

# 2020 Overtime Actions Report



March 2021

# Executive Summary

In May 2019, following reports of excessive overtime payments throughout the system, the MTA Board and senior leadership took immediate actions to address concerns of potentially inappropriate overtime use and approval. In response to these concerns, agency presidents were given 60 days to conduct a full review of overtime procedures and regulations regarding scheduling and payment of overtime. Additionally, the MTA requested that the Inspector General's office complete a full review of excessive overtime payouts to ensure they were appropriately planned for, scheduled, signed off upon, and that the claimed hours were in fact worked.

In June 2019 the MTA engaged the law firm Morrison & Foerster LLP to further investigate the overtime issue. In August 2019 Morrison & Foerster issued an "Overtime Policies and Procedures" Report detailing 15 steps the MTA should take to improve its overtime management oversight.

For the last two years the MTA's Overtime Task Force has provided executive leadership and direction across the entire organization to reform and strengthen overtime practices and procedures, including implementing the Morrison & Foerster recommendations and overseeing additional agency-driven actions to better manage overtime in the various unique operating environments found across the MTA. In the context of a financially challenging environment, it remains incumbent on the MTA and its managers to make sure that overtime is used only when necessary or when it is the most efficient and cost-effective option.

MTA management's renewed and continued focus on "controllable" overtime costs has generated significant improvements in managing overtime to budgeted levels. MTA-wide, overtime spending dropped dramatically in both 2019 and 2020 when compared to the prior year – 9% in 2019 and another 10% in 2020. Overall, total overtime spending declined from \$1.4 billion in 2018 to \$1.1 billion in 2020 - or by \$244 million total.

The MTA's work is not over. As new management reforms are implemented and existing control measures are refined, they will translate into additional opportunities for cost reduction. The MTA has developed and is implementing a plan to achieve nearly \$1 billion in overtime savings over the next four years. Overtime expenses make up a significant portion of the MTA's budget, and efforts that reduce unnecessary overtime will play a key role in addressing the MTA's financial challenges.

# MTA Overtime Actions

The MTA responded quickly to the August 2019 Morrison & Foerster report, forming an All-Agency Overtime Task Force to immediately address the report's findings and implement the recommendations. As of February 2021, the MTA has completed or substantially implemented 14 of the 15 Morrison & Foerster recommendations. Each of the 15 recommendations are summarized in the following table:

## Morrison & Foerster Recommendations

### Morrison & Foerster Recommendations Completed/Substantially Implemented

1	Standardized timekeeping procedures and policies were implemented across all MTA agencies, including the installation of Kronos clocks throughout the MTA
3	MTA All-Agency overtime policy establishing minimum requirements, and Agency-specific policy tailored to each agency's circumstances have been implemented
4	Existing overtime policies were reviewed and published in a standardized and centralized repository, ensuring easy accessibility to all employees and managers, encouraging compliance, transparency, and fostering a culture of accountability with respect to overtime issues
5	Employee and manager training were standardized across all agencies and 67,000 employees have been trained in the use of Kronos
6	Periodic reports regarding applicable managers' progress managing overtime within budget, including a written explanation of any failure to do so
7	MTA-wide evaluations for managers have been developed to assess individual managers' performance on overtime control
8	A methodology has been developed to estimate the cost of overtime vs. straight time
9	MTA agencies performed reviews on HR and Budget data to determine any impacts on overtime costs of the current hiring freeze. Based on Agency reviews, there were no significant impacts to overtime costs attributable to the current hiring freeze
10	A standard protocol was developed to identify and review high earners across MTA agencies. Results are presented monthly to Agency Presidents
11	CBAs and work rules related to overtime within all MTA agencies were identified and evaluated. A report proposing standardized and negotiated changes to work rules across the MTA was provided to Labor Relations
12	Industry best practices on employee availability improvements were reviewed and evaluated against existing management initiatives. Agency definitions of availability, metrics, leave categories, and methodologies to measure availability have been standardized across the MTA
13	The Overtime Task Force Working Group was convened to oversee and implement recommendations to meaningfully control overtime, and regularly report to the MTA Board and IG
14	The MTA Chairperson publishes an annual report to examine trends and detail the factors influencing overtime variance at all MTA agencies against the budget
15	Implementation timelines were established for all M&F recommendations

### Morrison & Foerster Recommendations In Progress

2	Kronos Integration. Kronos biometric clocks are now in place across all agencies. As that work was completed, it became apparent that an upgrade was required of the Kronos system versions to allow integration with payroll and overtime. The immediate focus is on upgrading Kronos system versions, while a larger strategy for migrating time-keeping functions from existing systems is developed in parallel.
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In parallel to addressing the Morrison & Foerster recommendations, MTA agencies have further pursued additional measures to improve overtime oversight and control costs. Actions include:

### **New York City Transit**

- Implemented electronic overtime approval forms in several divisions within Subways, which allow managers to have real-time oversight for all overtime hours requested;
- Increased accountability by requiring managers to closely monitor the overtime dashboard for their respective departments;
- Implemented the Subway Action Plan and increased state of good repair (SOGR) work which has improved reliability and reduced unscheduled service adjustments;
- Reduced overtime spending on manual track cleaning with the use of new vacuum trains;
- Tightened controls on unscheduled overtime by improving “extra list” management for bus operators.

