

# OVERTIME

ANALYZING TRENDS AND COST IMPACT

BUDGET/FISCAL AFFAIRS COMMITTEE

February 3, 2026

OFFICE OF CITY CONTROLLER CHRIS HOLLINS

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- **Approach and Overview**

- Solid Waste Overtime

- Police Overtime

- Fire Overtime

- Summary and Next Steps



# This review focuses on overtime trends and performance through the first half of FY2026

- This review focuses exclusively on General Fund overtime
  - Given the significant budget shortfall, maintaining awareness, transparency, and control over spending is essential
- Primary focus areas for overtime:
  - **Civilian:** Solid Waste – the largest overtime spender among civilian departments
  - **Classified:** Police and Fire – both significant drivers of overtime
- Key areas of analysis:
  - Examining monthly overtime trends
  - Understanding payroll impact



# What is overtime?

- Overtime for civilian and classified employees is established in the City's Code of Ordinances
- For non-exempt municipal and police classified employees, overtime is time actually worked in excess of 40 hours in a workweek
- Dependent upon the duty assignment and work cycle of a firefighter, overtime is time actually worked in excess of either:
  - a. 40 hours in a workweek; or
  - b. An average of 46.7 hours as authorized by the provisions of Article 1269(p)
- **“Time actually worked”** typically includes the time the employee is on duty, holidays, authorized sick leave, vacation leave, or other leave types which may vary for each employee group
- For more details on overtime compensation, please refer to relevant ordinances:
  - [Civilian: Sec.14-168](#)
  - [Police: Sec.34-35](#)
  - [Fire: Sec.34-59](#)

# Actual FY2025 overtime costs exceeded the adopted budget by \$71.4 million (113%)

FY2025 Overtime Results: \$ in millions

Department	Adopted Budget	Final Results	Variance (under)/over Adopted Budget
 Solid Waste	\$4.0	\$6.7	\$2.7 (67%)
 Police	\$13.7	\$39.8	\$26.1 (190%)
 Fire	\$45.3	\$87.9	\$42.6 (94%)
<b>Total</b>	<b>\$63.0</b>	<b>\$134.4</b>	<b>\$71.4 (113%)</b>

- Combined overtime for Solid Waste, Police, and Fire **exceed the FY2025 budget by \$71.4 million**
- Police and Fire accounted for more than 95% of the total overtime overage.

