

Austin Fire Department Overtime Audit



Objective

The objective of this audit is to determine how AFD policies and practices affect personnel expenditures, including overtime and call-back expenditures, and how these operational practices, rules, staffing models, or other factors differ from comparable cities' fire departments.

Background

On June 15, 2017, the City Council directed the City Auditor to amend the Auditor's Fiscal Year 2017 Audit Plan to include an audit of AFD overtime and provide an update to the City Council of work to date by August 18, 2017.

Photo: Cadet Class 118, Chris Wilkinson, Austin Fire Department.

Summary

The Austin Fire Department Operations Division has experienced a staffing shortage that has led to higher overtime costs and increased sworn staff workload over the last few years.

- AFD has not been fully staffed to its authorized firefighter staffing levels over the last few years.
 - Potential causes appear to include a confluence of factors as shown in the timeline at the top of page 3.
 - In 2013, AFD implemented four-person staffing that increased the number of positions that need to be filled.
 - In 2014, the federal consent decree limited AFD's ability to add sworn staff.
 - Beginning in 2015, AFD experienced an increase in the number of staff separations, including retirements.
 - Various types of leave contribute to the need for overtime. Also, we noted indications that some staff may not be utilizing sick leave appropriately.
- AFD has relied on overtime to ensure that the department meets its staffing requirements, which seems to be a common practice in other fire departments. This resulted in increases in overtime costs and staff workload.
 - Total sworn overtime pay increased by 147% from FY 2014 to FY 2016.
 - Total sworn overtime hours worked increased by 124% from FY 2014 to FY 2016.
 - The "overtime hourly rate" for each fiscal year went up, initially by 6.5%, then by 3.5% in FY 2016 and 1.6% in FY 2017 through June. The base wage and step-pay increases included in the June 2015 Collective Bargaining Agreement (CBA) seem to have contributed to the large increase (with no CBA in place since 2013). The current agreement included base wage increases of 2.5% in FY 2016 and 2% in FY 2017.
 - Related to the impact that vacancy issues have had on increased sworn staff workload, the firefighters who worked the most overtime hours are working 36% more hours than a normal work schedule, or an average of 994 additional hours per year.

AFD management was aware of the rising overtime costs, but does not appear to have proactively implemented adequate cost saving measures.

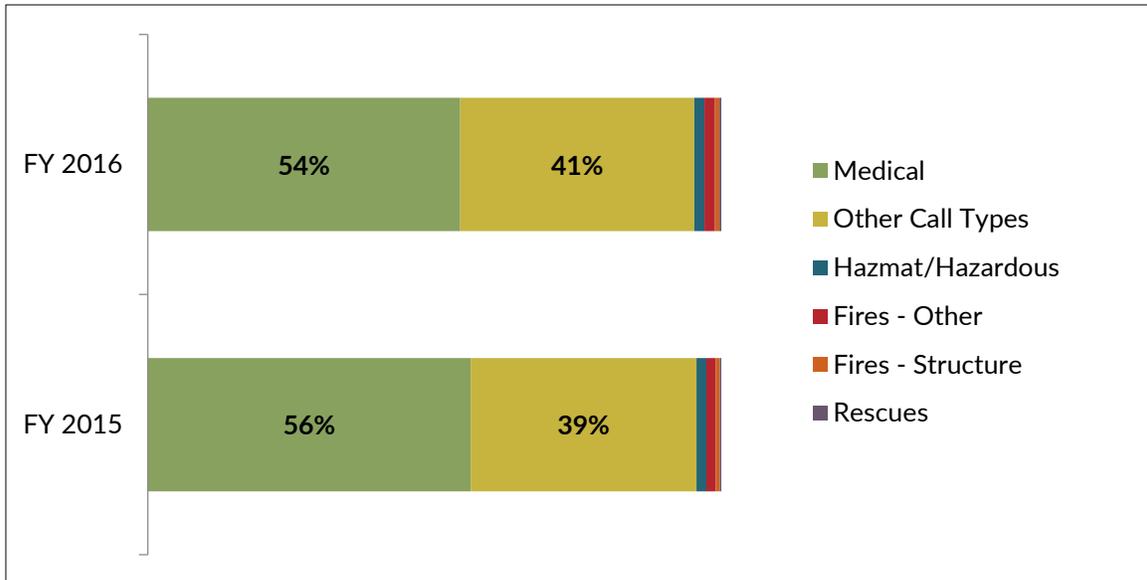
- AFD management communicated overtime cost issues first to City management, then to City Council.
- AFD management recently took measures to reduce the rising overtime costs and instituted a policy in October 2016 to place limits on the amount of leave that departing employees could use prior to separation from the City.
- We noted additional opportunities to address rising overtime costs from other sources, including stakeholders and other cities, that include negotiating labor terms and improving oversight.
- We noted an additional concern related to issues with the AFD timekeeping process.

