

# METROPOLITAN TRANSPORTATION AUTHORITY

## May 2015 Budgetwatch – Special Overtime Report

At the April meeting of the MTA Finance Committee, Commissioner Saul commented on overages that continue to occur in overtime spending and requested MTA staff prepare an explanation of YTD overages for presentation at the May Finance Committee meeting. In response, this report summarizes March YTD overtime spending by Agency and category. Please note that, later this year, the Agencies will present to the Committee a more detailed analysis similar in scope to presentations made in 2013 and 2014.

### Introduction

In 2014, the MTA experienced significant overtime overruns and a review concluded the methodology and process used to develop budget projections resulted in unrealistically low forecasts. The July and November Plans both included incremental provisions to the annual overtime budgets that would “re-baseline” overtime to reflect better estimates of required coverage, scheduled maintenance work, training, vacancies/absenteeism, a more consistent approach to forecasting weather impacts, and adjustments for contractual wage increases (particularly at the commuter railroads). This “re-baselining” added over \$60 million to the annual overtime budget, increasing the March YTD 2015 Budget by \$30.4 million over 2014. Despite this provision, March YTD overtime exceeded the re-baselined budget by \$37.7 million, or 22.2% (see **Table A**). Weather accounted for approximately two-thirds of this variance; however, vacancy/absentee coverage was also significantly unfavorable. The largest variances, both in amount and percentage, were at NYCT and the LIRR and were attributable to overages in these two areas. For details by Agency, refer to **Table B**.

METROPOLITAN TRANSPORTATION AUTHORITY  
Non-Reimbursable Overtime Results  
March 2015 YTD vs. Budget and Prior Year

Table -A-

	Consolidated											
	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
Weather	\$19.0	\$43.3	(\$24.3)	-128.4%	\$11.3	\$35.9	(\$24.6)	-218.0%	(\$7.7)	-67.9%	(\$7.4)	-20.6%
Vacancies/Absentee Coverage	18.2	29.9	(11.7)	-64.5%	15.7	24.1	(8.4)	-53.9%	(2.5)	-16.1%	(5.8)	-24.0%
Service	80.0	81.3	(1.2)	-1.5%	68.6	76.4	(7.8)	-11.3%	(11.4)	-16.6%	(4.8)	-6.3%
Maintenance	46.9	51.4	(4.4)	-9.4%	38.2	44.6	(6.4)	-16.8%	(8.8)	-23.0%	(6.8)	-15.3%
Other (incl. safety/security)	5.9	1.9	4.0	67.1%	5.8	6.2	(0.4)	-7.4%	(0.1)	-1.1%	4.2	68.5%
<b>Total</b>	<b>\$170.0</b>	<b>\$207.7</b>	<b>(\$37.7)</b>	<b>-22.2%</b>	<b>\$139.6</b>	<b>\$187.1</b>	<b>(\$47.8)</b>	<b>-34.2%</b>	<b>(\$30.4)</b>	<b>-21.8%</b>	<b>(\$20.6)</b>	<b>-11.0%</b>
<i>Straight-Time Payroll Offset</i>	\$1,027.0	\$1,012.1	\$15.0	1.5%	\$957.0	\$945.4	\$11.5	1.2%	(\$70.0)	-7.3%	(\$66.6)	-7.0%

	2015 March YTD Variances by Agency						
	NYCT	LIRR	MNR	B&T	MTA Bus	HQ Police	Total
Weather	(\$14.4)	(\$6.3)	(\$2.2)	(\$0.1)	(\$1.4)	\$0.0	(\$24.3)
Vacancies/Absentee Coverage	(\$8.5)	(2.2)	(0.6)	(0.6)	(0.1)	0.3	(11.7)
Service	(\$4.5)	2.1	0.5	0.1	0.5	0.0	(1.2)
Maintenance	(\$1.6)	(1.1)	(0.3)	(0.0)	(1.4)	0.0	(4.4)
Other (incl. safety/security)	\$4.6	(0.8)	0.5	0.3	(0.0)	(0.5)	4.0
<b>Total</b>	<b>(\$24.5)</b>	<b>(\$8.3)</b>	<b>(\$2.1)</b>	<b>(\$0.3)</b>	<b>(\$2.4)</b>	<b>(\$0.2)</b>	<b>(\$37.7)</b>
<i>Straight-Time Payroll Offset</i>	\$8.1	\$1.5	\$0.1	2.5	\$2.1	\$0.5	\$15.0

