



## **OVERTIME REFORMS AT THE MTA MONITORING REPORT FIRST AND SECOND QUARTERS 2020**

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The Office of the MTA Inspector General (OIG) continues to monitor overtime reforms at the MTA, as the [Morrison & Foerster LLP report](#) on overtime policies and procedures (the M&F Report) recommended. The 15 recommendations made in the M&F Report and the 4 recommendations in OIG's [audit report highlighting MTA's deficient overtime verification procedures](#) (OIG 2019 audit report) form the 19 recommendations guiding the MTA's current efforts to transform the way it processes, budgets, reconciles, and monitors overtime work. OIG staff monitors the MTA Overtime Task Force to ensure MTA agencies meaningfully rein in overtime spending and safeguard against waste, fraud, and abuse. Our most recent monitoring report was in [February 2020](#).

This is OIG's monitoring report for the 1st and 2nd Quarters of 2020, which will focus on the status of 12 recommendations.<sup>1</sup> These 12 recommendations include 5 whose implementation deadlines were in the first half of 2020. We are also commenting on how recent events, including the pandemic, have impacted 7 other recommendations that were previously considered implemented, e.g. the installation and use of biometric clocks, or are not yet due but we foresee a significant impact on their completion.

### **I. OVERVIEW**

The MTA faced an unprecedented operating environment this spring and despite \$3.9 billion of federal aid released to the agency in May – anticipates a projected \$4 billion deficit through the end of 2020 and additional shortfalls in successive years. Amidst these challenges the Task Force made great strides in initiating or fully implementing many of the recommendations made in the M&F Report. And while overtime spending in 2020 is down, several areas of concern to the OIG remain:

- The pandemic has had a significant, negative impact on the standardization of timekeeping using Kronos and its integration with existing payroll systems. The delay of this critical aspect of the overtime reform effort is concerning to the OIG;

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<sup>1</sup> Out of the total 19 recommendations, 4 implemented recommendations have not been significantly impacted by recent events and 3 recommendations have future implementation deadlines. This report covers the remaining 12.

we question how long it will last and what plans exist to ensure the effort continues to move forward. The MTA is working with a consultant to produce a “roadmap” by the end of July that will prioritize pending software enhancements and decisions related to timekeeping and overtime. This roadmap will provide information on the expected execution schedule.

- Several OIG and Morrison & Foerster recommendations are largely dependent on the agency putting someone in charge of defining the critical business processes and working alongside the MTA Information Technology division (MTA-IT) to execute them. The MTA Chief Operating Officer just recently accepted this responsibility and is setting up a structure to pursue those recommendations.
- Two of the M&F recommendations due by the end of May 2020 were completed by the Task Force but rely on additional cooperation among agencies to achieve an effective rollout. Agency-level policies are expected this month, while training is expected to begin later this year.
- All 4 OIG recommendations, which focused on verification of overtime and closer monitoring of remote field workers, currently face work disruptions.

As a new fiscal reality emerges, OIG will continue to hold the MTA accountable for meaningful reforms to address shortcomings in agency processes that result in wasteful overtime practices and spending.

