

CMV Overtime Spending Analysis: Fiscal Years 2022-2025

Using the Comptroller’s unaudited quarterly financial reports, I analyzed 4 years of overtime spending. *Overtime spending is the single largest driver of Mount Vernon’s structural deficit.* Over the four fiscal years from 2022 through 2025, total overtime spending across all city departments has grown from \$5.8 million to \$8.0 million—a 39% increase. Police and Fire overtime alone accounted for \$7.1 million of the \$8.0 million total in 2025, and *police and fire overtime budget overruns of \$5.1 million represent 94% of the city’s \$5.4 million operating deficit.*

The problem is compounded by a structural incentive embedded in New York State’s pension system. Under the Police and Fire Retirement System (PFRS), retirement benefits are calculated using the Final Average Earnings—the average of the highest three consecutive years of earnings, *including* overtime. For older-tier members approaching retirement, *this creates a powerful financial incentive to maximize overtime hours*, inflating both current spending and lifetime pension obligations that the city will bear for decades.

Police and fire both contribute heavily to the problem, but they get there differently. Police overtime more than doubled from 2022 to 2025 as uniformed headcount fell sharply; fire overtime has been persistently above \$3.3 million every year while headcount fluctuated in a narrow band. These are two structurally different problems that require different solutions, and the 2026 budget begins to treat them differently.

Key findings:

Total OT spending, 2025	\$8.0 million
OT growth, 2022–2025	<b>+39%</b> (\$5.8M → \$8.0M)
Police + Fire OT overrun, 2025	\$5.1 million over budget
P+F OT overrun as % of city deficit	<b>94%</b> of the \$5.4M deficit
Cumulative P+F OT overruns, 2022–2025	\$15.9 million
Police uniformed positions budgeted, 2023 → 2026	208 → 180 ( <b>-13%</b> )
Fire uniformed positions budgeted, 2023 → 2026	146 → 153 (+5%)
Police OT budget (unchanged since 2022)	\$1.0 million / year
Police OT actual, 2025	\$3.5 million ( <b>252% over budget</b> )
Fire OT actual, 2025	\$3.6 million ( <b>361% over budget</b> )
Firefighter salary step increase, 2026	+9.3% across all ranks

The overtime trajectory: \$5.8 million to \$8.0 million

Total overtime spending across all city departments has grown steadily over the four-year period, increasing by \$2.2 million from 2022 to 2025. Police and Fire departments account for the overwhelming majority of overtime spending, consistently representing 85–90% of the city-wide total.