	2014 March YTD Variances by Agency						
	NYCT	LIRR	MNR	B&T	MTA Bus	HQ Police	Total
Weather	(\$16.4)	(\$4.9)	(\$2.5)	(\$0.3)	(\$0.6)	\$0.0	(\$24.6)
Vacancies/Absentee Coverage	(7.8)	0.6	(0.8)	0.3	(1.0)	0.2	(8.4)
Service	(6.2)	(0.3)	(1.3)	0.2	(0.2)	0.0	(7.8)
Maintenance	(3.7)	(0.6)	(0.6)	0.1	(1.6)	0.0	(6.4)
Other (incl. safety/security)	0.4	(0.5)	(0.0)	(0.6)	(0.0)	0.3	(0.4)
<b>Total</b>	<b>(\$33.7)</b>	<b>(\$5.7)</b>	<b>(\$5.2)</b>	<b>(\$0.2)</b>	<b>(\$3.4)</b>	<b>\$0.5</b>	<b>(\$47.8)</b>
<i>Straight-Time Payroll Offset</i>	\$3.2	\$1.5	\$0.3	3.0	\$2.4	\$1.1	\$11.5

## Weather

Winter weather in the first quarter of 2015 was even more severe than 2014 and included significant snowfall totals, record cold temperatures and the “Juno” blizzard in January, which was particularly harsh on Long Island and brought more than 17 inches of snow to Nassau County and 30 inches of snow to Suffolk County. While February of 2015 was the coldest February on record, January and March temperatures were also colder than average. Moreover, March had the greatest total snowfall for that month since 1940 with four snowfall events of more than seven inches. While the impacts of snowfall and ice are more obvious, extreme cold also wreaks havoc, impacting signals and switches and causing broken rails. March YTD weather-related overtime totaled \$43.3 million and was \$24.3 million, or 128.4%, unfavorable vs. budget. When compared with 2014, costs were \$7.4 million, or 20.6%, unfavorable. In 2014, weather-related overtime was also a major issue --results were \$24.6 million unfavorable to budget. **Table B** demonstrates that on a relative scale, weather impacted all of the operating Agencies.

Relevant factors:

- After a difficult winter in 2014, and the impact that the weather (especially snow) had on overtime costs, the MTA made the decision that all Agencies should use a consistent approach to forecasting weather-related overtime. Starting with 2015, MTA Agencies are all using a 5-year rolling average to forecast weather-related overtime. While the 5-year average included 2014 results, prior years were milder and served to bring down the average. The MTA intends to retain this methodology; next year’s rolling average will include 2015 results.
- Agencies all followed standard operating protocols in terms of staffing to prepare for potential adverse weather situations.
- With exception of the LIRR, Winter Storm Juno’s impacts were far less than predicted. However, it still required significant preparation (including system shutdown) due to the forecast coupled with the declaration of a state of emergency. Approximately, \$16M was spent on overtime on this storm alone -- \$10M at NYCT, \$4M at the LIRR, and \$1M at both MNR and MTA Bus.

## Vacancies/Absentee Coverage

March YTD overtime costs to cover vacancies and absenteeism totaled \$29.9 million and were \$11.7 million, or 64.5%, unfavorable. These costs were \$5.8 million higher than 2014, a year in which this category was also overspent. This category accounted for 31% of the total overtime overspending in 2015, and 18% of the total overtime overspending in 2014. It is important to note, however, that straight-time payroll savings serve as an offset to these costs; through March, estimated straight-time payroll was \$15.0 million favorable.

Relevant factors:

- Overall, the Agencies are challenged due to the fact that many operational positions require extensive training that can last upwards of 24 months for certain crafts; during this employees undergoing training are not available for operations.
- NYCT was responsible for the vast majority of the overage in this category. The overage was mainly in vacancies caused by delays in establishing civil service lists for key maintenance titles, which are prepared by the Department of Citywide Administrative Services, and are not expected to become available until the second quarter of this year. Slightly half of the overrun in this category was due to backfill of employees reassigned to weather duties while on their regular tour. On a year-to-year basis, NYCT has reduced vacant positions (hourlies and supervisors) by 0.3%.