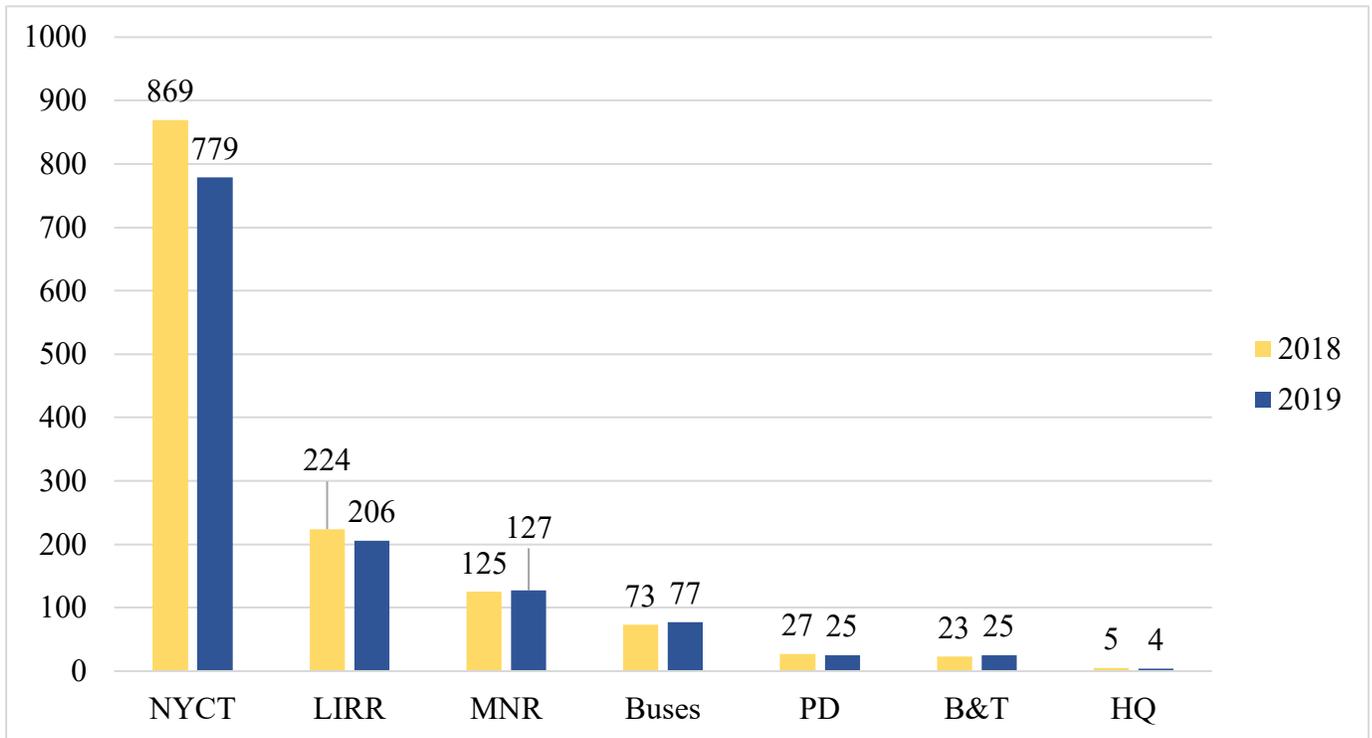
## II. GENERAL OVERTIME TRENDS

### A. Overtime Expenditures Decreased from 2018 to 2019

Overtime spending, in aggregate, decreased by approximately 8% from 2018 to 2019. As Chart 1 illustrates, overtime spending amounted to \$1.3 billion in 2018. By year-end 2019, overtime expenditures had dropped by \$104 million to around \$1.2 billion. However, the majority of these savings occurred at 1 agency, New York City Transit (NYC Transit), with approximately a \$90 million reduction in expenditures. Three of the 7 agencies demonstrated overtime expenditure increases ranging from \$1.6 to \$3.3 million – Bridges and Tunnels (B&T), Metro-North Railroad (MNR) and MTA Bus.

Chart 1. Overtime Expenditures (\$MM)  
2018 - 2019

*\*Note that annual figures have been rounded up to the nearest million*



Overtime in 2020 is down. As of May 2020, the MTA had spent \$99 million less on non-reimbursable overtime when compared to overtime spending as of May 2019, amounting to a 24% decrease.<sup>2</sup> According to the June MTA Finance Committee report, a decrease in weather-related events and the implementation of the pandemic-driven Essential Service Plan at NYC Transit, LIRR, and MNR caused this decrease in overtime spending. While these results are positive, they were not driven by factors the MTA can rely on to produce savings in the future. Because 2019 overtime savings were concentrated at a single agency and 2020 savings thus far are due to outside factors, managers at all agencies still need to continue to prioritize proactive efforts to reform their overtime practices and establish the appropriate controls to reduce unnecessary overtime spending.

<sup>2</sup> See MTA Finance Subcommittee book, June 2020, [Overtime](#), page 47.

### III. STATUS OF RECOMMENDATIONS

Since OIG's previous monitoring report in February, the deadlines have passed for 5 M&F recommendations, all of which the Task Force states are implemented. While OIG agrees that the Task Force has completed its required level of work on these 5, individual agency initiatives are still required for 2 of them to become effective overtime controls. In addition, pandemic-related issues and fiscal priorities have disrupted work on 7 additional recommendations. These 7 disrupted recommendations consist of all 4 OIG recommendations and 3 of M&F's recommendations.

#### A. The Task Force Implemented 3 M&F Recommendations in Q1 and Q2 of 2020

The Task Force implemented 3 recommendations in Q1 and Q2 of 2020, namely M&F Recommendations 8, 9 and 11.

M&F Recommendation 8. Develop metrics to determine when it is more cost-efficient to use overtime, as opposed to new hires or other methods, to satisfy workload demands.

*Task Force Action:* The Task Force established metrics by which decision-makers will evaluate whether it is more cost-effective to use overtime or hire new staff. Efforts are underway to incorporate the new tool into the budget process. The Task Force will continue to refine its tool to identify when overtime can be a more cost-effective option than hiring due to the added costs of health and welfare benefits for employees.