# Our previous Controller's Insights forecast (April 2025) predicted actual FY2025 overtime costs within 0.4%

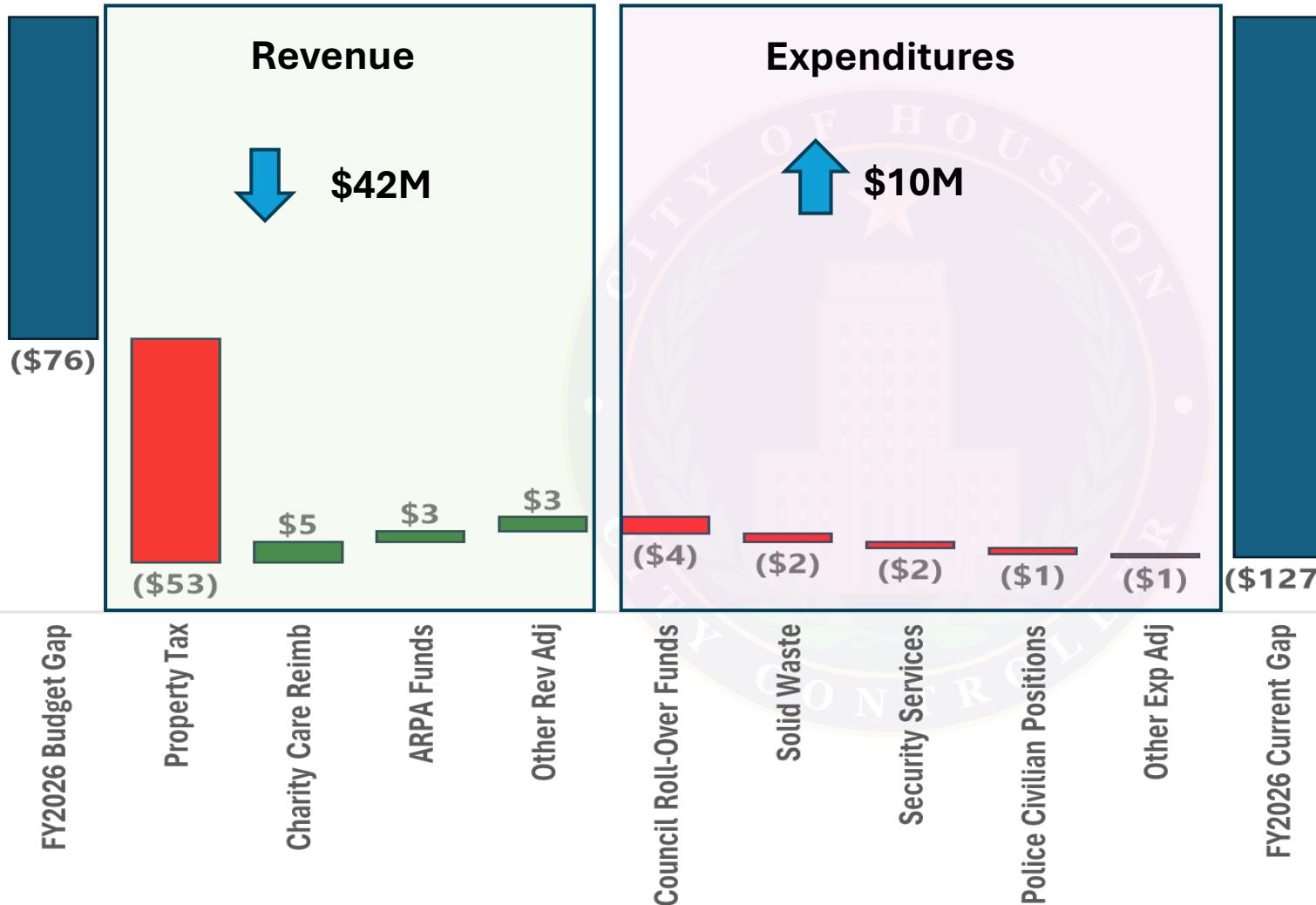
FY2025 Overtime Results: \$ in millions

Department	Adopted Budget	Final Results	CTR Insights Report (April 2025)	Forecast Accuracy
 Solid Waste	\$4.0	\$6.7	\$7.1	94.4%
 Police	\$13.7	\$39.8	\$39.9	99.7%
 Fire	\$45.3	\$87.9	\$88.0	99.9%
<b>Total</b>	<b>\$63.0</b>	<b>\$134.4</b>	<b>\$135.0</b>	<b>99.6%</b>

- Controller projections were within 0.3% for Police and 0.1% for Fire
- Final results closely matched projections, reinforcing confidence in the forecast.

# The FY26 Budget shortfall grew by \$52M through December

\$ millions



- FY2025 was balanced with a **\$76 million** fund balance drawdown, followed by an additional **\$52 million** deficit as of December.
- This shortfall is expected to carry forward into the FY2027 budget, with Finance projecting a deficit between **\$227 million and \$253 million**.

Note: Council roll-over funds are a one-time expense

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# FY2026 monthly spend is consistently outpacing budget

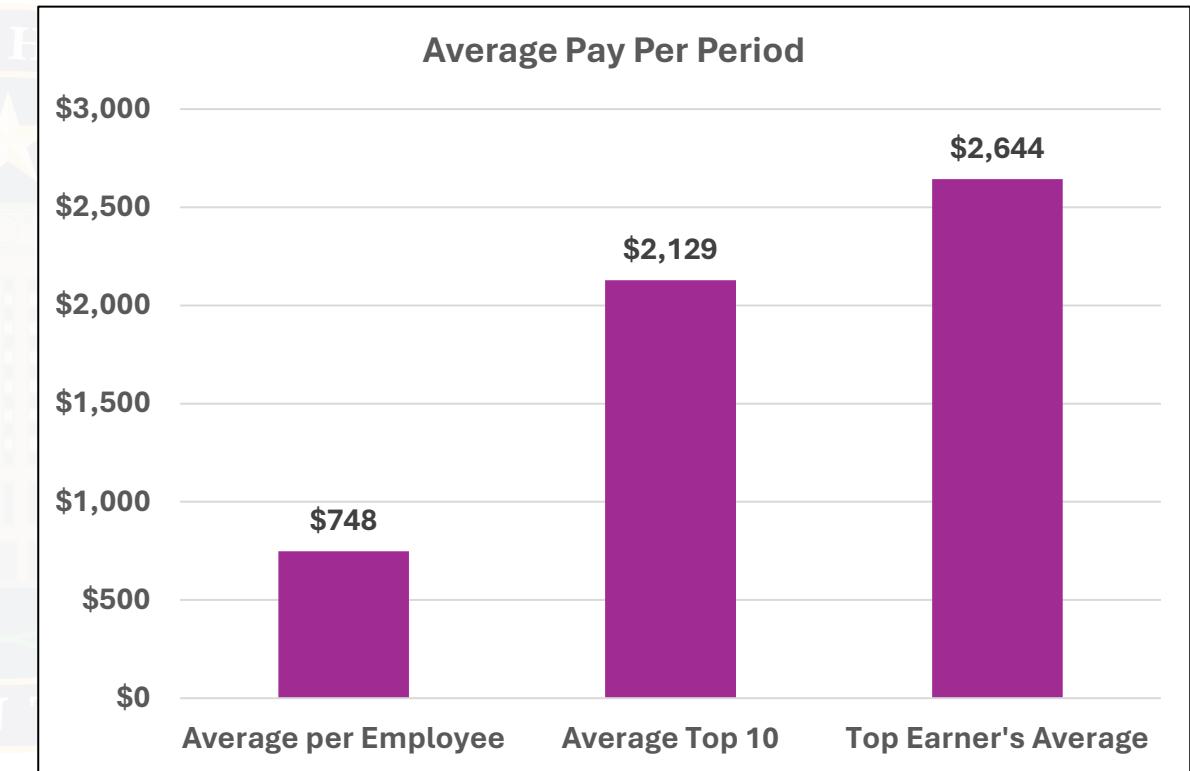
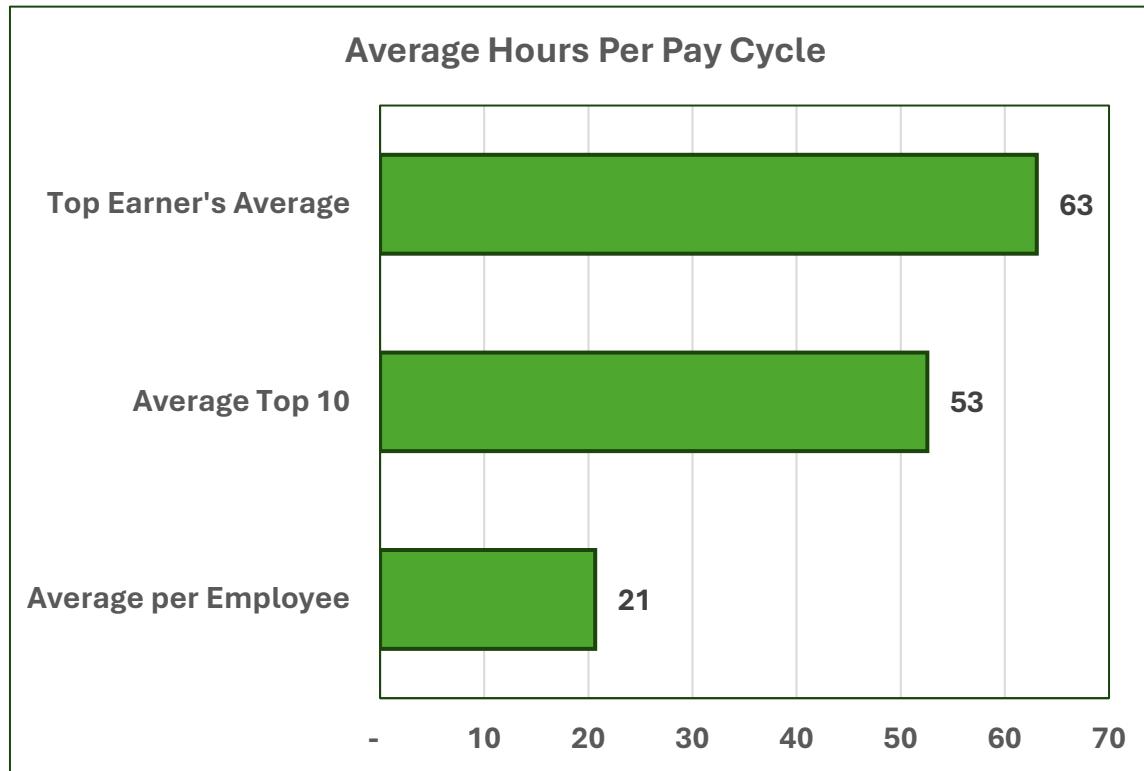