### **Long Island Rail Road**

- Strengthened management oversight to better plan and accomplish critical work using continuous track outages where possible;
- Improved project management to allow for more efficient use of staff, thereby reducing overall duration and the cost of work including overtime;
- Implemented electronic overtime approval forms within the Engineering Department;
- Increased focus on SOGR work and applied the principles of LIRR Forward to improve train service reliability and to decrease unscheduled overtime;
- Implemented new procedures requiring employee-passengers in non-revenue fleet vehicles to swipe their ID cards at the beginning of their shifts, thereby improving ability to monitor time and attendance;
- Incorporated processes for tracking, approving, documenting, and reporting overtime into departmental Standard Operating Procedures, requiring management approval for overtime payment.

### **Metro-North**

- Implemented a weekly overtime activity report which has encouraged managers to validate weekly overtime hours and pay as authorized and approved;
- Developed a pilot for electronic overtime pre-approval forms to provide increased oversight on overtime approvals;
- Updated Mid-Year Reviews to include questions regarding training and compliance with the overtime policy. Performance Appraisals require these fields to be completed prior to submittal.

### Bridges & Tunnels

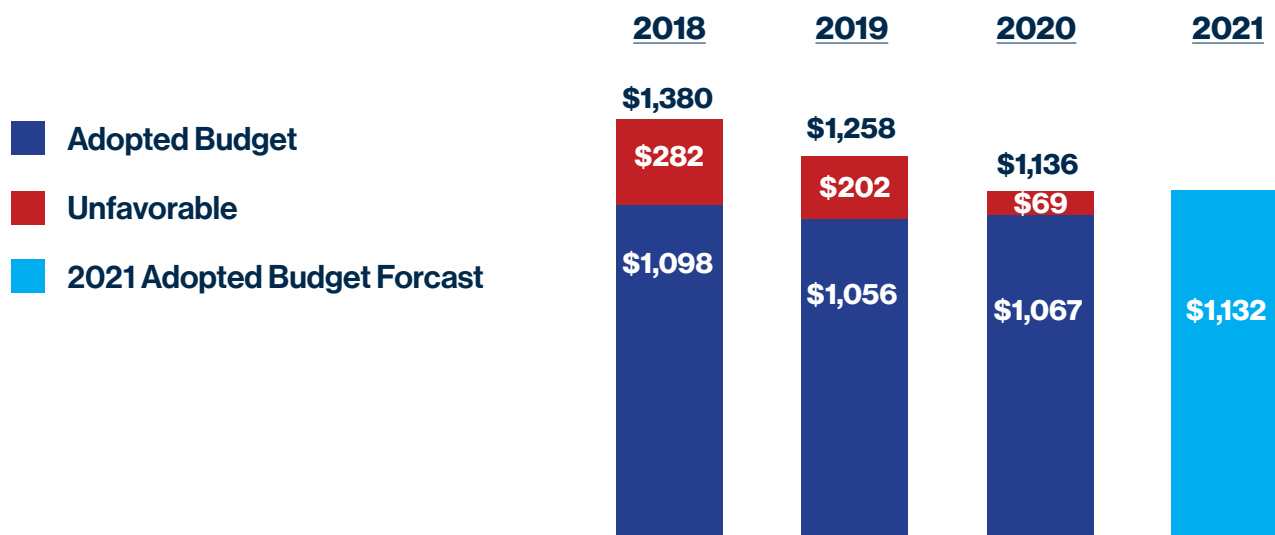
- Utilized systems to monitor employee presence at work locations, including cameras, biometrics, and employee card swipes to validate overtime discrepancies;
- Established the Central Control (Timekeeping) Unit to reconcile, validate, and confirm all overtime requests before being sent to payroll;
- Implemented scheduling, deployment, and managerial efficiencies by reviewing and prioritizing overtime needs;
- Equalized overtime assignment policy which ensures overtime assignments are offered to the employees with the lowest amount of overtime hours first.

### MTA Headquarters/PD

- Improved the efficiency of the MTAPD “extra list” used in homeless outreach support;
- Reassigned and promoted officers to control overtime related to MTAPD special initiatives;
- Began using a new tool developed by MTA IT’s Police Support Unit to track and analyze current overtime spending;
- Implemented stringent controls on administrative coverage at MTA IT and BSC.

