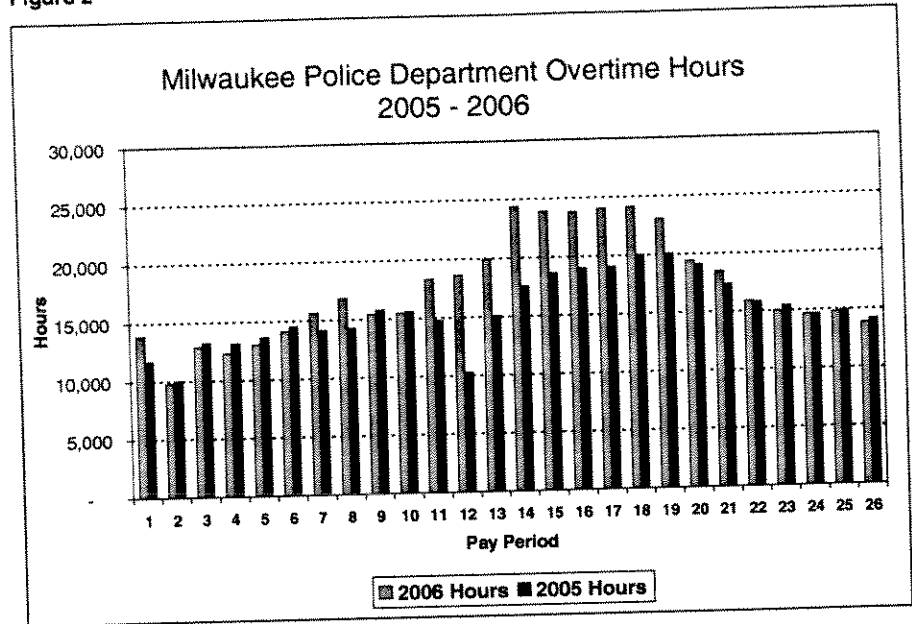
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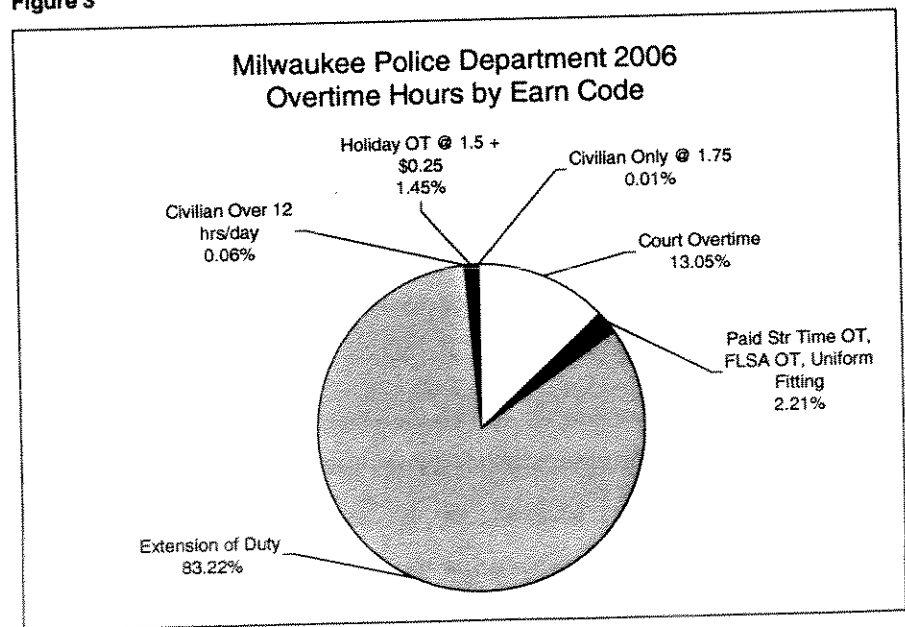
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**Overtime Hours**

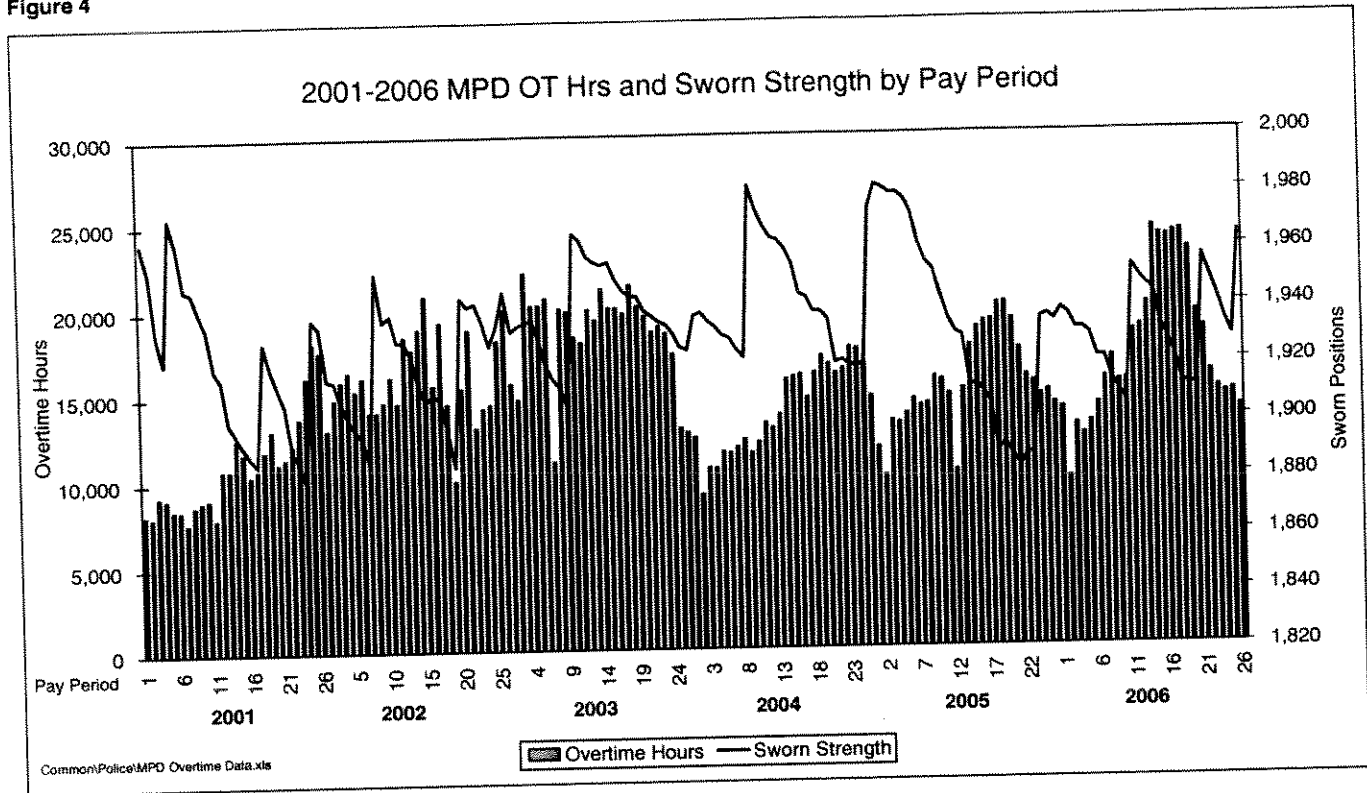
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