- Overtime spending has been **over budget every month so far** and is expected to remain over budget for the rest of the year
- By December, **\$3.5 million has already been spent out of the \$4.0 million annual budget**
- Current spending trends show overtime is **projected to exceed the budget by \$2.9 million (72%)**
- Solid Waste overtime has significantly exceeded its budget for 8 of the last 10 years – current projection is in line with spending over last 5 years – a **primary issue appears to be continued underbudgeting**

5-Year Avg Spend	\$ 7,000,000
Prior Year Actuals	\$ 6,700,000
FY2026 Adopted Budget	\$ 4,000,000
FY2026 Projection	\$ 6,900,000
Variance From Projection Over/(Under)	\$ 2,900,000

Solid Waste overtime has exceeded budget in 8 of the last 11 years.

# On average, Solid Waste employees work 21 hours of overtime each pay period (\$19k/yr per employee)



- As of 12/26/2025 check date
- Based on employees that earned overtime through December
- Final pay estimates are subject to change due to accruals and adjustments
- Based on 80 hour pay cycle for 13 pay periods, excluding off cycle check days

# The 10 highest Solid Waste overtime earners are projected to double their income

#	Job Title	OT Hrs as of 12/26	OT Paid as of 12/26	OT Annualized*	Annual Salary	OT as a % of Salary
1	Senior Sideloader Operator	820	\$34,369	\$68,739	\$57,949	119%
2	Senior Sideloader Operator	683	\$28,946	\$57,893	\$57,387	101%
3	Senior Sideloader Operator	691	\$27,877	\$55,753	\$55,266	101%
4	Senior Sideloader Operator	638	\$27,830	\$55,660	\$58,760	95%
5	Senior Sideloader Operator	740	\$27,741	\$55,482	\$59,467	93%
6	Senior Sideloader Operator	623	\$27,328	\$54,656	\$58,760	93%
7	Senior Sideloader Operator	770	\$27,248	\$54,496	\$49,504	110%
8	Senior Sideloader Operator	622	\$27,033	\$54,065	\$59,987	90%
9	Senior Sideloader Operator	537	\$24,614	\$49,228	\$62,046	79%
10	Senior Sideloader Operator	572	\$23,737	\$47,474	\$57,491	83%
<b>Total</b>		<b>6,696</b>	<b>\$276,723</b>	<b>\$553,446</b>	<b>\$576,617</b>	<b>96%</b>

\* The annualized amount represents the average OT pay through 13 pay periods (12/26) x 26 total pay periods.

