

## Discussion Paper

### Purpose:

- Identify the savings components related to sworn/civilian conversion noted in Johnson County Interim Auditor’s Report titled: *Review of Johnson County’s Sheriff’s Office*
- Discuss BKD’s Agreed Upon Procedures review Finding #1

### Reference:

- June 26, 2014, Committee of the Whole meeting

### Discussion:

1. Reference BKD’s assertion<sup>1</sup> “The JCA Report’s conclusion that budget savings resulting from the “conversion” of Sworn Deputies to Civilian Specialists would approximate **\$2.923 million annually** is overstated.

- a. Audit report, page 3, Audit Comment, para 1 states:

*...savings (net cost reduction) stemming from the sworn to civilian conversion are significant and are estimated to be \$2.923M, annually, after all identified sworn positions have been converted to civilian (emphasis added).*

- b. Total net savings after all conversions is \$2.895M

Source	Amount
Table 1.8 (annual net reduction-Rec 1.4 & 1.5)	\$ 1,134,536
Table App. 3 (cumulative net reduction -Rec. 1.2)	1,760,827
Total Cost Savings	<b>\$ 2,895,363</b>

- c. The audit report will be reissued, specifically the statement noted above, to more accurately reflect savings are a hybrid – attributed to converting the alarm monitoring posts, classifications, escort, security screeners AND the cumulative effect over the three year period for converting all sworn positions in communications to civilian. The dollar value attributed to the savings will be also be restated.
2. Reference BKD’s assertion<sup>2</sup>: Throughout the Audit Report, the JCA uses the same terminology for savings that are attributable to 1) the conversion from Sworn Deputies to Civilian Specialist; and 2) the reduction of overtime. Both are referred to as “conversion” savings rather than “conversion” savings and “reduction of overtime” savings.”
    - a. Audit comment: We do not disagree there are two components of cost reduction 1) Conversion and 2) Overtime reduction; however the audit objective was to first identify positions that could be civilianized and then analyze the effect of implementation. We do disagree with the approach used by BKD in calculating the cost of conversion.

<sup>1</sup> Page 3, para 4 under heading “Finding 1”

<sup>2</sup> Page 3, para 4 under heading “Finding 1”

- b. Audit comment: BKD attempted to reconcile a number taken from the audit comments section of the report and not the body of the report. That along with their attempt to combine Communications with all other one-year conversions created difficulties that were compounded as the review progressed.
3. Reference BKD's assertion<sup>3</sup>: The JCA Report Calculation uses beginning hourly rates from a July 2011 pay table. We have updated the rates used for both Civilian Specialists and Sworn Deputies using the January 2014 pay table.
  - a. Audit comment: The assertion is not correct. As noted in the Objectives, Scope and Methodology section of the audit report, the audit scope period was 2010-2012. Human Resources provided actual pay data for existing employees employed on December 31, 2012. Much of the fieldwork for the staffing audit objective was performed in early 2013.
4. Reference BKD's assertion<sup>4</sup>: The JCA Report calculates the number of Sworn Deputies reassigned to the relief pool by dividing the number of hours needed to fully staff the post by the net available working hours, or "NAWH" for Sworn Deputies in that Division. This gives the number of Full Time Equivalents, or "FTEs" needed to staff the posts.
  - a. Audit comment: That is not correct. The audit did not attempt to identify a count of deputies that would end up on a relief roster. The methodology used was to multiply the number of FTE required to maintain a post with sworn personnel by the NAWH. The results are estimated overtime hours that could be both absorbed and avoided if the post were civilianized and the relief roster were managed properly.
  - b. The question asked was: If JCSO closed the Alarm Monitoring post on January 1, 2015 to sworn deputies, what would the estimated reduction in overtime hours be? Not only would the eight people be able to absorb "would be" overtime hours at regular rate, but the extra overtime incurred coming from the 2.59 difference will no longer be required to satisfy this 24x7 post.
  - c. The approach JCSO and BKD took: If JCSO closed the Alarm Monitoring post on January 1, 2015 to sworn deputies, how many deputies can be reassigned to the relief pool? This is the wrong approach if trying to project the reduction of "would be" overtime hours resulting from closing this post to sworn deputies.
5. Reference BKD's assertion<sup>5</sup>: Separately, the Audit Report calculates the reduction of overtime costs of one reassigned Sworn Deputy as \$62,833. The Audit Report then multiplies the Sworn Deputy FTEs by the \$62,833 (reduction of overtime costs of one reassigned Sworn Deputy) to arrive at the overtime cost reduction.
  - a. Audit comment: That is close. Using the alarm monitoring recommendation as an example.  $(10.59 \times 1,649.86 = 17,472$  overtime hours that could be absorbed by those on the relief roster with any difference being avoided by closing a post or position to sworn personnel