Background

In FY 2015 and FY 2016, the Austin Fire Department (AFD) budget was \$172 million and \$181 million, respectively. Personnel expenditures accounted for approximately 87% of the total budget in both those years. In FY 2016, AFD operated 46 fire stations (including an Aircraft Firefighting and Rescue station at the airport). These stations deployed a variety of fire apparatus types including 43 fire engines, 13 aerial apparatus, 4 rescue units, 12 brush trucks, and 6 airport fire rescue vehicles.

AFD provides 24-hour response to various emergency calls in and around the City of Austin. AFD operations staff responded to 89,563 calls in FY 2015 and 81,973 calls in FY 2016.¹

Exhibit 1: Most AFD Calls for Service for FY 2015 and FY 2016 Were for Medical Calls



Source: OCA analysis of AFD fire stations and apparatus workload reports, July 2017

Note: AFD management reported that the “Other Call Types” category includes a wide variety of non-fire responses such as lift assists for the elderly and blocking lanes at the request of the Austin Police Department. The “Fires-Other” category includes non-structural fires such as trash and grass fires.

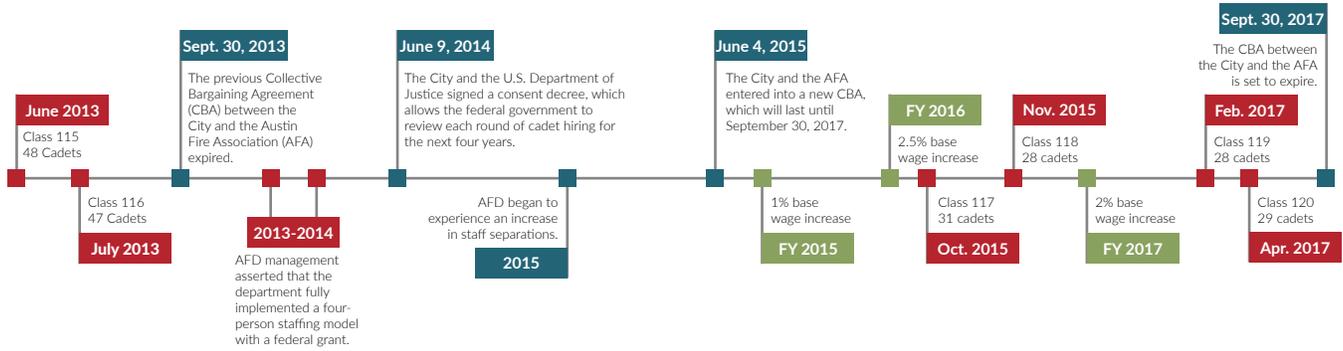
The AFD staffing model requires the Operations Division to be staffed on a consistent basis with four firefighters per apparatus. If there is a vacancy in a required position for any reason, the department uses other sworn employees to backfill that position, generally using overtime.

Over the past few years, the department’s overtime expenditures have exceeded budgeted amounts. Total sworn overtime pay increased each year and grew by 147% from FY 2014 (\$6.9M) to FY 2016 (\$16.9 M). Overtime is expected to reach approximately \$21M by the end of FY 2017, according to AFD management.

On June 15, 2017, the City Council directed the City Auditor to amend the Auditor’s Fiscal Year 2017 Audit Plan to include an audit of AFD overtime and provide an update to the City Council of work to date by August 18, 2017.

¹AFD management indicated that the reduction in the volume of calls resulted from a change in the dispatching for priority 3 medical calls. Currently, AFD operations staff are not dispatched to lower priority calls if Austin-Travis County Emergency Medical Services is within five minutes of the incident.

Exhibit 2: Timeline of Firefighter Personnel-related Events From June 2013 to September 2017