# Overtime continues to exceed budget despite implementing “fixes”

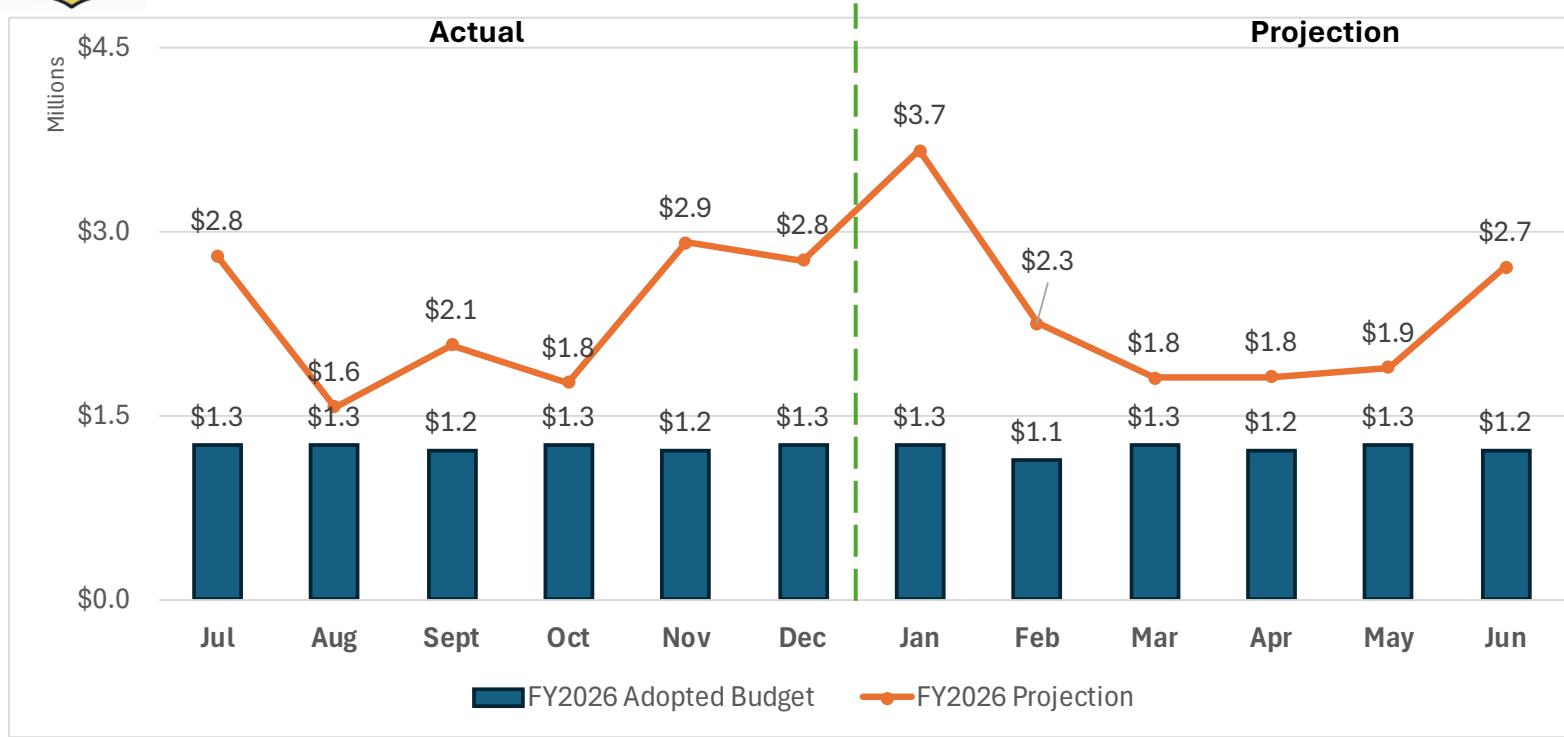
Stated Causes	Mitigating Actions	Current Status
<ul style="list-style-type: none"><li>• Staffing shortages</li><li>• Recruiting challenges</li><li>• Aging fleet</li><li>• Growing city</li><li>• Expanded depository hours</li></ul>	<ul style="list-style-type: none"><li>• Up to <b>6% market rate pay adjustments</b> for critical positions in FY2023</li><li>• <b>\$5K sign-on incentive pay</b> for Solid Waste drivers began in FY2022 and continues today</li><li>• HOPE agreement with <b>3.5% pay increases</b> for 3 years starting in FY2025</li><li>• <b>New vehicles</b> added to the fleet</li><li>• <b>Increase in contract services</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Overtime continues to exceed the budget</b></li><li>• Contract spend increase with <b>no offsetting reduction in overtime cost</b></li><li>• <b>Missed trash pickup</b> remains a top 311 complaint</li></ul>

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# FY2026 monthly spend is outpacing the budget every month



5-Year Avg Spend	\$ 29,500,000
Prior Year Actuals	\$ 39,800,000
FY2026 Adopted Budget	\$ 14,800,000
FY2026 Projection	\$ 28,000,000
Variance From Projection Over/(Under)	\$ 13,200,000