The actions implemented to date have successfully demonstrated the MTA’s ability to meaningfully control overtime costs, resulting in year-over-year reductions in overtime spending for the first time in over a decade. Total overtime spending fell 18% between 2018 and 2020, declining \$122 million from 2018 to 2019, and an additional \$122 million from 2019 to 2020.

## MTA Total Overtime Actuals 2018 — 2021 (\$ in millions)<sup>1</sup>



<sup>1</sup> Total overtime amounts are accrued actuals and forecasts, which differ slightly from overtime amounts on page 7 due to timing differences.

The COVID-19 pandemic significantly offset 2020 overtime reductions due to additional preventative measures necessary to ensure the health and safety of our workforce and customers. Of the \$849 million in non-reimbursable overtime costs<sup>2</sup> in 2020, \$133 million or approximately 15.6% was directly related to COVID-related cleaning and sanitizing measures. The MTA expects to be reimbursed for a significant portion of the COVID-related costs through FEMA grants.

To help further offset COVID-related costs and revenue loss, Additional Savings Actions have been identified to reduce the MTA's overtime budget between 2020 and 2024, seen in the chart below. These overtime actions will achieve nearly \$1 billion in savings through 2024.

<b>Overtime Additional Savings Actions (millions)</b>						
<b>Agency</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2020-2024</b>
<b>B&amp;T</b>	\$5	\$5	\$5	\$5	\$5	\$24
<b>LIRR</b>	\$5	\$21	\$22	\$22	\$22	\$92
<b>MNR</b>	\$5	\$12	\$12	\$13	\$13	\$54
<b>HQ</b>	\$0	\$0	\$0	\$0	\$0	\$2
<b>NYCT</b>	\$14	\$177	\$198	\$198	\$198	\$785
<b>Total</b>	<b>\$29</b>	<b>\$214</b>	<b>\$238</b>	<b>\$238</b>	<b>\$238</b>	<b>\$957</b>

Actions to drive down overtime not only focus on managing controllable overtime, but also preventing fraudulent and false overtime claims. The overtime irregularities uncovered at the Long Island Rail Road in 2018 highlighted the outdated and disparate timekeeping systems at the MTA. The subsequent push to standardize modern timekeeping policies and install biometric clocks across all agencies has provided critical visibility and accountability into employee time and attendance. Management is focused to ensure full usage of the new tools.

Implementation of modern timekeeping systems has ensured greater accountability and validation of overtime spending the MTA. As a result, Agencies are able to effectively track and analyze attendance and approval data. This data is used to create monthly high earner and overtime audits, analyzing top earners, as well as randomly selected high earner employees in departments with the most overtime. Department management is responsible for evaluating records for proper authorization, approval, and accuracy of overtime.

<sup>2</sup> For 2020, non-reimbursable overtime accounted for 75% (\$849 million) and reimbursable overtime accounted for 25% (\$287 million) of overtime expenses.



While total overtime hours worked fell by 15% across all agencies, year-end high earners data for 2020 shows an increase in average overtime paid to the top 10 earners at LIRR, NYCT, MTABC, MTAPD, MTAHQ, and SIR compared to 2019. Both MNR and B&T had a decrease in the top 10 earners overtime pay. MTAPD had the greatest increase, growing from \$128,166 to \$194,814, a 52% increase year-over-year.

Increased LIRR high overtime earners' pay is attributed to increased capital activity in 2020, including work on Third Track, Elmont Station, new signals between Babylon and Patchogue, and East Side Access. MTABC and MTAPD saw increases in high earner pay and total overtime hours compared to 2019 due to critical COVID- and security-related initiatives, including additional bus service, implementation of the overnight subway shutdown, and additional police patrols on NYCT territory.

Agency	Top 10 Overtime Earners – Average Pay			Total Overtime Compensation <sup>3</sup> (millions)			Total Overtime Hours Worked		
	2020	2019	YoY Change	2020	2019	YoY Change	2020	2019	YoY Change
<b>LIRR</b>	\$222,529	\$203,111	10%	\$186	\$206	-10%	3,066,939	3,210,990	-4%
<b>MNR</b>	\$174,999	\$180,836	-3%	\$108	\$127	-15%	1,827,791	2,172,898	-16%
<b>NYCT</b>	\$121,633	\$117,819	3%	\$689	\$779	-12%	12,728,153	15,903,246	-20%
<b>MTABC</b>	\$111,793	\$90,010	24%	\$83	\$77	8%	1,619,526	1,531,870	6%
<b>B&amp;T</b>	\$88,472	\$107,081	-17%	\$15	\$25	-40%	197,375	328,039	-40%
<b>MTAPD</b>	\$194,814	\$128,166	52%	\$33	\$25	29%	453,963	332,682	36%
<b>MTAHQ</b>	\$57,252	\$52,678	9%	\$4	\$4	-13%	69,416	82,298	-16%
<b>SIR</b>	\$54,165	\$48,323	12%	\$4	\$4	-4%	85,299	85,152	0%
<b>All-Agency</b>	\$230,653	<b>\$205,820</b>	<b>12%</b>	<b>\$1,121</b>	<b>\$1,245</b>	<b>-10%</b>	<b>20,048,462</b>	<b>23,647,175</b>	<b>-15%</b>

<sup>3</sup> Total overtime compensation determined on a cash basis, which differs slightly from overtime amounts on page 5 due to timing differences.