Source: OCA analysis of AFD reports and presentations, July 2017

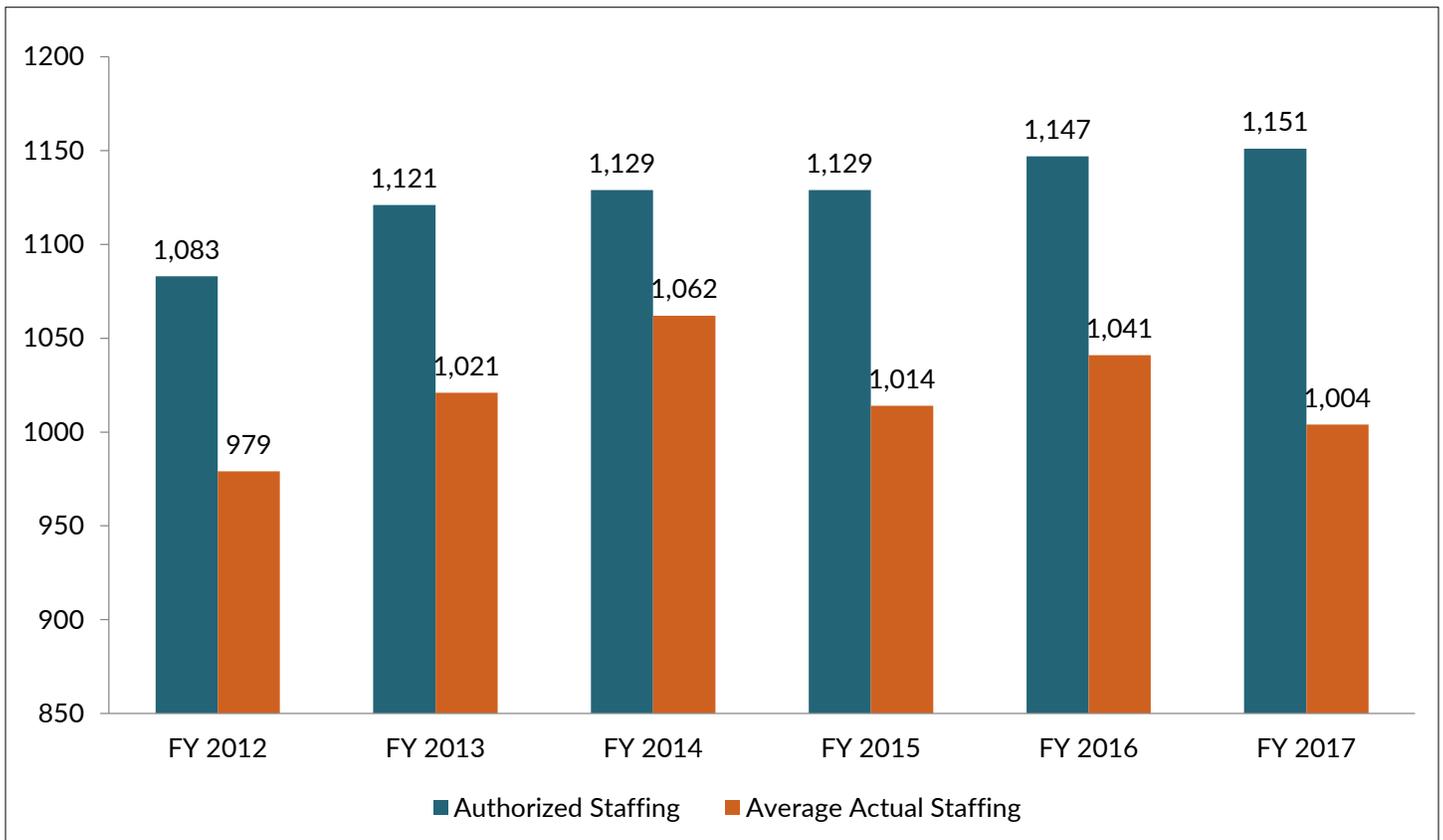
Results

STAFFING SHORTAGE

The Austin Fire Department Operations Division has experienced a staffing shortage that has led to higher overtime costs and increased sworn staff workload over the last few years.

The Austin Fire Department (AFD) has not been fully staffed to its authorized firefighter staffing levels over the last few years. AFD staffing policies and practices are designed to provide constant 24-hour staffing in the Operations Division. According to AFD staffing reports, the department has added over 60 authorized positions since FY 2012. However, not all of those positions have been filled during that timeframe. From FY 2012 to FY 2016, there were an average of 98 annual vacancies with a low of 67 to a high of 115. AFD management estimates that the number of vacancies could increase to 147 by the end of FY 2017.

Exhibit 3: Austin Fire Department Authorized Sworn Positions Have Increased Since FY 2012, But Actual Sworn Staffing Has Gone Down Over the Last Few Years



Source: OCA analysis of AFD staffing reports, July 2017

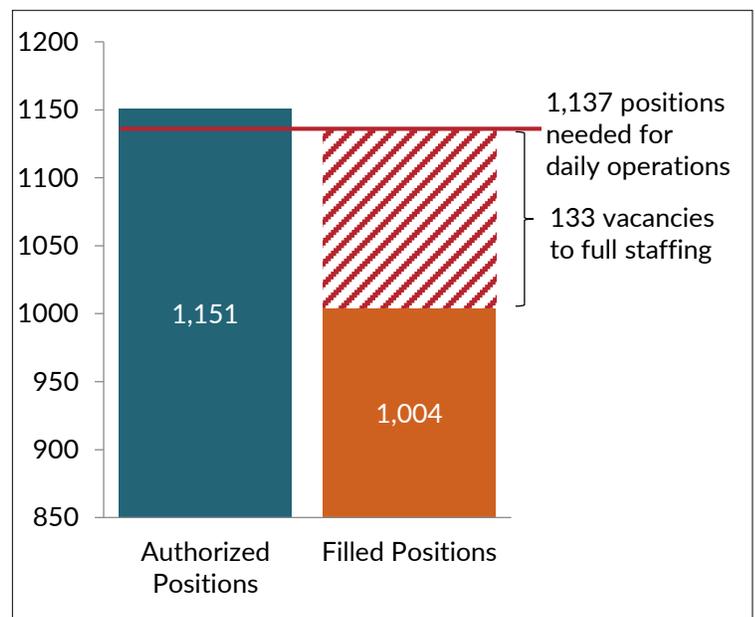
Potential causes for this situation appear to include a combination of factors that happened around the same timeframe. The department implemented four-person staffing that increased the number of positions that need to be filled at all times. Also, the department experienced limitations on its ability to hire sworn staff, an increase in the number of sworn staff separations, and leave-related vacancies that require another firefighter to back-fill the position.