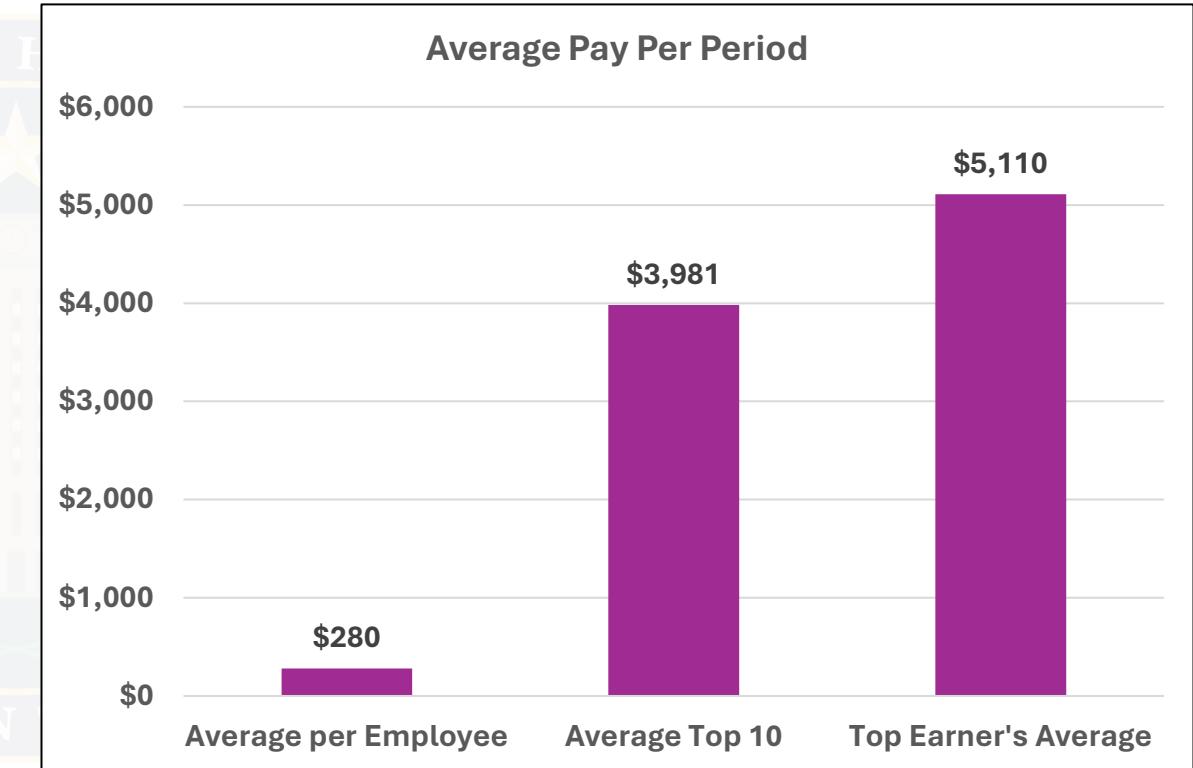
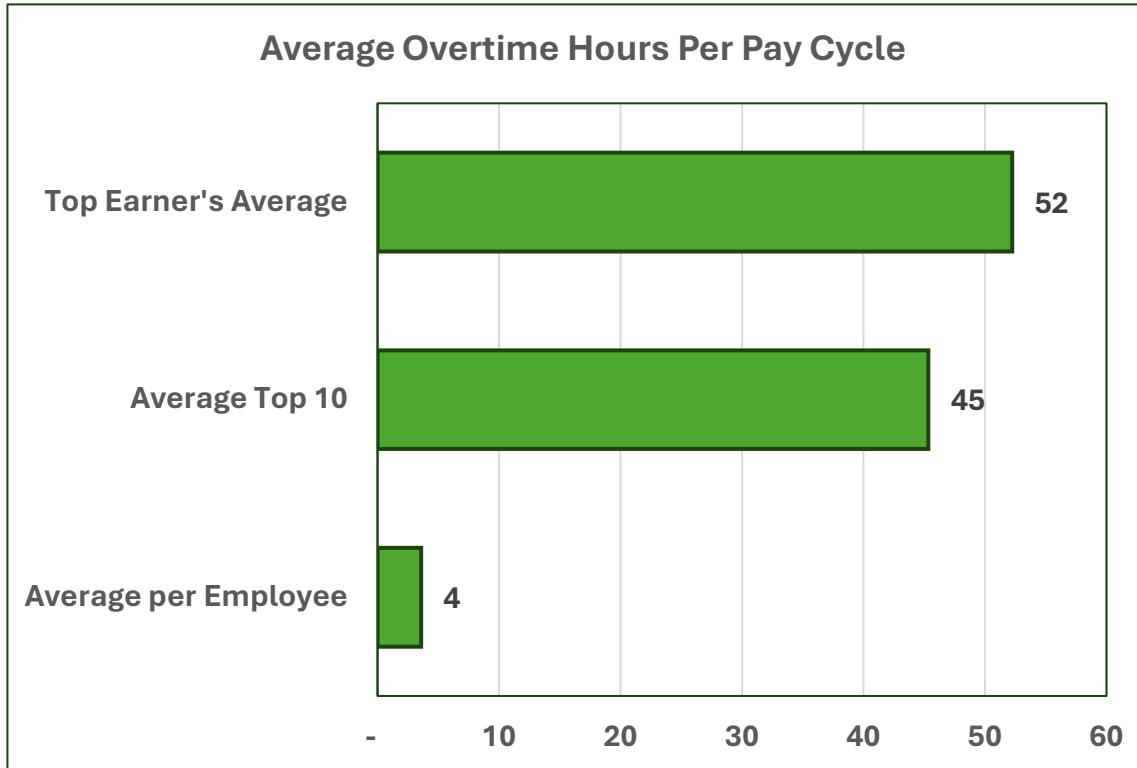
Police overtime has exceeded budget in each of the last 11 years.