- The LIRR also significantly overspent in this category of overtime, reflecting on-going challenges with employee availability. As a result of this year's extreme weather conditions, particularly Juno, a greater number of employees took vacation days, which exacerbated the coverage necessitated by the winter conditions. Availability has also steadily declined because of increased requirements for FMLA, sick, and training coverage. The Agency continues to monitor all categories of employee unavailability, updating the internal Absence Control Policy & Procedures as necessary.
- At MNR, the challenges in hiring reflect issues with the salary structure coupled with high attrition levels and technical nature of many railroad positions contribute to difficulties in finding qualified external candidates. Not until the hiring and training programs catch-up with the attrition rates are costs expected to "normalize", which may take a couple of years. A number of efforts are underway to help manage the level of overtime spending. Some of these efforts include: aggressively filling vacant positions; providing training/certification programs; improving attendance control processes, reviewing FMLA policies, and smoothing vacation scheduling.

### **Service**

March YTD overtime costs to address service needs of \$81.3 million was slightly over the budgeted level of \$80.0 million. In 2014, overtime was significantly overspent in this category and the re-baselining effort appears to be successful so far.

Relevant factors:

- At NYCT, the overage was due to subway service delays and overcrowding caused by record ridership levels, as well as bus traffic and related ramp delays. The Agency is reviewing the causal factors and may propose increased funding in the July Plan.
- The LIRR is running favorable to budget, reflecting improved management controls and oversight of operations.

### **Maintenance**

March YTD overtime costs for maintenance totaled \$51.4 million and was \$4.4 million, or 9.4%, unfavorable. These costs were \$6.8 million higher than 2014, a year in which this category was also overspent.

Relevant factors:

- For NYCT and MTA Bus, the overage was primarily due to greater levels of work required as a greater portion of the bus fleets are retained for service beyond the expected life of the vehicles. Additionally, NYCT performed greater track work in order to address defects and carry out maintenance and renewal activities. Both Agencies plan on proposing funding increases (re-baseline) to this category of overtime in the July Plan.
- The LIRR's overage was due to right-of-way efforts, which mainly involved replacing concrete and wooden railroad ties. Although both require taking track out of service, replacing concrete ties can only occur during weekends as they require round-the-clock outage. Following the 2014 re-baselining of overtime, funding was increased to reflect a three-year average (2011-2013); however, the spending trend for 2013 and 2014 proved higher. The Agency's Overtime Task Force will continue to monitor spending in this area and may propose increasing funding (re-baseline) in a future financial plan if deemed necessary.

## Other (includes Safety/Security)

- The 2015 March YTD results were \$4 million favorable compared to the \$0.4 million overage experienced last year at this time. NYCT contributed the bulk of this favorable variance, which is considered to be timing-related.
- MTA Police incurred higher overtime mainly as a result of coverage necessitated by the accident that occurred in Valhalla, NY involving a Metro-North Harlem Line train, coupled with increased levels of investigations and responses to civil protests.

## Conclusion

Much of the first quarter overage was due to the need to address essential work including the response to severe winter weather and the need to perform certain work within tight operating windows. Some of the overtime was offset with straight-time payroll savings due to vacancies. Areas where realistic increases to the overtime budget are likely necessary have been identified, and the July Plan overtime reforecast will reflect those adjustments.

The MTA needs to maintain its focus on overtime spending. Areas that continue to be internally scrutinized include: vacancies and employee accidents; optimizing overtime vs. straight-time (including impacts on pensions); overtime use for non-essential work; and overtime intensity. Further analysis of overtime optimization will be conducted, and it is expected that efficiencies will be identified that will result in overtime savings.

Later this year, a more detailed report will be made by the Agencies that will address overtime issues and progress made.

**Metropolitan Transportation Authority**  
**Non-Reimbursable Overtime Results**  
**March 2015 YTD vs. Budget and Prior Year**