**Total overtime spending by department**

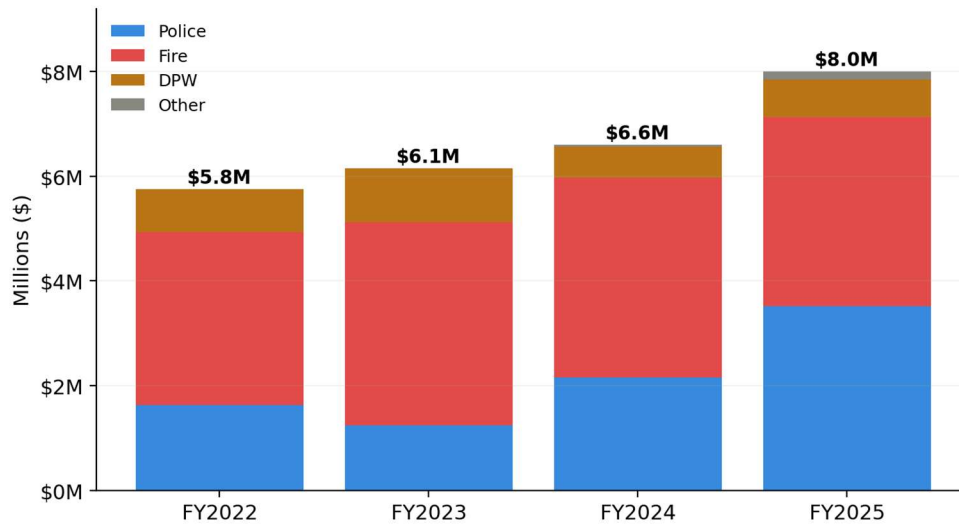


Table: Overtime spending by department, 2022–2025

Department	FY2022	FY2023	FY2024	FY2025
Police	\$1,629,135	\$1,246,732	\$2,156,178	\$3,521,844
Fire	\$3,306,099	\$3,870,935	\$3,813,972	\$3,606,208
DPW (all divisions)	\$813,694	\$1,030,788	\$592,386	\$713,369
Other	\$3,315	\$0	\$37,596	\$157,474
<b>Total</b>	<b>\$5,752,243</b>	<b>\$6,148,455</b>	<b>\$6,600,132</b>	<b>\$7,998,895</b>

Fire Department overtime has been the largest single component throughout the period, running between \$3.3 million and \$3.9 million annually. While massive in absolute terms, fire overtime has been relatively stable. The growth story is in the Police Department, where overtime surged from \$1.6 million in 2022 to \$3.5 million in 2025—an increase of 116%.

DPW overtime has fluctuated between \$592K and \$1.0 million depending on seasonal and operational demands and represents a smaller but still significant component of the total.

The budget fiction: \$2 million budgeted, \$7 million spent

Perhaps the most striking aspect of Mount Vernon’s overtime problem is how consistently and dramatically the budgets understate actual spending. The city has not been budgeting police and fire overtime anywhere close to actual spending levels, creating a built-in deficit at the start of every fiscal year.

### Police + Fire overtime: budget vs. actual



In 2025, the combined police and fire overtime budget was \$2.0 million. Actual spending was \$7.1 million—an overrun of \$5.1 million, or 256% above budget. This is not a one-time miss. Over the four-year period, cumulative police and fire overtime overruns total \$15.9 million.

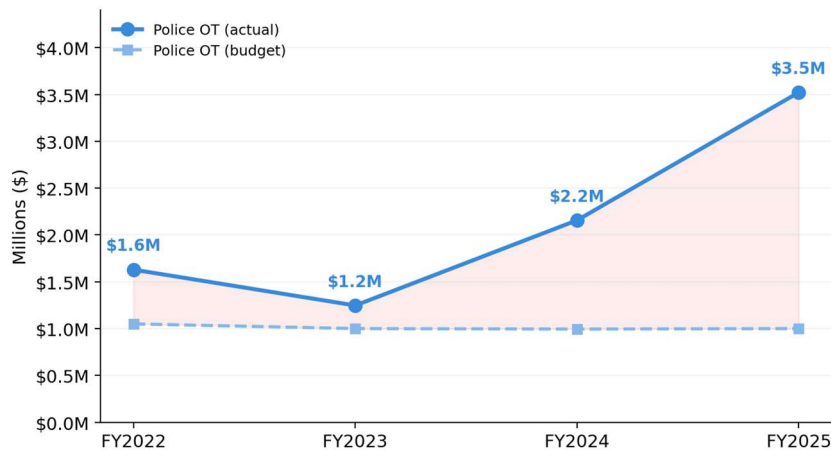
The fire department overtime budget is particularly unrealistic. In 2022, the city budgeted just \$400,000 for fire overtime—against actual spending of \$3.3 million, an overrun of more than 700%. Even after increasing the fire OT budget to \$1.1 million in 2024, actual spending still exceeded budget by \$2.7 million. In 2025, the budget was actually reduced to \$1.0 million despite consistent spending above \$3.5 million.

The police overtime budget has remained essentially frozen at \$1.0 million every year since 2022, even as actual spending tripled from \$1.6 million to \$3.5 million. Setting a budget at one-third of known spending levels is not budgeting—it is choosing not to acknowledge a cost the city knows it will incur.