M&F Recommendation 9. Conduct an internal review of whether and how the current hiring freeze is impacting overtime costs, with conclusions reported to the Board.

*Task Force Action:* The review was completed and found there was no material impact on overtime costs.

M&F Recommendation 11. Provide labor relations departments with a guide on how the Collective Bargaining Agreements (CBAs) affect work rules that includes, at a minimum, the following: (i) a list of work rules that are relevant to timekeeping or overtime issues and how they are relevant; and (ii) any current interpretations of each listed work rule.

*Task Force Action:* The Task Force developed a searchable database of CBAs collected from across all MTA agencies, including current interpretations, which was then made available to Labor Relations professionals.

## **B. Two Additional Recommendations the Task Force Completed in Q1 and Q2 of 2020 are Awaiting Agency Action for Effective Rollout**

The 2 remaining M&F recommendations due by the end of May 2020 were completed by the Task Force; however, both efforts rely on additional cooperation among agencies to achieve an effective rollout.

M&F Recommendation 3. Establish minimum requirements for MTA-wide overtime policies and procedures.

*Task Force Action:* An initial version of the all-agency overtime policy was issued in February to meet the requirements of the recommendation. As of the close of June, the Task Force completed a number of revisions to the policy and issued it officially on June 29th. OIG has been informed agency-level policies are in the final review stages and should be complete in July. The importance of agency-level or department-level policies lies in each entity's ability to customize its rules to address its unique circumstances, titles, and CBAs. Agency-level and department-level overtime policies are expected to be specific about which roles are accountable for each part of the process and include consequences for deviation from these policies.

M&F Recommendation 5. Develop and require mandatory training for (i) all employees with respect to timekeeping procedures, including detailed training on Kronos, and (ii) all managers with respect to overtime approval authority, overtime policies and procedures, budgeting for overtime, and monitoring and tracking overtime.

*Task Force Action:* As of June 2, the Task Force has developed the required training program and a plan is in place to administer it to non-represented employees; however, the material is still under review and might change

In an effort to lower costs, agencies increased the frequency of all mandatory training from annual to biannual. By doing this, agencies save on the cost of backfilling positions for employees occupied with training. Rather than wait until next year to train on the new overtime policies and procedures, the Task Force opted to add the finalized training component to existing gatherings, such as the pre-shift safety briefings taking place daily in many departments. The training program was developed centrally to avoid duplication of effort. While decentralizing the trainings may reduce the effectiveness of training, the expense associated with an immediate rollout was significant enough that the Task Force decided to accept the risk.

## C. The Pandemic, Staff Departures and Fiscal Priorities Disrupted 7 Recommendations

Three M&F recommendations previously initiated or implemented before the pandemic have been particularly hindered by the COVID crisis and the departure of personnel. Health concerns, turnover, and general uncertainty about whether technology investments will remain a priority threaten the completion of these improvements. The Task Force was also delayed in implementing and establishing an ownership role for the 4 actions recommended in [OIG's October 2019 report](#) on MTA overtime verification (October report). These recommendations are compatible with the M&F recommendations, but focus more directly on verifying overtime and empowering supervisors to assert greater authority in preventing fraud and abuse.

### 1. Disrupted Recommendations: Biometric Clocks and Timekeeping

The 3 recommendations below relate to installing biometric clocks and integrating the Kronos timekeeping system with payroll:

M&F Recommendation 1. Standardize timekeeping procedures across the MTA, including implementing Kronos biometric clocks as the standard timekeeping tool.

M&F Recommendation 2. Integrate Kronos with MTA-wide payroll systems, all of which should be standardized.

OIG Recommendation 4. The MTA is under a mandate to install and use Kronos biometric time clocks to capture employees' work hours across the entire agency. MTA should integrate the new clocks into the timekeeping/payroll system so that it not only captures employees' start/end times and overtime authorization, but also electronically generates payroll data and minimizes manual adjustments to the payable time. Special consideration must be made to fully account for field employees working at remote locations. The system should also be capable of electronically providing the necessary tools and information to time approvers (Approvers) and other personnel responsible for monitoring employees' time and attendance.