Table -B-

	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
<b>NYCT:</b>												
Weather	\$10.0	\$24.4	(\$14.4)	-144.0%	\$5.5	\$21.9	(\$16.4)	-298.2%	(\$4.5)	-81.8%	(\$2.5)	-11.4%
Vacancies/Absentee Coverage	3.8	12.3	(8.5)	-223.3%	1.8	9.6	(7.8)	-433.3%	(2.0)	-111.1%	(2.7)	-28.0%
Service	52.9	57.4	(4.5)	-8.5%	47.5	53.7	(6.2)	-13.1%	(5.4)	-11.4%	(3.7)	-6.9%
Maintenance	30.7	32.3	(1.6)	-5.3%	25.4	29.1	(3.7)	-14.6%	(5.3)	-20.9%	(3.2)	-11.1%
Other	2.9	(1.7)	4.6	159.8%	2.4	2.0	0.4	16.7%	(0.5)	-19.2%	3.7	185.5%
<b>Total</b>	<b>\$100.3</b>	<b>\$124.7</b>	<b>(\$24.5)</b>	<b>-24.4%</b>	<b>\$82.6</b>	<b>\$116.3</b>	<b>(\$33.7)</b>	<b>-40.8%</b>	<b>(\$17.7)</b>	<b>-21.4%</b>	<b>(\$8.4)</b>	<b>-7.2%</b>
<i>Straight-Time Payroll Offset</i>	\$758.5	\$750.4	\$8.1	1.1%	\$719.1	\$715.9	\$3.2	0.4%	(\$39.4)	-5.5%	(\$34.5)	-4.8%
	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
<b>LIRR:</b>												
Weather	\$3.8	\$10.1	(\$6.3)	-165.5%	\$3.4	\$8.3	(\$4.9)	-142.1%	(\$0.4)	-11.0%	(\$1.8)	-21.7%
Vacancies/Absentee Coverage	6.0	8.2	(2.2)	-36.0%	6.0	5.4	0.6	9.7%	(0.0)	-0.4%	(2.8)	-51.2%
Service	8.7	6.6	2.1	24.0%	6.8	7.2	(0.3)	-5.0%	(1.9)	-27.6%	0.6	7.7%
Maintenance	7.5	8.6	(1.1)	-14.8%	5.9	6.6	(0.6)	-10.8%	(1.5)	-26.0%	(2.0)	-30.5%
Other	0.3	1.1	(0.8)	-289.9%	0.2	0.7	(0.5)	-239.7%	(0.1)	-38.9%	(0.4)	-59.5%
<b>Total</b>	<b>\$26.3</b>	<b>\$34.6</b>	<b>(\$8.3)</b>	<b>-31.4%</b>	<b>\$22.4</b>	<b>\$28.1</b>	<b>(\$5.7)</b>	<b>-25.6%</b>	<b>(\$3.9)</b>	<b>-17.5%</b>	<b>(\$6.4)</b>	<b>-22.9%</b>
<i>Straight-Time Payroll Offset</i>	\$78.1	\$76.5	\$1.5	2.0%	\$64.1	\$62.6	\$1.5	2.4%	(\$13.9)	-21.7%	(\$13.9)	-22.3%

**Metropolitan Transportation Authority**  
**Non-Reimbursable Overtime Results**  
**March 2015 YTD vs. Budget and Prior Year**

Table -B-

	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
	<b>MNR:</b>											
Weather	\$3.4	\$5.6	(\$2.2)	-64.8%	\$1.2	\$3.6	(\$2.5)	-212.3%	(\$2.2)	-192.2%	(\$2.0)	-54.2%
Vacancies/Absentee Coverage	3.4	4.0	(0.6)	-18.0%	2.3	3.1	(0.8)	-34.8%	(1.0)	-45.2%	(0.8)	-27.1%
Service	9.6	9.1	0.5	5.1%	6.4	7.7	(1.3)	-20.6%	(3.2)	-50.6%	(1.4)	-18.6%
Maintenance	6.1	6.3	(0.3)	-4.3%	4.4	5.0	(0.6)	-13.8%	(1.7)	-39.1%	(1.4)	-27.5%
Other	0.0	(0.5)	0.5	0.0%	0.4	0.4	(0.0)	-12.9%	0.4	100.0%	0.9	214.1%
<b>Total</b>	<b>\$22.4</b>	<b>\$24.5</b>	<b>(\$2.1)</b>	<b>-9.5%</b>	<b>\$14.6</b>	<b>\$19.8</b>	<b>(\$5.2)</b>	<b>-36.0%</b>	<b>(\$7.9)</b>	<b>-54.0%</b>	<b>(\$4.8)</b>	<b>-24.0%</b>
<i>Straight-Time Payroll Offset</i>	\$94.1	\$93.9	\$0.1	0.1%	\$83.8	\$83.5	\$0.3	0.3%	(\$10.3)	-12.3%	(\$10.4)	-12.5%