#### The police overtime surge: staffing crisis drives costs

Police overtime has more than doubled in three years, *making it the fastest-growing major expense in the city budget*. The primary driver is a *staffing crisis that has left the department unable to fill budgeted positions, forcing remaining officers to work extensive overtime to maintain minimum patrol coverage*.

### Police overtime: the surge



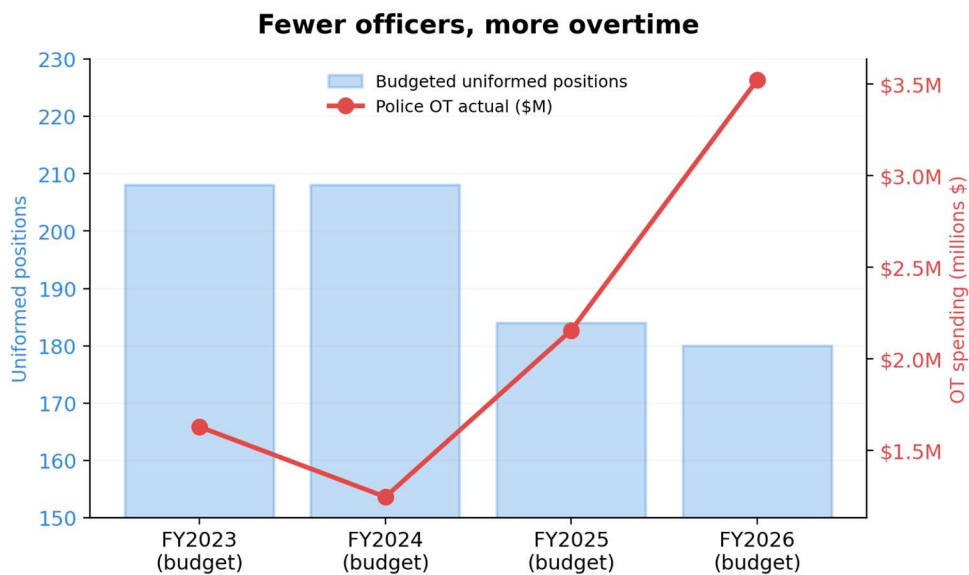
The staffing decline

The city’s adopted budgets reveal a steady erosion of the police department’s authorized workforce. Between the 2023 and 2026 budgets, total budgeted uniformed positions have fallen from 208 to 180—a loss of 28 positions, or 13%. The number of budgeted police officer positions (excluding command staff) has dropped from 171 to 144.

Table: Police department staffing and overtime

	FY2023 budget	FY2024 budget	FY2025 budget	FY2026 budget
<b>Uniformed total</b>	<b>208</b>	<b>208</b>	<b>184</b>	<b>180</b>
Captains	5	5	4	5
Lieutenants	12	12	12	10
Sergeants	20	20	20	20
Police officers	171	161	141	144
OT budget	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
OT actual	\$1,629,135	\$1,246,732	\$2,156,178	\$3,521,844
<b>OT overrun</b>	<b>+\$579,135</b>	<b>+\$246,732</b>	<b>+\$1,161,178</b>	<b>+\$2,521,844</b>

Source: City of Mount Vernon adopted budget salary detail schedules, 2023–2026.

