



CALIFORNIA STATE AUDITOR

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FACT SHEET

Date: October 20, 2009

Report: 2009-608

The California State Auditor released the following report today:

High Risk Update—State Overtime Costs

A Variety of Factors Resulted in Significant Overtime Costs at the Departments of Mental Health and Developmental Services

BACKGROUND

In a February 2009 report on areas that present high risk to the State, the State Auditor's Office identified the state budget as a high-risk area and the significant amount of overtime compensation the State pays to its employees contributes to this risk. We identified five state entities, excluding the Department of Corrections and Rehabilitation, which paid \$1.3 billion of the more than \$2.1 billion in overtime payments to state employees during fiscal years 2003–04 through 2007–08. We selected the departments of Mental Health (Mental Health) and Developmental Services (Developmental Services) to test since they had numerous employees in two job classifications who earned a large portion of their total earnings in overtime. Mental Health and Developmental Services provide services to their patients and consumers 24 hours a day, seven days a week.

KEY FINDINGS

During our review of Mental Health's and Developmental Services' overtime costs, we noted the following:

- Since the bargaining unit agreements (agreements) do not provide a method for distributing voluntary overtime, a disproportionate amount of overtime can be worked by a relatively small number of employees, a situation we observed at Napa State Hospital (Napa) and Sonoma Developmental Center (Sonoma).
- The Department of Finance concluded that Mental Health's current staffing model might not adequately reflect the hospitals' workload and noted that some level-of-care staff were performing administrative functions not directly related to patient care that could be performed by lower-paid staff.
- California Government Code, Section 19844.1, enacted in February 2009, permits new agreements to once again contain provisions that allow employees' leave time to be counted as time worked when computing overtime.
- Annual authorized positions for Mental Health and Developmental Services do not account for circumstances that necessitate an increased level of care for patients and consumers.
- Based on our analysis, it appears that the hourly overtime rates paid to registered nurses—safety at Napa and psychiatric technician assistants at Sonoma are comparable to the cost of hiring a new employee for either of those positions.

KEY RECOMMENDATIONS

We made numerous recommendations to Mental Health and Developmental Services to ensure that overtime hours are necessary and to protect the health and safety of its employees and patients or consumers. Some of the steps we recommended included that the departments should encourage the Department of Personnel Administration (Personnel Administration) to include provisions in future agreements to cap the number of voluntary overtime hours an employee can work and/or to require employee overtime hours are distributed more evenly among staff. We also recommended that the departments should encourage Personnel Administration to resist the inclusion of provisions in agreements that permit any type of leave to be counted as time worked for the purpose of computing overtime compensation.