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- Overtime spending has been **over budget every month so far** and is expected to remain over budget for the rest of the year
- By December, **\$13.9 million has already been spent out of the \$14.8 million annual budget**
- Current spending trends show overtime is **projected to exceed the budget by \$13.2 million (89%)**
- Current projection is in line with spending over last 5 years – a **primary issue appears to be continued underbudgeting**

# On average, Police employees work 4 hours of overtime each pay period (\$7k/yr per employee)



- As of 12/26/2025 check date
- Based on employees that earned overtime through December
- Final pay estimates are subject to change due to accruals and adjustments
- Based on 80 hour pay cycle for 13 pay periods, excluding off cycle check days

# The 10 highest Police overtime earners are projected to double their income

#	Job Title	OT Hrs. as of 12/26	OT Paid as of 12/26	OT Annualized*	Annual Salary	OT as a % of Salary
1	Police Sergeant	679	\$66,433	\$132,866	\$116,656	114%
2	Senior Police Officer	636	\$55,359	\$110,718	\$101,195	109%
3	Senior Police Officer	618	\$54,739	\$109,478	\$101,195	108%
4	Police Officer	649	\$51,497	\$102,995	\$116,656	88%
5	Police Sergeant	509	\$51,071	\$102,143	\$116,656	88%
6	Senior Police Officer	569	\$50,404	\$100,808	\$101,195	100%
7	Police Sergeant	501	\$49,082	\$98,164	\$116,656	84%
8	Senior Police Officer	570	\$48,091	\$96,181	\$101,195	95%
9	Senior Police Officer	524	\$45,903	\$91,807	\$101,195	91%
10	Senior Police Officer	537	\$44,999	\$89,998	\$101,195	89%
<b>Total</b>		<b>5,791</b>	<b>\$517,579</b>	<b>\$1,035,158</b>	<b>\$1,073,794</b>	<b>96%</b>

\* The annualized amount represents the average OT pay through 13 pay periods (12/26) x 26 total pay periods.

# Overtime continues to exceed budget despite implementing “fixes”

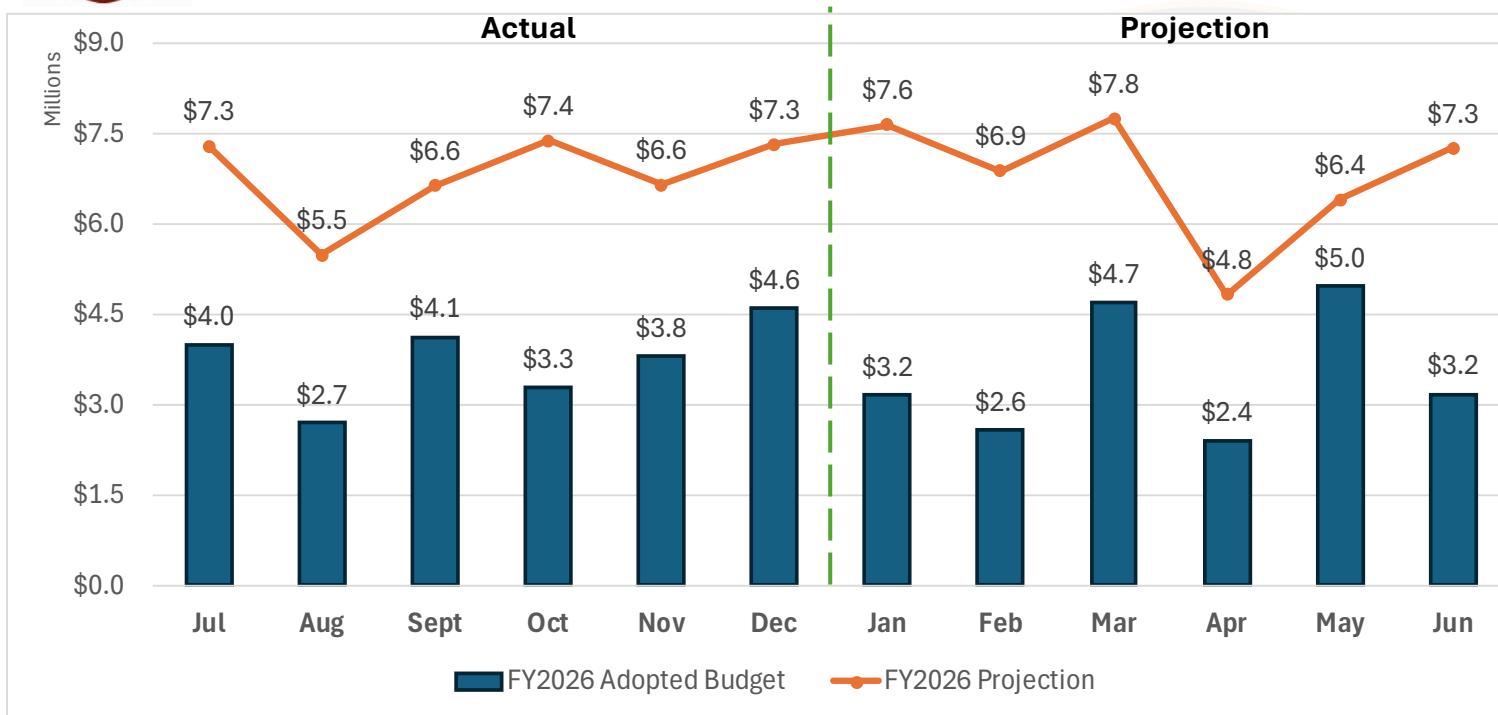
Stated Causes	Mitigating Actions	Current Status
<ul style="list-style-type: none"><li>• Staffing shortages</li><li>• Recruiting challenges</li></ul>	<ul style="list-style-type: none"><li>• <b>\$10K increase in cadet salary</b> and one-time \$5K incentive for completing academy and TCOLE certification in FY2025</li><li>• <b>Increased number of cadet classes</b> offered and number of cadets in each class</li><li>• Union agreement includes <b>salary increases of 36.5% over 5 years</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Overtime continues to exceed the budget</b></li></ul>

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# FY2025 monthly spend is outpacing the budget every month



5-Year Avg Spend	\$58,600,000
Prior Year Actuals	\$87,900,000
FY2026 Adopted Budget	\$43,500,000
FY2026 Projection	\$81,500,000
Variance From Projection Over/(Under)	\$38,000,000