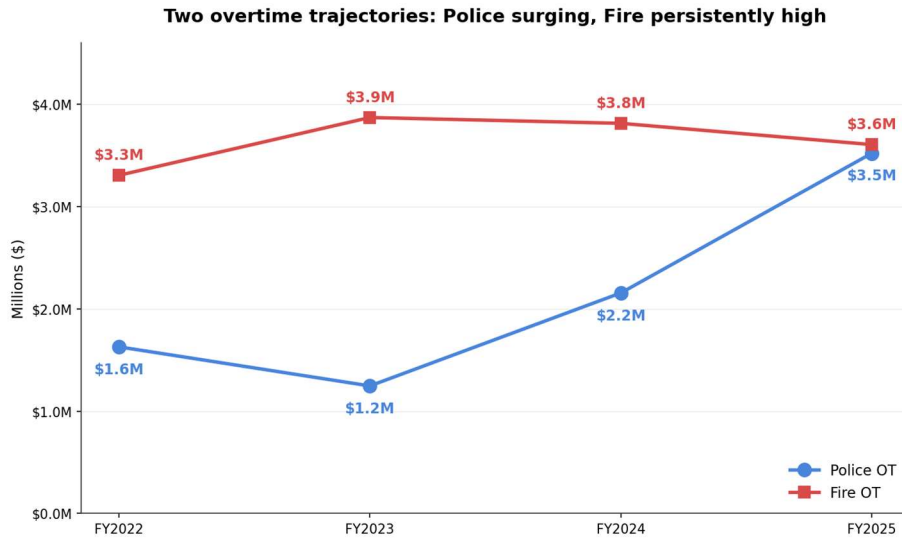


The relationship between declining headcount and surging overtime is clear. As the department loses officers to retirement, resignation, and competition from neighboring jurisdictions, the remaining officers must work more overtime to maintain minimum staffing levels. The 2026 budget introduces a new “Retention Longevity” payment of \$92,000—a line item that did not previously exist—signaling that the city recognizes the severity of the retention problem.

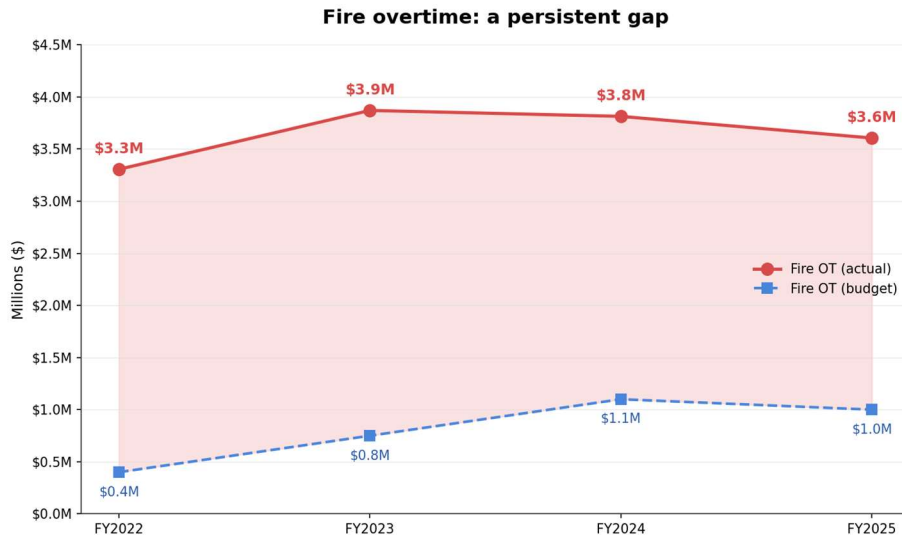
The math is straightforward but unfavorable. Losing 28 officers at an average salary of approximately \$85,000 saves roughly \$2.4 million in base salary. But the overtime required to cover those lost shifts grew by \$1.9 million from 2022 to 2025—and overtime is paid at 1.5 times the regular rate, meaning the city is paying more per hour for the same coverage while also generating higher pension obligations.

Fire overtime: a different problem, same scale

Fire overtime is the largest single overtime line in the city budget, and it has been running above \$3.3 million every year for four years. Unlike police overtime—which has surged as headcount collapsed—fire overtime has been persistently, stubbornly high regardless of headcount. That pattern is a signature of structural overtime driven by minimum-staffing rules, not a discretionary response to operational demand.