*Task Force Action:* The pandemic has had a significant impact on the standardization of timekeeping using Kronos and its integration with existing payroll systems. After questions arose about the safety of biometric clocks during a pandemic, the MTA disabled all biometric capabilities in [mid-March](#). When Governor Cuomo required all non-essential workers to stay at home (NYS on [PAUSE](#) Order), MTA-IT, which was tasked with the Kronos rollout, redirected its resources to the massive challenge of supporting the MTA workforce in a remote work environment. Before then, MTA-IT had begun planning to integrate Kronos with existing timekeeping systems and

expected to complete the project in the 4<sup>th</sup> quarter of 2021.<sup>3</sup> Pilot projects were being conducted on how best to monitor remote workers, a major area of concern in OIG's October report. Delay of these critical aspect of the overtime reform effort is concerning to the OIG; we question how long it will last and what plans exist to ensure the effort continues to move forward.

In order for MTA-IT staff to generate electronic solutions where needed, they must work in concert with an entity who can define a given business process. This individual or group needs to understand the core deficiencies in the current processes, determine what specific information a solution must address, decide on the appropriate roles to approve time records, and provide clarity and direction to MTA-IT as they develop technological solutions. Fortunately, the MTA's Chief Operating Officer recently agreed to sponsor these initiatives and has begun to structure a team to cooperate with MTA-IT on these efforts. MTA-IT is developing a "roadmap" with the help of a consulting firm to prioritize all timekeeping and overtime-related projects. This roadmap is to include a sequencing plan and schedule.

Kronos integration is also critical for full implementation of the 2 recommendations below, made by the OIG in the October report:

OIG Recommendation 1. Require all agencies to retain, in an electronic retrievable form, the name of the person authorized to work an overtime shift, the name of the shift supervisor, the work location, and the start/end times for the overtime.

OIG Recommendation 2. Provide Approvers with the necessary information to verify employees' overtime claims and hold them accountable for confirming the information.

*Task Force Action:* According to agency representatives, they have taken interim measures responsive to OIG's recommendations. Paper processes were enhanced for many agencies pending development of electronic systems, and agencies report that policies on overtime authorization have been tightened to allow supervisors and managers to exercise additional scrutiny. OIG will be testing these controls in 2020 to determine if they operate sufficiently while agencies await the technological solution. Until Kronos is integrated into payroll, it appears that the efficiency and full control system the OIG is seeking will not be in place.

## **2. Disrupted Recommendations: Management Controls of Overtime**

In the 2 remaining recommendations that were disrupted, both M&F and OIG

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<sup>3</sup> MTA agencies use different timekeeping systems to monitor employee time, including ATS, UTS, and PeopleSoft.

recommend the regular reporting of high earners to identify overtime spending outliers, to verify overtime spending, and to communicate this information to those responsible for managing overtime hours.

OIG Recommendation 3. Create monthly reports of “high earners” or “high rollers” that show employees with excessive daily work hours over many consecutive days, and distribute the reports not just to budget officers and upper management but also to lower levels of management (e.g. Approvers), so that all can be involved in assessing and curtailing unreasonable hours. All management levels from Approvers up must also be held accountable for keeping overtime expenditures within their budget.

M&F Recommendation 10. Develop a standard protocol for receiving and responding to monthly reports of high earners.

*Task Force Action:* The Task Force developed a monthly high earner assessment protocol in which each agency examined the overtime documentation (both electronic and manual) for the employees earning the highest amounts of overtime pay. The variation in types of records available across departments and the dependency on paper forms made the task challenging, labor intensive, and a drain on resources. As a result of the challenges involved in the high earner process, OIG observed the most recent set of completed reports of high earners was for the month of January 2020.

MTA Audit Services has begun assisting agencies in restarting these assessments. The assessments will be limited to desk audits using available documents; auditors will not track down missing documentation or hold interviews with approvers to probe anomalies. Agencies are expected to resume a reduced level of high earner reporting by assessing June 2020 documentation in July.

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As the first anniversary of the overtime reform efforts approaches, OIG will continue to closely examine the interim measures used by MTA agencies in response to our OIG 2019 audit report, specifically how the agencies assess the validity of overtime claims and how remote workers’ time and attendance are monitored. OIG will also continue to monitor efforts to implement the 3 outstanding M&F recommendations which are due to be completed by the end of fiscal year 2020:

M&F Recommendation 6. Implement written periodic reports regarding applicable managers’ progress managing overtime within budget, including a written explanation of any failure to do so;

M&F Recommendation 7. Evaluate managers with overtime approval authority specifically on the implementation of overtime policies and managing overtime within budget; and

M&F Recommendation 14. Issue an annual public report on overtime by the Chairperson of the MTA, including reporting on whether the MTA managed overtime to budget, and if it did not, an assessment of why overtime accruals exceeded budget.

OIG will also provide an update on actions taken at the agency level to create effective overtime policies, procedures, and training, all of which are necessary to carry out the Task Force's work.