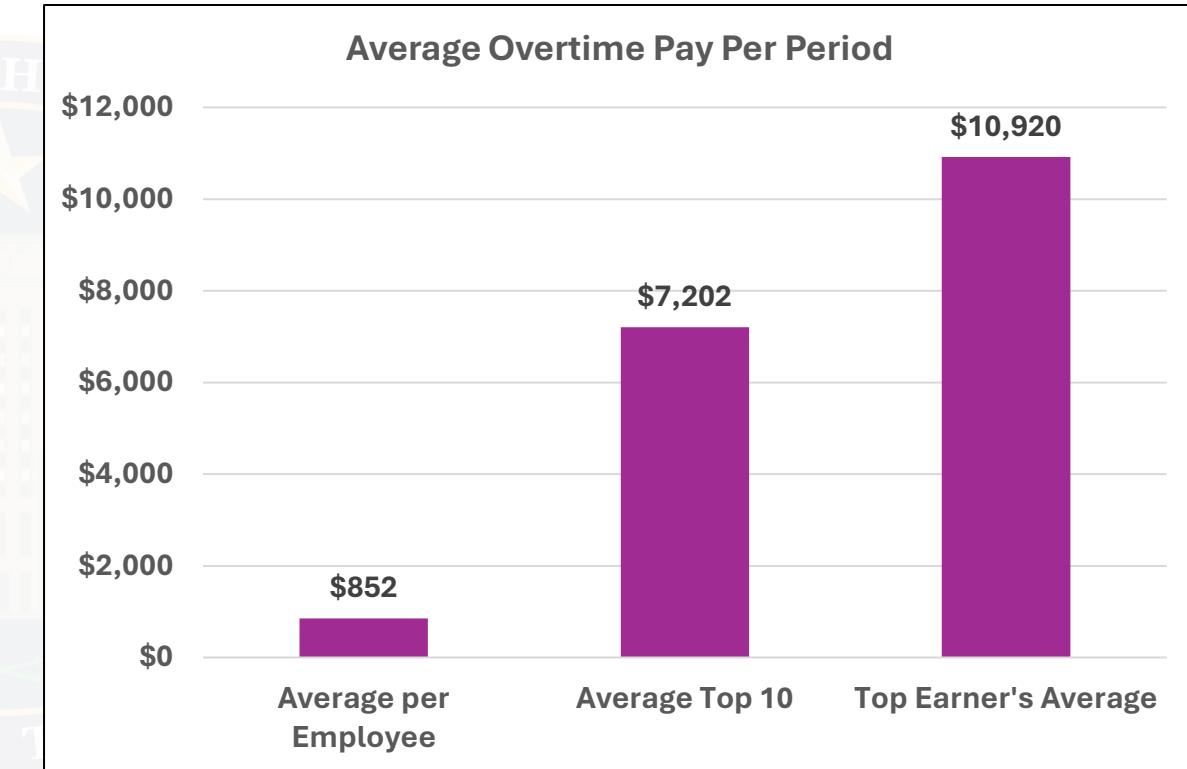
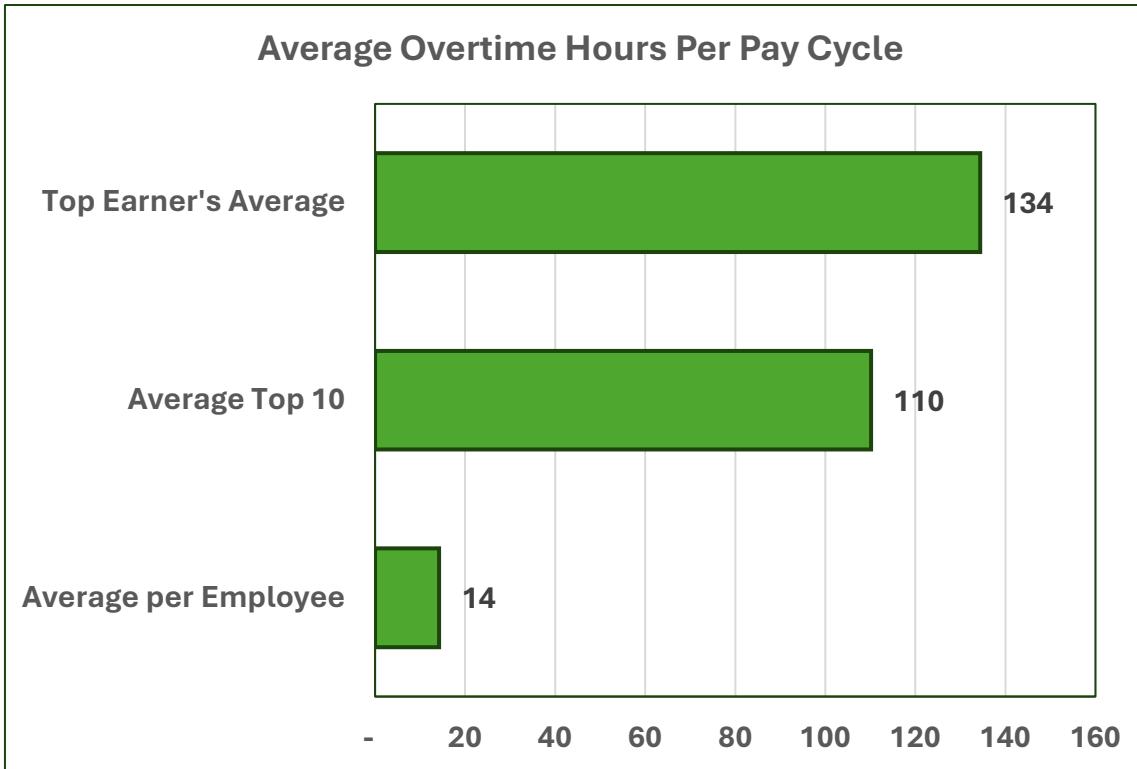
Fire overtime has exceeded budget in 9 of the last 11 years.