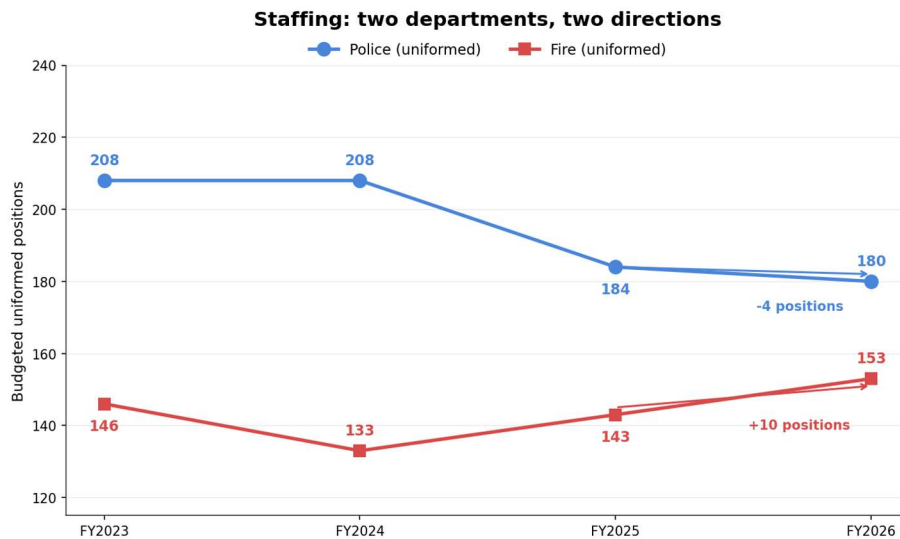
Fire departments typically operate under contractual minimum-staffing requirements: a fixed number of firefighters must be on duty at every station, every shift, no exceptions. Every vacation day, sick day, training day, or vacancy that would drop coverage below the minimum must be filled with a callback—another firefighter called in on overtime. Total overtime cost becomes a function of the shift schedule and the contractual minimum, not of annual headcount fluctuations within a narrow range. That is why fire overtime stayed near \$3.6–3.9 million even as uniformed headcount moved between 133 and 146.



The budget gap is even larger here than on the police side. Fire overtime has exceeded budget by 3.5× to 8× every year of the four-year period. The city has gradually raised the fire OT budget line from \$400,000 in 2022 to \$1.0 million in FY2026, but the budget has never come within \$2 million of actual spending.

**Fire staffing: the 2026 pivot**

Fire staffing trends look different from police. Uniformed headcount dropped from 146 (2023) to 133 (2024), recovered to 143 (2025), and the 2026 budget proposes 153—a net increase of 7 positions over the four-year period, and a 10-position jump in a single year.



**Table: Fire department staffing and overtime**

	FY2023 budget	FY2024 budget	FY2025 budget	FY2026 budget
<b>Uniformed total</b>	<b>146</b>	<b>133</b>	<b>143</b>	<b>153</b>
Deputy Chiefs	6	6	6	6
Captains	6	6	6	6
Lieutenants	24	24	24	24
Firefighters	109	97	107	117
OT budget	\$750,000	\$1,100,000	\$1,000,000	\$1,000,000
OT actual	\$3,870,935	\$3,813,972	\$3,606,208	TBD
<b>OT overrun</b>	<b>+\$3,120,935</b>	<b>+\$2,713,972</b>	<b>+\$2,606,208</b>	<b>—</b>

Source: City of Mount Vernon adopted budget salary detail schedules, 2023–2026. Fire OT budget figures reflect adopted/revised appropriations per quarterly Comptroller reports.

The 2026 plan adds 10 firefighter positions. The breakdown at the step level tells the rest of the story: the senior step of \$103K+ firefighters drops from 71 to 60 (consistent with a retirement wave), while new junior hires expand sharply—23 firefighters budgeted at the lowest step and 8 more at half-year rates, signaling planned mid-year hires. In practical terms, the city is replacing retiring senior firefighters with junior hires at a ratio of roughly 1.5 to 1. *This is the opposite of what is happening in police, where the 2026 budget shows a net reduction of 4 uniformed positions.*

The 2026 fire budget also includes a uniform 9.3% salary step increase across every rank—Deputy Chiefs, Captains, Lieutenants, firefighters, and dispatchers all move to a new rate exactly 9.3% above the prior year’s figure. That is a negotiated CBA increase. It matters for overtime because OT is paid at 1.5 times the base rate: even if total overtime hours stay flat, the dollar cost of fire overtime will rise by approximately 9.3% from rate inflation alone. The 2026 fire OT line, budgeted at \$1.0 million, is on track to exceed \$3.9 million if hours stay at 2025 levels.