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<sup>3</sup> Page 4, bullet point A

<sup>4</sup> Page 4 and 5, bullet point B

<sup>5</sup> Page 5, bullet point B (cont),

6. Reference BKD’s assertion<sup>6</sup>: We have compared the number of Calculated FTEs to the number of Sworn Deputies that are currently staffing the post, who under the JCA’s Report would be available for reassignment to the relief pool:

*Table 2*

Division	Calculated FTEs	Available Sworn	Difference
Alarm	10.59	8	2.59
Classifications	10.09	8	2.09
Escort	7.06	7	0.06
Security Screeners	8.14	6	2.14
	<u>35.88</u>	<u>29</u>	<u>6.88</u>

- a. Audit comment: BKD and the JCSO are using the number of individuals assigned to a particular post as the amount available for reassignment. This fails to consider the total number of FTEs required to support a specific post which is the methodology used in the audit and the methodology prescribed by the US Dept. of Justice, National Institute of Corrections.
- b. The audit used the FTE number *times* the NAWH to “estimate a reduction in future “would be” overtime hours. Those are two different issues. Again, there are the overtime hours that can be *absorbed* by the relief roster (available sworn); and then there are overtime hours that can be simply *avoided* by closing certain posts and positions to sworn personnel. Audit Services never claimed there will be 35.88 actual people to fill a relief pool for Recommendations 1.4 -1.5.
7. Reference BKD’s assertion<sup>7</sup>: For the reduction of overtime costs of one reassigned Sworn Deputy, JCA used a different number for Court Security than for the other Divisions in the calculation. As “Civil/Court Security” was one of the divisions used in the JCA’s calculation for the \$62,833.227, it is unclear, and not stated, why they used a different amount (\$68,120.76) for this particular Division. We have adjusted this number to \$62,833.22.
- a. Audit comment: It appears BKD is equating these figures to annual salaries. Note Page 57 of the OSM and the illustration to apportion “would be” overtime hours. Given the actual pay data per HR, the hourly wage at time and a half for a deputy in Court Security was \$42.69. We multiplied that by the overtime hours apportioned to Court Security. Each of the three divisions has a different average overtime hourly rate.
8. Reference BKD’s assertion<sup>8</sup> The JCA Report calculates the net cost reduction “stemming from the sworn to civilian conversion.”<sup>8</sup> Although there is a cost savings for the conversion, it is a small portion of the total overall savings. The cost savings from reassigning Sworn Deputies and replacing them with Civilian Specialists is essentially the pay differential between the two.

<sup>6</sup> Page 5, para 2 and Table 2

<sup>7</sup> Page 5, para 4

<sup>8</sup> Under heading “Savings Attributable to the “Conversion”

We have calculated the pay differential between the Civilian Specialist and the Sworn Deputy using the January 2014 pay table as being \$6,067.

- a. Audit comment: This is incorrect. Currently, the budgeted pay differential (excluding budgeted overtime) is \$9,387 on the date of hire. After year 3, the difference can grow to approximately \$15,000 due to the step-up program discussed in 8.b below. The annual salary for the sworn officer and Civilian Specialist positions does not represent the total cost to the County to employ individuals occupying these positions. Fringe benefit costs such as, life and health insurance, retirement, FICA, etc., must be considered to obtain an understanding of total cost. The gap in total compensation widens significantly when the fringe benefit costs for each position are considered. The most significant cost driver in the fringe benefit category is the employer's contribution to retirement. The sworn officer is a member of the Kansas Police & Firemen's Retirement System (KP&F) and the Civilian Specialist is a member of the Kansas Public Employees Retirement System (KPERS). The employer's current contribution to KPERS is 9.69% of salary for both Tier I and Tier II employees. The employer's current contribution to KP&F is 20.11% of salary for sworn personnel, over twice the amount of their civilian counterpart. Below is a table showing the budgeted pay differentials between the two positions for 2014.