	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
	<b>B&amp;T:</b>											
Weather	\$1.2	\$1.3	(\$0.1)	-9.4%	\$0.9	\$1.2	(\$0.3)	-29.3%	(\$0.2)	-25.8%	(\$0.1)	-6.5%
Vacancies/Absentee Coverage	2.4	3.0	(0.6)	-24.5%	2.6	2.3	0.3	12.1%	0.2	7.3%	(0.7)	-31.2%
Service	1.0	0.9	0.1	12.4%	0.9	0.7	0.2	20.4%	(0.2)	-19.4%	(0.2)	-31.4%
Maintenance	0.4	0.4	(0.0)	-1.6%	0.5	0.3	0.1	27.0%	0.0	3.5%	(0.1)	-34.2%
Other	1.5	1.2	0.3	21.6%	1.4	1.9	(0.6)	-41.9%	(0.2)	-11.0%	0.7	38.6%
<b>Total</b>	<b>\$6.5</b>	<b>\$6.8</b>	<b>(\$0.3)</b>	<b>-3.8%</b>	<b>\$6.2</b>	<b>\$6.4</b>	<b>(\$0.2)</b>	<b>-3.7%</b>	<b>(\$0.3)</b>	<b>-5.6%</b>	<b>(\$0.4)</b>	<b>-5.7%</b>
<i>Straight-Time Payroll Offset</i>	\$94.1	\$93.9	\$0.1	0.1%	\$83.8	\$83.5	\$0.3	0.3%	(\$10.3)	-12.3%	(\$10.4)	-12.5%

	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
	<b>MTABC:</b>											
Weather	\$0.6	\$1.9	(\$1.4)	-244.4%	\$0.3	\$0.9	(\$0.6)	-191.4%	(\$0.3)	-82.5%	(\$1.0)	-115.7%
Vacancies/Absentee Coverage	1.9	2.0	(0.1)	-7.4%	1.8	2.8	(1.0)	-54.1%	(0.1)	-4.3%	0.8	27.3%
Service	7.7	7.2	0.5	6.8%	7.0	7.2	(0.2)	-2.2%	(0.7)	-10.6%	(0.1)	-0.8%
Maintenance	2.3	3.7	(1.4)	-59.3%	2.0	3.6	(1.6)	-81.5%	(0.3)	-16.4%	(0.1)	-2.2%
Other	0.1	0.1	(0.0)	-49.7%	0.1	0.1	(0.0)	-30.2%	0.0	26.3%	0.0	15.2%
<b>Total</b>	<b>\$12.6</b>	<b>\$15.0</b>	<b>(\$2.4)</b>	<b>-19.1%</b>	<b>\$11.2</b>	<b>\$14.5</b>	<b>(\$3.4)</b>	<b>-30.0%</b>	<b>(\$1.4)</b>	<b>-12.3%</b>	<b>(\$0.4)</b>	<b>-2.8%</b>
<i>Straight-Time Payroll Offset</i>	\$54.5	\$52.4	\$2.1	3.9%	\$50.3	\$48.0	\$2.4	4.7%	(\$4.2)	-8.3%	(\$4.4)	-9.2%

	2015				2014				2015 vs. 2014			
	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	Actual	Variance Fav/(Unfav)	%	Adopted Budget	%	Actual	%
	<b>MTAHQ (MTA PD):</b>											
Weather	\$0.0	\$0.0	\$0.0	0%	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0%	\$0.0	0%
Vacancies/Absentee Coverage	0.7	0.5	0.3	36.9%	1.1	0.9	0.2	18.5%	0.4	35.2%	0.5	49.8%
Service	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0%	0.0	0%	0.0	0%
Maintenance	0.0	0.0	0.0	0%	0.0	0.0	0.0	0.0%	0.0	0%	0.0	0%
Other	1.1	1.5	(0.5)	-43.9%	1.3	1.0	0.3	23.4%	0.3	21.6%	(0.5)	-47.3%
<b>Total</b>	<b>\$1.8</b>	<b>\$2.0</b>	<b>(\$0.2)</b>	<b>-10.5%</b>	<b>\$2.5</b>	<b>\$2.0</b>	<b>\$0.5</b>	<b>21.2%</b>	<b>\$0.7</b>	<b>27.9%</b>	<b>(\$0.0)</b>	<b>-1.1%</b>
<i>Straight-Time Payroll Offset</i>	\$19.0	\$18.5	\$0.5	2.6%	\$18.3	\$17.2	\$1.1	6.3%	(\$0.7)	-3.8%	(\$1.4)	-7.9%