A second observation from the 2026 budget is that fire did not receive a “Retention Longevity” payment of the kind introduced in police. Different departments, different approaches: police chose a cash retention bonus for existing officers, fire chose new hiring paired with an across-the-board wage increase.

The policy implication is direct. *Fire overtime is not reducible by hiring alone.* Even with all 10 new 2026 positions filled, the minimum-staffing structure means the overtime line will only move if (a) the shift minimum is renegotiated, (b) leave usage drops, or (c) the department restructures. This is a fundamentally different problem than police overtime, where additional hires should directly reduce callback hours, and it needs to be framed separately in the budget conversation.

The pension accelerator: why overtime costs the city twice

Mount Vernon’s overtime problem extends far beyond current-year spending. Under the New York State Police and Fire Retirement System (PFRS), pension benefits are calculated using the member’s Final Average Earnings (FAE)—the average of the highest three consecutive years of earnings, including overtime. Whether overtime actually inflates the pension, however, depends on which tier the member belongs to.

Table: PFRS overtime and earnings limits by tier

Tier	Membership window	OT cap on FAE	Year-over-year limit
Tier 2	July 31, 1973 – June 30, 2009	None	20%
Tier 3	July 1, 2009 – Jan 8, 2010	None	20%
Tier 5	Jan 9, 2010 – March 31, 2012	15% of salary	20%
Tier 6	April 1, 2012 onwards	15% of salary	10%

Source: NYS Office of the State Comptroller, Police and Fire Plan — Limitations; Enhanced Reporting — Overtime Limits. Tier 6 FAE rule updated April 1, 2024 to use highest 3 consecutive years (previously 5).

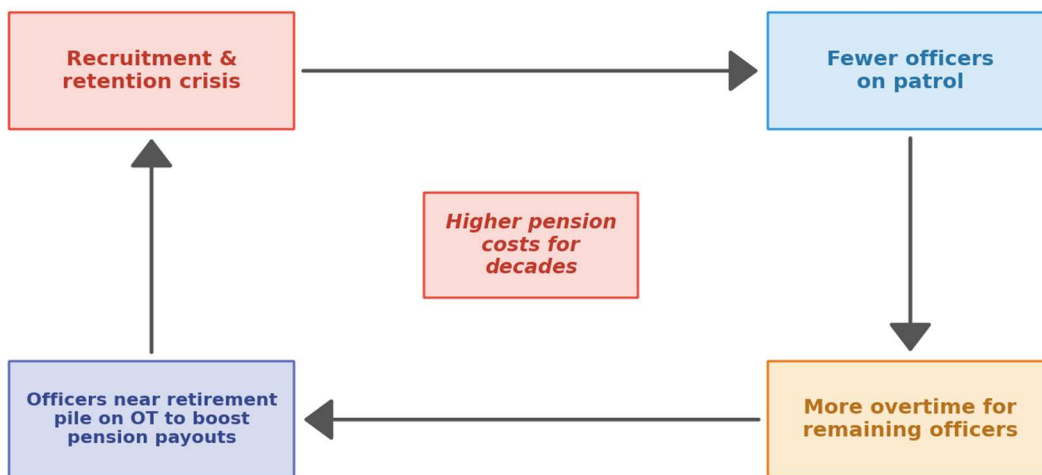
The pension-boosting dynamic documented in New York City and elsewhere is almost entirely a **Tier 2** phenomenon. Tier 2 members face no overtime cap on their pension calculation; the only limit is a 20% year-over-year ceiling on total earnings, which is easily cleared in a final pre-retirement year loaded with overtime. Tier 5 and Tier 6 members (anyone hired after January 2010) have their pensionable overtime capped at 15% of their regular salary, which sharply reduces the incentive to pile on overtime in the final years.