**2014 Budgeted Pay Differentials (excluding overtime)**

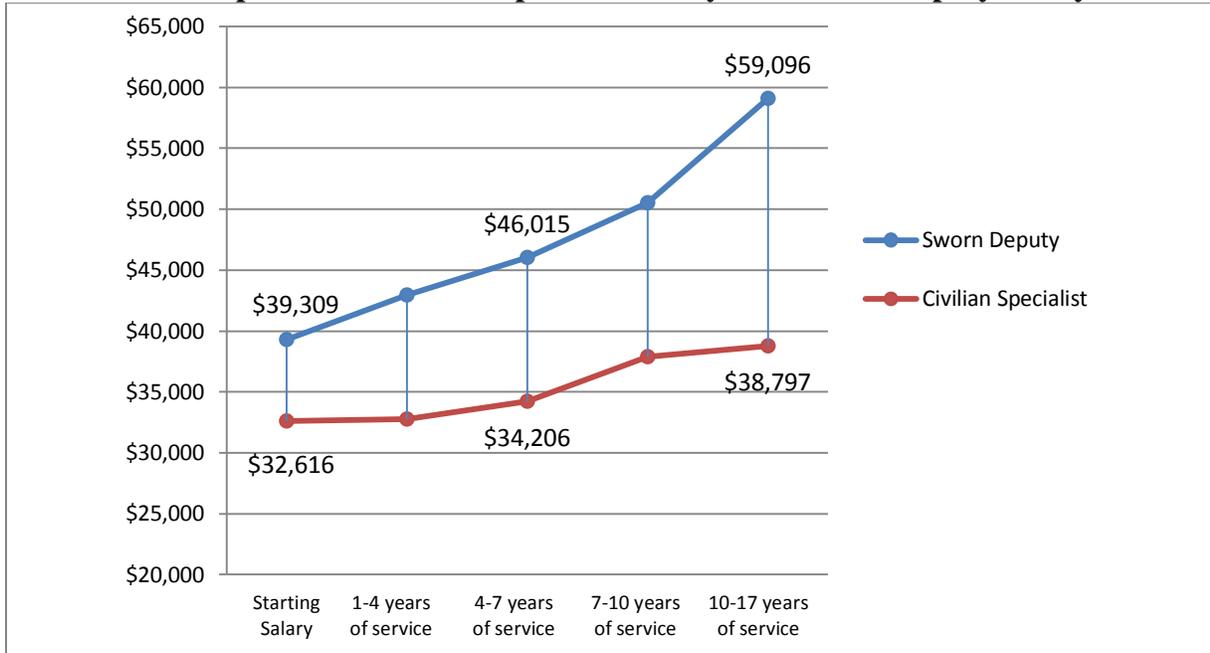
	<b>2014 Deputy (Detention)</b>		<b>2014 Civilian Specialist</b>	
	Rate	Dollar	Rate	Dollar
<b>Salary</b>	\$ 18.71	\$ 38,917	\$ 16.60	\$ 34,528
<b>Health Insurance</b>		\$ 9,872		\$ 9,872
KPERS		\$ -	0.0969	\$ 3,346
KPFRS	0.2011	\$ 7,826		
Life	0.0012	\$ 47	0.0012	\$ 41
Unemployment	0.0025	\$ 97	0.0025	\$ 86
SS/Medicare	0.0765	\$ 2,977	0.0765	\$ 2,641
Worker's Comp	0.0376	\$ 1,462	0.0376	\$ 1,297
<b>Total Fringe (less Health)</b>	<b>0.3189</b>	<b>\$ 12,410</b>	<b>0.2147</b>	<b>\$ 7,412</b>
<b>Total Comp</b>		<b>\$ 61,199</b>		<b>\$ 51,812</b>
NAWH		1649.86		1965.09
Tot Comp/NAWH		37.09		26.37
Ratio - Deputy to Civ Spec		1.41		1.00

Source: Budget & Financial Planning

- ✓ NOTE: For audit purposes, we used actual data from the Oracle accounting system to calculate a composite fringe rate for civilian specialists which is a standard recognized approach.
- b. From a longer term perspective, the BKD review also does not consider the pay differential for these two positions over time. At the time of the audit, the starting hourly rate of pay for the sworn officer and Civilian Specialist was \$18.71 and \$16.60 respectively. The hourly

rate for the sworn officer (\$18.71) represents a “Class C”<sup>9</sup> or Probationary deputy, an individual without any previous law enforcement experience. The “Class C” deputy remains a probationary employee for one year. At the conclusion of the first year, if they’ve satisfactorily met performance requirements, they automatically advance to a “Class B” deputy at \$20.09 per hour. They maintain their “Class B” deputy status for one year and automatically advance to a “Class A” deputy in year three at \$21.59 per hour, assuming they continue to meet performance requirements. Deputies advance from Class C to Class B to Class A in yearly increments on their respective hiring anniversary dates, assuming no performance issues. The following chart illustrates the cost differential of a sworn deputy with that of a Civilian Specialist position (excluding all fringe costs) as of year-end 2012.