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- Overtime spending has been **over budget every month so far** and is expected to remain over budget for the rest of the year.
- By December, **\$40.8 million has already been spent out of the \$43.5 million annual budget.**
- Current spending trends show overtime is **projected to exceed the budget by \$38.0 million (87%)**
- Current projection is nearly **40% above the prior 5-year average**

# On average, Fire employees work 14 hours of overtime each pay period (\$22k/yr per employee)



- As of 12/26/2025 check date
- Based on employees that earned overtime through December
- Final pay estimates are subject to change due to accruals and adjustments
- Based on 93.4 hour pay cycle for 13 pay periods, excluding off cycle check days

# The 10 highest Fire overtime earners are projected to double their income, and in some cases nearly triple it

#	Job Title	OT Hrs. as of 12/26	OT Paid as of 12/26	OT Annualized*	Annual Salary	OT as a % of Salary
1	Captain	1,747	\$141,964	\$283,928	\$95,295	298%
2	Senior Captain	1,287	\$105,269	\$210,538	\$100,222	210%
3	District Chief	1,004	\$100,132	\$200,265	\$120,895	166%
4	Engineer/Operator	1,582	\$98,621	\$197,243	\$85,237	231%
5	Captain	1,405	\$89,300	\$178,600	\$95,295	187%
6	Engineer/Operator	1,550	\$84,848	\$169,695	\$85,237	199%
7	Senior Captain	987	\$84,038	\$168,077	\$105,734	159%
8	Engineer/Operator	1,406	\$79,900	\$159,799	\$85,237	187%
9	Fire Fighter	1,215	\$78,634	\$157,268	\$82,620	190%
10	Engineer/Operator	1,284	\$73,570	\$147,140	\$85,237	173%
<b>Total</b>		<b>13,466</b>	<b>\$936,277</b>	<b>\$1,872,554</b>	<b>\$941,009</b>	<b>199%</b>

\* The annualized amount represents the average OT pay through 13 pay periods (12/26) x 26 total pay periods.

# Overtime continues to exceed budget despite implementing “fixes”

Stated Causes	Mitigating Actions	Current Status
<ul style="list-style-type: none"><li>• Staffing shortages</li><li>• Recruiting challenges</li></ul>	<ul style="list-style-type: none"><li>• <b>\$650 million in backpay</b> (~\$150K to median firefighter) as part of historic settlement</li><li>• <b>5-year contract with 10% raise</b> in FY2025, 3-6% in FY2026-27, and 4-6% in FY2028-29</li></ul>	<ul style="list-style-type: none"><li>• <b>Overtime continues to exceed the budget</b></li><li>• <b>Overtime trending upward</b>, with FY2025 and projected FY2026 figures each more than 30% higher than 5-year average</li></ul>

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# FY2026 costs are projected to exceed the adopted budget by \$54.2 million (87%)

FY2026 Overtime Results: \$ in millions

Department	Adopted Budget	CTR Projection	Variance (under)/Over Adopted Budget
	<b>Solid Waste</b>	<b>\$4.0</b>	<b>\$2.9 (72%)</b>
	<b>Police</b>	<b>\$14.7</b>	<b>\$13.3 (89%)</b>
	<b>Fire</b>	<b>\$43.5</b>	<b>\$38.0 (87%)</b>
<b>Total</b>	<b>\$62.3</b>	<b>\$116.5</b>	<b>\$54.2 (87%)</b>

- Combined overtime for Solid Waste, Police, and Fire are **projected to exceed the FY2026 budget by \$54.2 million**
- Our **FY2025 projections were 99.6% accurate**, reinforcing confidence in this forecast.
- It remains uncertain whether salary savings, if any, can help offset these overtime expenses, **leaving the fund balance as the only solution to cover budget overages**
- Despite historic public safety pay raises, **overtime costs remain structurally over budget**

# The Audit Division plans to complete audit engagements that will provide further insight into overtime across these three areas

Project	Summary	Audit Phase	Expected Completion Date
<b>Houston Fire Department</b> Payroll: Uniformed Overtime	<p>The ERA identified Payroll as a key business process with a “High” risk ranking. The audit will assess whether internal controls are adequate to ensure appropriate use and accurate payment of overtime, and whether procedures and practices are following City policies.</p>	Not Started	Not Started
<b>Houston Police Department</b> Payroll: Uniformed Overtime	<p>Key objectives of the audit include assessing the management of overtime to minimize financial and operational risks, as well as identifying instances of waste or misuse. The scope of the audit will cover the past four years and will also include a review of backpay to ensure compliance and accountability.</p>	Planning	May 2026
<b>City-Wide Payroll:</b> Civilian Overtime	<p>The City of Houston has spent an average of \$40 million per year on civilian overtime costs in recent fiscal years. The audit will assess whether internal controls are adequate to ensure appropriate use and accurate payment of overtime, and whether procedures and practices follow City policies. The audit will evaluate how overtime is managed, limit financial and operational impact, and identify waste or abuse.</p>	Field Work	March 2026

# THANK YOU!

For additional information contact:

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