This matters for Mount Vernon because the officers and firefighters retiring now and over the next several years are overwhelmingly **Tier 2**—they were hired before June 2009, which is when the tier closed. A firefighter or officer with 20 years of service in 2025 joined in 2005, squarely in Tier 2. As Tier 2 members age out, the structural pension-boosting vulnerability will naturally attenuate. Until then, it remains concentrated in exactly the group whose retirements the city is currently processing.

This is not a theoretical concern. A March 2025 report from the New York City Independent Budget Office (IBO) specifically studied the relationship between officer tenure and overtime usage and confirmed the pattern: officers significantly increase their overtime hours at around 12–14 years of service and again at 21–23 years—the period immediately before pension eligibility under 20- and 25-year plans. The IBO concluded that *this pattern is consistent with officers strategically boosting earnings to maximize pension payouts*.

The Empire Center for Public Policy, analyzing NYPD pension data, reported in November 2025 that newly retired full-career NYPD officers collected an average pension of \$103,859—a 16% increase from the prior year. The Empire Center attributed the spike in part to the surge in overtime following the pandemic, noting that inflated late-career earnings translated into higher lifetime pension benefits through the FAE formula.

### The overtime-pension vicious cycle



#### How the cycle works in Mount Vernon

The same PFRS rules and incentive structures that apply to NYPD apply to Mount Vernon’s police and fire departments. The cycle operates as follows:

- 1. Staffing shortages** create a legitimate operational need for overtime to maintain minimum coverage—especially in fire, where minimum-staffing rules make this automatic.
- 2. Overtime opportunities** become concentrated among senior officers and firefighters, who have both the seniority to claim overtime shifts and, if they are Tier 2, the strongest financial incentive to do so.
- 3. Inflated final-year earnings** flow into the FAE calculation for Tier 2 members without any overtime cap, permanently increasing the pension benefit the member will collect for the rest of their life.
- 4. Higher pension obligations** increase the city’s annual employer contribution to the state retirement system, which is already one of the city’s largest expenses (\$15.2 million in FY2025).

**5. Higher pension costs** leave less budget capacity for new hires, perpetuating the staffing shortage that drives the overtime in the first place.

The result is that every dollar of overtime paid to a Tier 2 member near retirement effectively costs the city far more than \$1.50 (the overtime premium). It also generates *a permanent increase in pension obligations that the city will bear for 20–30 years or more*. For Tier 5 and Tier 6 members, the 15% overtime cap blunts this effect—overtime still inflates their current-year cost at 1.5 times the regular rate, but it no longer silently inflates their lifetime pension.

*There is a closing window on the worst version of this problem.* Tier 2 closed to new members in June 2009. Within roughly the next five to ten years, the remaining Tier 2 cohort will retire out. The pension-boosting vulnerability will not disappear on its own before then—in fact it may intensify as the last Tier 2 members go—but after that, the structural incentive will be materially weaker for new retirees. The decisions Mount Vernon makes about overtime distribution and monitoring over the next several years will therefore lock in pension costs for decades.

#### The fiscal impact: overtime is the deficit

The connection between overtime overruns and Mount Vernon’s structural deficit cannot be overstated. In 2025, police and fire overtime exceeded budget by \$5.1 million—representing 94% of the city’s \$5.4 million operating deficit. Over the four-year period from 2022 to 2025, cumulative police and fire overtime overruns total \$15.9 million.

To put this in perspective: if the city had simply budgeted police and fire overtime at actual spending levels and managed other expenditures accordingly, the structural deficit would largely disappear. The deficit is not primarily caused by revenue shortfalls or excessive spending in other departments—it is driven overwhelmingly by the gap between what the city budgets for public safety overtime and what it actually spends.