**Cost Curve-Comparison of Civilian Specialist Salary with Sworn Deputy Salary**



Source: Oracle payroll data

9. Reference BKD report page 7 and the following statement: *The JCA’s Report recommends hiring 62 additional employees within the JCSO. It is clear that the JCA recognizes the need for additional employees to reduce overtime. The JCA’s Report does not calculate the reduction of overtime that would take place with the addition of Sworn Deputies rather than Civilian Specialists.*

- a. Audit comment: The audit identified specific sworn positions within the JCSO that are candidates for conversion to civilian. The audit recommends realigning, to a relief pool, sworn personnel occupying positions converted to civilian. More importantly, on page 25 of the audit, the following comment appears:

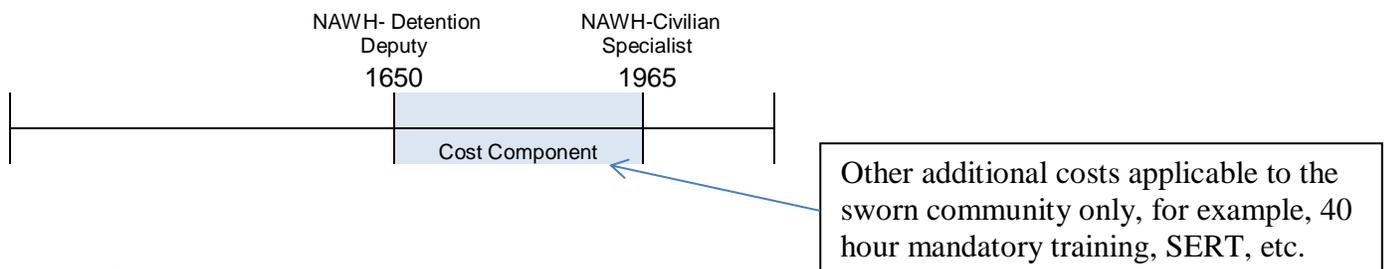
*Implementing all or part of the staffing recommendations:*

<sup>9</sup> Origin of the Class C, Class B and Class A hourly rate is: JCSO Civil Service Pay Table, FY 2014 Step Pay Plan Pay Table. Hourly rates shown are base pay hourly rates and do not include fringe.

- *An annual staffing analysis is critical to identify staffing requirements which will ultimately lead to whether or not a FTE surplus or deficit exists.*
- *Converting sworn positions to civilian and realigning the sworn positions to a relief pool is intended to reduce the overtime hours that, in the past, were incurred to staff a planned/unplanned absence.*
- *If all recommendations regarding staffing were implemented, the JCSO would have more personnel resources than needed to meet mission requirements. If only a portion of the recommendations are implemented, a staffing analysis may continue to show more personnel resources on-board than needed to meet mission requirements. If required, a methodical drawdown approach can be developed using attrition and retirement as mitigating actions.*

## 10. NAWH

When there is a significant disparity in the NAWH between two position classifications, there is a cost component (shaded in blue) that can be overlooked in a staffing analysis when trying to decide the most cost effective way to staff a position. If it is agreed that either civilian or sworn position can perform the duties without compromising law enforcement standards; the additional cost component should be considered.



### Illustration

If we had to staff two 24x7 posts tomorrow with existing personnel (such as the alarm monitoring posts); we would need 17,520 (24 x 365 x 2) hours of annual coverage. If either a Civilian Specialists or Sworn Deputy could perform the duties without compromising standards or creating any overtime, it would require 9 civilians ( $17,520/1965 = 8.91$ ) or 11 deputies ( $17,520/1650 = 10.62$ ).

Before considering any pay differentials between the two positions, it is readily apparent it is going to take two more full-time salaries if sworn deputies are chosen. In short, an “apples to apples” comparison does not work with these two distinctly different classifications.

Beyond that, other cost factors to consider:

- The retirement costs of a civilian specialist are lower than that of their sworn counterparts
- Costs to train a civilian specialist is much lower than a sworn deputy
- Turnaround time is much quicker for a civilian leaving less gaps in coverage