Total compensation paid to the top 10 earners at LIRR, MNR, MTABC, B&T, MTAPD, and MTAHQ increased between 2019 and 2020, but decreased for NYCT and SIR. Total compensation paid to all MTA employees decreased by 2% or a total of \$124 million from 2019 to 2020.

Agency	Top 10 Total Earners - Average Pay <sup>4</sup>			Total Compensation (millions)		
	2020	2019	YoY Change	2020	2019	YoY Change
LIRR	\$323,652	\$309,263	5%	\$873	\$882	-1%
MNR	\$291,179	\$289,974	0%	\$681	\$701	-3%
NYCT	\$280,287	\$290,967	-4%	\$4,520	\$4,633	-2%
MTABC	\$210,673	\$195,473	8%	\$400	\$379	5%
B&T	\$218,556	\$215,528	1%	\$133	\$148	-10%
MTAPD	\$351,307	\$285,500	23%	\$117	\$104	13%
MTAHQ	\$327,083	\$302,234	8%	\$222	\$222	0%
SIR	\$158,188	\$160,454	-1%	\$29	\$29	0%
<b>All-Agency</b>	<b>\$375,412</b>	<b>\$341,543</b>	<b>10%</b>	<b>\$6,974</b>	<b>\$7,098</b>	<b>-2%</b>

Listed below are the 10 highest overtime earners in 2020. Agencies conduct monthly audits of overtime earned by the top high earners, as well as randomly selected employees on the high earners report to ensure all overtime earned is appropriate, approved, and documented.

Agency	Name	Title	2020 OT Earnings	2020 Total Earnings	%OT
LIRR	Lazzarino, Salvatore A	M W Utility Worker	\$252,892	\$333,794	76%
LIRR	Damboise, Patrick N	Foreman-Track	\$244,617	\$344,201	71%
LIRR	Popolizio, Edward P	Foreman-Track	\$238,789	\$344,796	69%
MTAPD	Bertram, James T	Sergeant	\$237,176	\$387,698	61%
LIRR	Levine, Lee S	Machine Operator	\$227,036	\$316,185	72%
MNR	Bourt Jr, Richard R	Supervisor - Track	\$226,115	\$329,254	69%
LIRR	Pizzonia, Frank D	Track Worker (A)	\$221,766	\$302,025	73%
MTAPD	Cona, Joseph R	Lieutenant	\$221,015	\$383,220	58%
MNR	Chirico, Matthew R	Supervisor C & S	\$219,578	\$323,547	68%
MTAPD	Nutter, Christopher J	Lieutenant	\$217,548	\$392,274	55%

<sup>4</sup> Agency-wide, the number of pay periods in 2020 (27) was one more than the 26 pay periods in 2019.



The following table represents the 10 highest-paid MTA employees in 2020.

Agency	Name	Title	2020 Total Earnings
MTAHQ	Peloquin, Mario	Chief Operating Officer	\$411,969
MTAPD	Rau, Robert	Detective - Sergeant	\$397,160
MTAPD	Nutter, Christopher J	Lieutenant	\$392,274
MTAPD	Bertram, James T	Sergeant	\$387,698
MTAPD	Cona, Joseph R	Lieutenant	\$383,220
MTAPD	Martelli, Joseph A	Deputy Chief	\$375,896
MTAHQ	Foye, Patrick	Chairman & CEO	\$360,196
MTAHQ	McCord, Anthony	Chief Transformation Officer	\$356,707
LIRR	Popolizio, Edward P	Foreman-Track	\$344,796
LIRR	Damboise, Patrick N	Foreman-Track	\$344,201

## Conclusion

Over the past two years, MTA has driven overtime costs down by \$244 million, achieving year-over-year reductions in overtime spending for the first time in over a decade. Agency actions are expected to yield nearly \$1 billion in controllable overtime cost reductions between 2020 and 2024. Additional work remains to fully implement the remaining Morrison & Foerster recommendations, automate existing control measures, migrate agencies to a cloud-based version of the timekeeping system, and integrate multiple timekeeping and payroll systems into a single standardized system. The MTA remains focused on advancing and completing these important initiatives as quickly and efficiently as possible, in addition to maintaining positive trends in controllable overtime spending.