Four-person staffing. AFD management implemented a four-person staffing model in FY 2013 which requires all fire apparatus to be staffed with four sworn staff, 24 hours a day. The department shifted to a four-person staffing model pursuant to a Council Resolution that set an implementation target for FY 2019. Council direction was based on National Fire Protection Association standards, Occupational Safety and Health Administration requirements, and possible improvements to both firefighter safety and operational efficiency. This staffing model resulted in a need for additional sworn staff on each shift.

The City received a \$5.1 million Staffing for Adequate Fire and Emergency Response (SAFER) grant from the federal government to fund 36 positions which helped to achieve four-person staffing in FY 2013. The grant funding expired at the end of FY 2015 and the cost to maintain the 36 positions shifted to the department's general operating budget in FY 2016. These additional positions need to be back-filled when firefighters are not available to work, which contributed to increased overtime costs in the last few years. However, stakeholders that we spoke with expressed their belief that the City needs to continue using this staffing model for safety reasons.

Staffing limitations. According to AFD management, the department needs approximately 1,137 sworn positions to fully staff its operations for FY 2017. This figure includes 34 Battalion Chiefs, 71 Captains, 191 Lieutenants, 205 Specialists, and 636 Firefighters. According to figures provided by AFD management, the department needs to fill approximately 133 more positions to reach full staffing. The staffing shortage for AFD sworn personnel can be attributed to several factors including:

- the 2014 consent decree between the City of Austin and the Department of Justice,
- increases in the rate of sworn staff separations, including retirements, and
- leave-related vacancies, including those caused by use of FMLA, injury, military, vacation, and sick leave.



The 2014 consent decree limited the department's ability to hire additional sworn staff to meet its staffing needs. The consent decree added layers of scrutiny over the AFD hiring process and has impacted the department's ability to hire new fire cadets at a rate necessary to achieve full staffing. According to AFD management, cadet classes have been delayed and class sizes have been smaller under the consent decree.

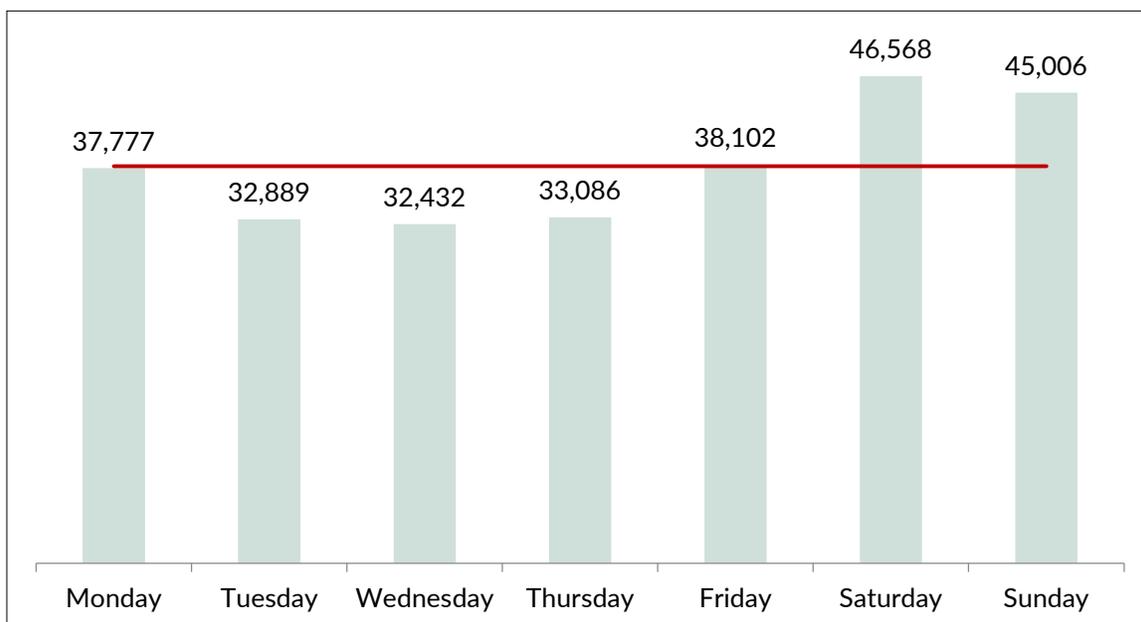
The rate of sworn staff separations from AFD, including retirements, has increased in the last few years. We noted that the reported rate of AFD separations had risen compared to previous years. Stakeholders noted that firefighters from the same cadet class tend to retire around the same. For example, when firefighters from a cadet class become eligible for retirement, AFD staff noted an expectation that separations would increase. Also, cadet classes eligible to retire are generally larger than the current cadet classes. In addition, AFD management noted that they have seen an increase in the number of voluntary separations compared to previous years. The increase in these vacant positions, coupled with a limited ability to hire new staff, results in a need to back-fill the positions which contributes to increased overtime costs.