#### Why realistic budgeting matters

Setting overtime budgets at a fraction of known spending levels is not merely an accounting problem. It has real consequences for fiscal planning and public trust. When the city adopts a budget that projects \$2 million in police and fire overtime while knowing that actual spending will exceed \$7 million, it creates a \$5 million hole before the fiscal year even begins. This makes balanced budgets impossible to achieve, undermines the credibility of the fiscal plan, and limits the ability of policymakers to make informed decisions about resource allocation.

A more honest approach would be to budget overtime at realistic levels—even if that means acknowledging a larger total budget—and then set clear targets for overtime reduction alongside concrete strategies for achieving those reductions. The current approach of budgeting low and spending high creates an illusion of fiscal discipline that the actual results consistently contradict.

#### Path forward

**1. Budget overtime honestly.** The city should budget police and fire overtime at levels that reflect actual spending patterns—not aspirational targets that have never been met. Based on four years of data, a realistic starting point would be \$3.0–3.5 million for police and \$3.5–4.0 million for fire. Setting budgets at known spending levels does not mean accepting those levels as permanent—it means starting the conversation from an honest baseline.

**2. Treat police and fire overtime as separate problems.** Police overtime is primarily driven by unfilled positions and is therefore addressable through hiring and retention. Fire overtime is primarily driven by minimum-staffing rules and is therefore addressable only through a combination of hiring, leave-policy changes, and contractual review of the minimum itself. Bundling them obscures which levers actually work.

**3. Invest in recruitment and retention.** The 2026 budget takes two different approaches: a new Retention Longevity payment for police and expanded junior hiring plus a CBA wage bump for fire. Both are steps in the right direction. The city should track whether either approach actually reduces overtime over 2026 and 2027 and reallocate resources toward whichever proves more effective.

**4. Monitor overtime distribution by tenure—especially for Tier 2 members.** Following the IBO’s methodology, the city should analyze overtime distribution by officer and firefighter tenure and tier. If Tier 2 members in their final three pre-retirement years are disproportionately accumulating overtime hours, it confirms the pension-boosting pattern and allows the city to quantify the long-term cost of each such retirement. This is the group where the pension dollars actually compound.

**5. Quantify the pension impact with NYSLRS.** The city should work with the New York State and Local Retirement System to estimate the additional pension liability generated by overtime-inflated Final Average Earnings, broken out by tier. This analysis would reveal the true long-term cost of current overtime practices and provide a factual basis for reform discussions.

**6. Advocate for state-level reform of Tier 2 rules.** The 15% overtime cap already applies to every PFRS member hired since January 2010. The only remaining exposure is Tier 2, which New York State could close by amending the FAE rule to apply the 15% cap to Tier 2 members as well—without affecting current-year overtime pay. Mount Vernon cannot make this change unilaterally, but it can join other municipalities in advocating for it.

### Conclusion

Overtime is not a minor budget line item in Mount Vernon—it is the primary driver of the city’s structural deficit. At \$8.0 million and growing, overtime spending now exceeds the entire budgets of most city departments. Police and fire overtime overruns alone nearly equal the city’s total operating deficit, and the pension implications of current overtime patterns—concentrated in the Tier 2 cohort now reaching retirement—will generate costs that extend for decades beyond the current fiscal year.

Addressing this challenge requires both immediate and long-term action: honest budgeting that acknowledges the true cost, investment in staffing that reduces the operational need for overtime, tenure-aware monitoring that captures the pension-boosting dynamic before it locks in, and structural reforms that close the remaining Tier 2 loophole. Without these changes, overtime will continue to be the single largest threat to Mount Vernon’s fiscal stability.

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*Note: All figures in this report are derived from the City of Mount Vernon Office of the Comptroller’s unaudited quarterly financial reports (FY2022–2025) and adopted budget salary detail schedules (FY2023–2026). The analysis of pension incentive structures draws on published guidance from the New York State Office of the State Comptroller (Police and Fire Plan — Limitations), and on research from the New York City Independent Budget Office (March 2025) and the Empire Center for Public Policy (November 2025), which examined the same pension system (NYS PFRS) that covers Mount Vernon’s police and fire personnel.*