The use of leave time results in a need to back-fill the temporarily vacant positions which contributes to increased overtime costs. In addition to the position gap shown above, AFD management noted that the number of vacancies is increased by the use of various leave types. These include leave for FMLA, injury, and military leave in addition to vacation and sick leave. Overtime costs related to leave are exacerbated by a provision in the Collective Bargaining Agreement that counts all leave time, except sick leave, as productive time for the purpose of calculating overtime.² We also noted indications that some staff may not be utilizing sick leave appropriately.

To manage vacancies caused by the use of vacation leave, AFD has implemented a limit on the number of slots per shift that are available for sworn staff. Sworn staff are required to submit their vacation requests for approval by the Battalion Chiefs. Also, department policy requires staff to use sick leave only in cases of illness or injury to themselves or family. However, we noted indications that some sworn staff may be using sick leave for vacation time, particularly when there are no available vacation slots remaining.

We conducted an analysis of the department’s staffing reports that shows sworn staff took sick leave at a higher rate on weekends than on other days of the week. From October 2015 to June 2017, the top two days that AFD staff used sick leave were Saturday and Sunday, followed by Friday and Monday, as shown in the chart. Vacation leave used during the time period followed the same pattern. Assuming that someone is equally likely to be sick on any day of the week, the red line represents the average expected sick leave hours (37,980). This is based on the total sick leave hours used in the period (265,680) divided by the number of days. Also, we noted about 100 employees that used half or more of their sick leave on Saturday and Sunday. About 300 employees used a third or more of their sick leave on those days. This pattern of sick leave use, coupled with the limited availability of vacation slots, may indicate that some staff are not using their sick leave in an appropriate manner. Because AFD has to plan for sworn staff absences, the use of unplanned sick leave may hamper the department’s ability to effectively meet the daily staffing requirements and contribute to the use and cost of overtime.

Exhibit 4: Austin Fire Department Sick Leave Use Indicates That Sworn Staff Use More Sick Leave on Weekend Days Than on Weekdays

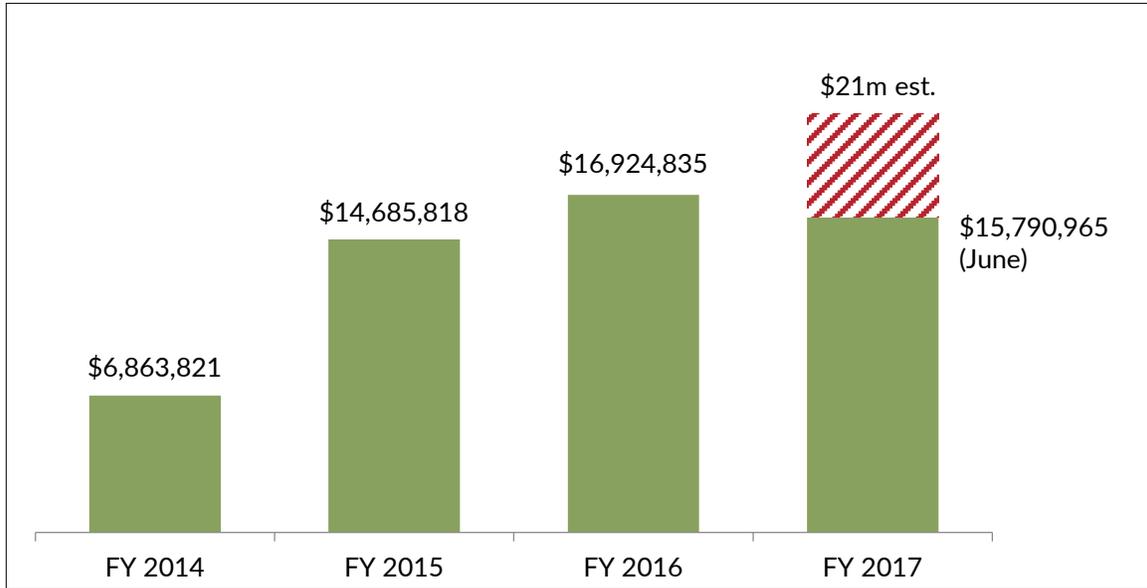


Source: OCA analysis of the AFD staffing reports, August 2017

² Our recently issued “Police and Fire Labor Agreements” special request report noted that this practice is different from provisions in the Fort Worth and Houston collective bargaining agreements.

AFD has relied on overtime to ensure that the department meets its staffing requirements, which seems to be a common practice in other fire departments. This reliance on overtime to back-fill vacant positions has resulted in increases in overtime costs and staff workload. Total sworn overtime pay increased by 147% from FY 2014 to FY 2016. AFD management anticipates that overtime costs will reach approximately \$21M by the end of FY 2017, which would be a 206% increase from FY 2014.

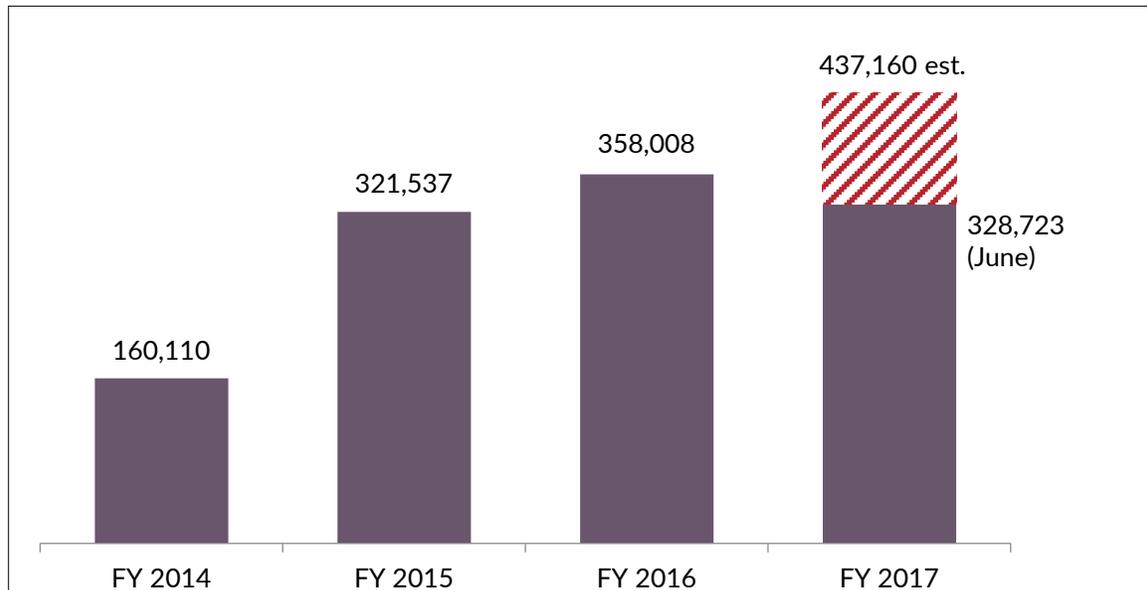
Exhibit 5: Sworn Overtime Pay Increased Each Year and is Up 147% From FY 2014 to FY 2016



Source: OCA analysis of AFD overtime pay reports, July 2017

The vacancy issues have also increased the number of overtime hours worked. Total sworn overtime hours increased by 124% from FY 2014 to FY 2016.

Exhibit 6: Sworn Overtime Hours Increased Each Year and is Up 124% From FY 2014 to FY 2016



Source: OCA analysis of AFD overtime pay reports, July 2017

We divided the overtime costs by the number of hours worked to get an “overtime hourly rate” for each fiscal year. The hourly rate went up 6.5% from FY 2014 to FY 2015, 3.5% in FY 2016, and 1.6% in FY 2017. One factor that may explain the percentage difference is the series of pay increases included in the June 2015 Collective Bargaining Agreement. There was no collective bargaining agreement in place between 2013 and 2015. The current agreement included provisions for base wage and step-pay increases beginning in late FY 2015. The agreement also included a 2.5% base wage increase in FY 2016 and a 2% increase in FY 2017.

Exhibit 7: Overtime Hourly Rates Increased Annually Between FY 2014 and FY 2017

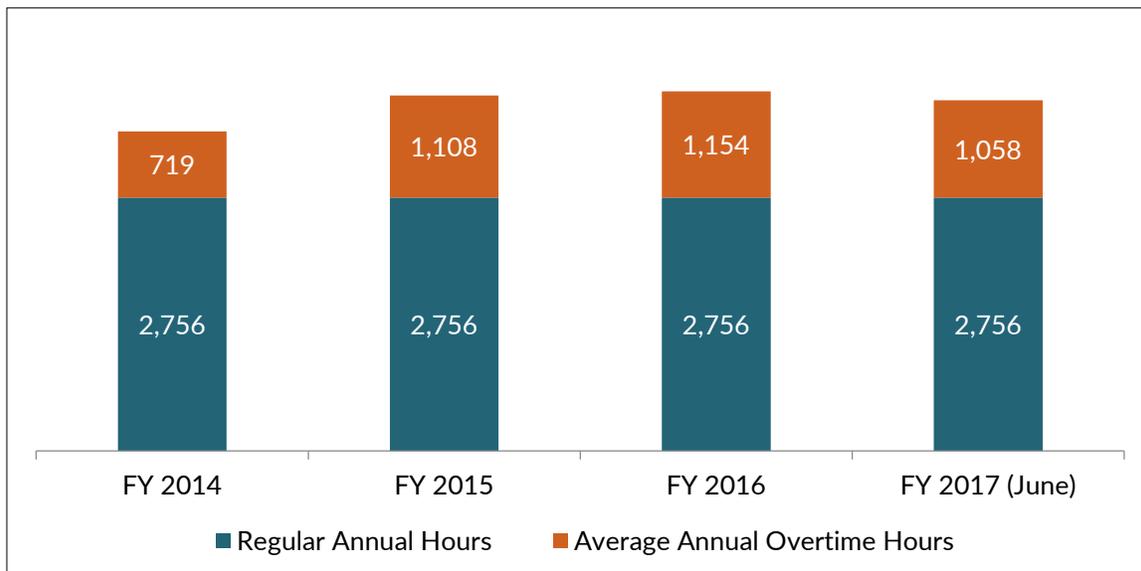
	FY 2014	FY 2015	FY 2016	FY 2017 (June)
Overtime hourly rate	\$42.87	\$45.67	\$47.28	\$48.04
Percent increase		6.5%	3.5%	1.6%

Source: OCA analysis of AFD overtime reports, July 2017

According to AFD management, all sworn vacancies exist at the Firefighter rank. For example, when firefighters at higher ranks retire or separate from AFD, their positions are filled by firefighters promoting from lower ranks. This movement continues until the vacancies exist at the lowest rank. Based on a preliminary analysis and interviews with stakeholders, costs for new hires are typically lower than the costs for both departing employees and back-filling positions at the overtime hourly rate. We recognize the department has experienced barriers to hiring new sworn staff, but doing so to achieve full staffing appears to be a more cost effective option.

Workload issues. We also looked at the impact that vacancy issues have had on increased sworn staff workload. We analyzed reports for the 10 firefighters who worked the most overtime hours in each year since FY 2014. For those firefighters, the number of hours worked increased by 60% from 7,193 in FY 2014 to 11,539 in FY 2016. We also analyzed reports for the 10 firefighters who earned the most overtime pay. For those firefighters, overtime pay increased by 83% from approximately \$395,000 in FY 2014 to \$723,000 in FY 2016. A firefighter working a normal 53-hour weekly schedule is expected to work 2,756 hours in a year. Based on AFD records, the 10 firefighters who worked the most overtime hours are working 36% more hours than expected, on average. Those additional hours ranged from 719 to 1,154 and averaged 994 hours across the three year period, not counting partial figures from FY 2017.

Exhibit 8: Overtime Hours Worked by the 10 Firefighters Who Worked the Most Hours Increased Each Year and is Up 60% From FY 2014 to FY 2016



Source: OCA analysis of AFD overtime pay reports, July 2017

MANAGEMENT ACTIONS

AFD management was aware of the rising overtime costs, but does not appear to have proactively implemented adequate cost saving measures.

AFD management communicated overtime cost issues in their department first to City management, then to City Council. However, they only recently took measures to reduce rising overtime costs. As shown in the chart below, these measures include moving firefighters from staff positions to operations, delaying the opening of a fire station, and running concurrent cadet classes. AFD management estimates that these measures will yield cost savings of approximately \$3.3 million. We also noted that AFD management instituted a policy revision in October 2016 to control and limit the amount of leave that departing employees could use prior to separation from the City.

Several stakeholders agreed that some of these measures, such as moving staff positions to the Operations Division, address cost issues in the short term. However, they also expressed concerns that moving staff out of critical programs such as continuing education, field training, and safety oversight programs could have both immediate and future adverse impacts on the department's operations.

Exhibit 9: AFD Management Identified Measures that Could Result in Budget Savings

Measure Planned/Taken	Approximate Expected Savings	Additional Observation
Move 21 firefighters from staff positions to operations	\$2.3 million	
Delay the opening of the Onion Creek Fire Station by 4 months	\$650K	To be implemented next fiscal year
Reduce the number of firefighters taken from operations to serve as cadet training Team Leads	\$329K	To be implemented next fiscal year
Run concurrent cadet classes during FY 2018 (rather than one at a time) to bring new cadets into the department at a faster rate		Department expects to reach optimal staffing levels in 2019

Source: OCA Analysis of AFD reports and Council presentations, August 2017

We also noted additional opportunities to address rising overtime costs from other sources. First, stakeholders noted opportunities that include the following:

- Negotiate changes to current Collective Bargaining Agreement provisions:
 - Remove the provision that requires counting all approved leave, except sick leave, as productive time for calculating overtime. According to AFD management, the impact of this practice has resulted in increased overtime costs of approximately \$1.2 million.
 - Remove the provision that requires firefighters on their Kelly Day to be selected first for overtime opportunities.
 - Calculate the available number of vacation slots per shift based on the actual number of positions filled instead of the total number of positions authorized.
 - Explore options to use more civilian staff, such as allowing non-sworn personnel to assist with dispatch duties. This could free-up a number of sworn staff for operations duties. However, most sworn staff we spoke with expressed that using civilians for dispatch duties could have negative impacts on safety.
 - Explore options to use a lateral hiring process with a robust training program in order to add sworn staff. Some staff expressed concerns about a prior lateral hiring effort, but those concerns appeared to be caused by a shortened training program.

- Institute a pay rate cap for staff eligible to volunteer for overtime opportunities. Several stakeholders noted that this could lower overtime costs, but would likely require more regular use of mandatory overtime. Stakeholders noted that mandatory overtime is allowed, but is not used often and could have negative morale impacts, as well as create potential workforce fatigue issues.
 - The current AFD overtime process requires sworn staff who want to work an overtime shift to sign up on a volunteer list. While firefighters at all pay rates can sign up, the overtime list is sorted according to pay rate with lower paid firefighters listed first. Firefighters that have met certain thresholds for number of hours worked are marked in red and listed last. However, as noted earlier, firefighters on their Kelly Day have first preference for overtime opportunities. Also, since there are so many current needs for staff to work overtime shifts, nearly all staff who sign up for overtime are selected to work a shift.
- Consider options to redistribute staff from fire stations that may no longer be needed based on service demands and the ability of nearby stations to adequately address calls for service.

While we have not collected enough information to make meaningful comparisons to other cities, we reviewed audits from cities where sworn staff overtime costs had risen. Additional strategies identified by these sources to address costs include the following:

- Change collective bargaining agreement provisions so they do not exceed Fair Labor Standards Act minimums.
- Selectively reduce staffing levels on certain apparatus and/or adjust the four-person staffing model for some stations based on call volume and demand for service.
- Temporarily close stations or institute a “brown-out,” or partial closure, where doing so will not affect response times.
- Consider hiring sworn retirees to supplement administrative, or staff, functions.
- Perform regular staffing reviews to determine future hiring needs.
- Require more oversight and supervisory approval of leave time, overtime, and timekeeping, generally.

Other Preliminary Observations

AFD timekeeping practices. The current departmental firefighter timekeeping system appears to have some limitations on its effectiveness. We noted that timekeeping seems to be complicated due to the Operations Division’s 53-hour work week schedule. We also noted that much of the timekeeping process is manual, which increases the risk of human error. The department uses an “exception-based” timekeeping system. This means that Battalion Chiefs or supervisors at fire stations manually enter exceptions to each firefighter’s normal time in the “Battalion Chief” (BC) timekeeping system. Staff noted that there is limited review of the accuracy of the information entered into this system.

AFD payroll staff are responsible for inputting the information submitted by Battalion Chiefs into the City’s Banner timekeeping system. According to payroll staff, they review the information to identify any outliers, such as unrealistic hours, and make sure that the information posted in the BC timekeeping system matches the information in the Banner system. We also noted that firefighters can contact AFD payroll staff directly to report exception updates to their time and these changes may be made without supervisory review.

Based on a review of an AFD pre-pay period audit check, AFD payroll staff identified and corrected 450 timekeeping errors for a recent pay period. Again, factors such as the complexity of the timekeeping process, the manual process for documenting time in two systems, and the limited review for accuracy of the information in the BC timekeeping system increase the risk that errors may not be detected and corrected which could affect firefighter time and pay, including overtime.

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Why We Provided This Update

On June 15, 2017, the City Council directed the City Auditor to amend the Auditor's Fiscal Year 2017 Audit Plan to include an audit of Austin Fire Department overtime and provide an update to the City Council of work to date by August 18, 2017.

This update represents our work to date and does not contain complete findings or include recommendations. However, the information presented in this update meets government auditing standards related to audit evidence.

Scope

The scope of this project includes current Austin Fire Department policies and practices relating to personnel expenditures.

Methodology

To provide this audit status update, we performed the following steps:

- interviewed staff and management in the Austin Fire Department (AFD), the City's Budget Office, and other stakeholders about AFD personnel expenditures, the budget and timekeeping process, and overtime policies and practices;
- reviewed the current Collective Bargaining Agreement between the City of Austin and the Austin Firefighters Association, as well as the Consent Decree between the City of Austin and the United States Department of Justice;
- reviewed current AFD policies, procedures, and practices related to sworn firefighter staffing, timekeeping, and overtime;
- analyzed AFD records related to sworn firefighter staffing and expenditures;
- evaluated AFD internal controls related to sworn firefighter staffing and expenditures;
- reviewed operational practices, rules, and staffing in published audit reports that examined firefighter overtime in other similar agencies; and
- evaluated the risk of fraud, waste, and abuse with regard to AFD policies and practices relating to personnel expenditures.

Audit Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. We conduct performance audits to review aspects of a City service or program and provide recommendations for improvement.

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