

# CamConnect analysis of Camden's Municipal Expenditures

The total size of Camden's operating budget has grown 26% after inflation, from \$134 million in 2001 to \$169 million in 2010, an average of 2.62% per year. While an increase of \$35 million is large in absolute and per capita terms, and year-to-year swings of expansion and cuts have been very erratic, Camden's spending growth is actually somewhat slower than the 2.84% average annual growth rate in 2008 and '09 for all NJ municipalities<sup>1</sup>.

## Pay and Staffing

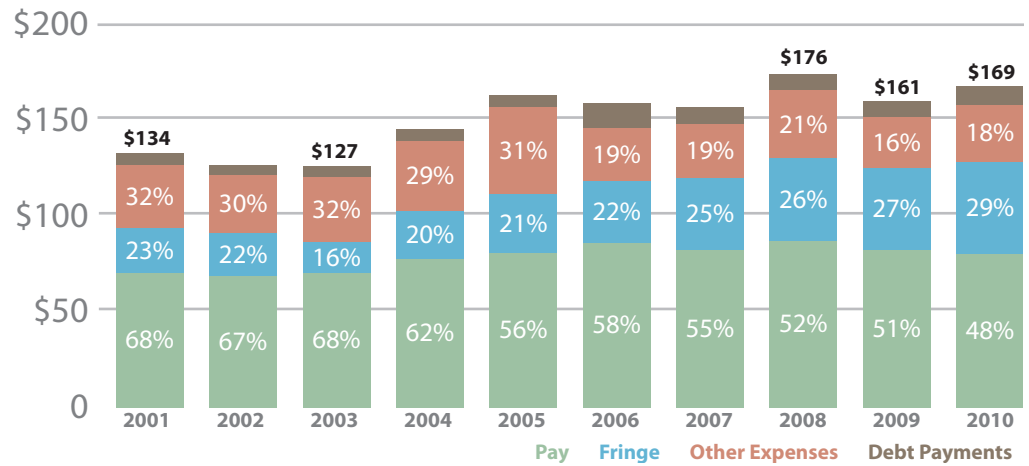
### top 5 departments by fy10 pay

Police	\$39,520,709
Fire	\$21,517,620
Public Works	\$6,737,387
Finance	\$2,239,578
Administration	\$1,966,445

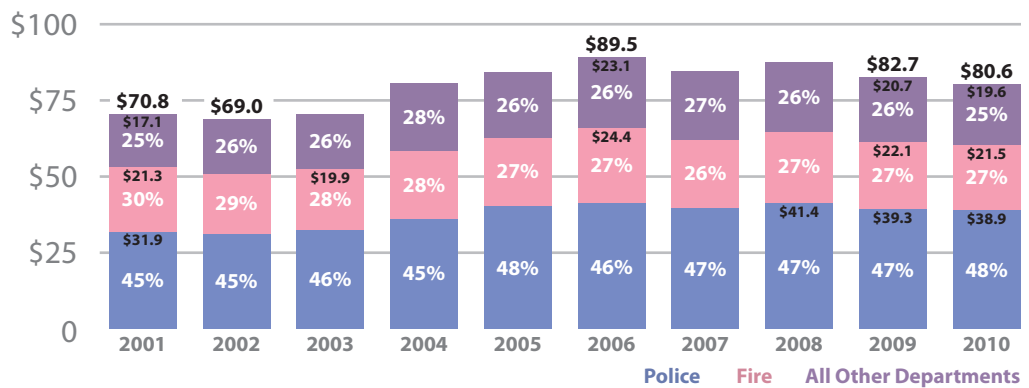
As with most organizations, employee compensation is the largest single category of expense in the budget, consuming 47% of funds in FY2010. Just over a ¼ of all budget growth in the decade has been due to increased total compensation, which rose an average of 2.72% per year. The Police and Fire Departments, in turn, are the largest components of the 1,562 person municipal workforce (at 32% and 15% respectively).<sup>2</sup>

The sizes of the police and fire departments have fluctuated by ±0 to 32 people from year to year through the decade in response to changes in deployment strategy and cost concerns. Overall each has grown by just over 30 staff members. The police department is 20% larger than the national average for major city departments. The fire

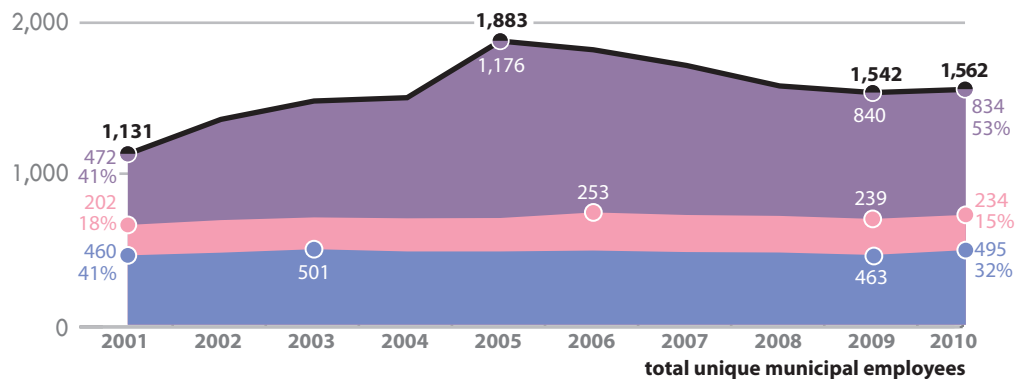
### total expenditures by type



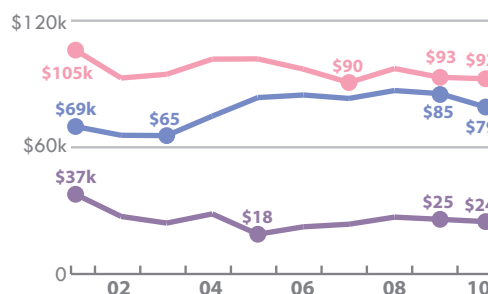
### total pay by department



### total employees by department



### average employee pay (\$ thousands)



### average change in pay 2001-2010

	total department	per employee
Police	3.43%	2.41%
Fire	0.67%	-2.06%
Other	3.74%	-8.81%

1 NJ league of Municipalities. <http://www.njslom.org/letters/ml070210-special-session-update.html>

2 Staffing totals refer to the number of unique persons employed in the Fire Department, Police Department, or all other departments combined per fiscal year. This undercounts the number of distinct job titles, as many employees hold multiple posts, often in different departments.

The majority of these auxiliary positions, however, are paid hourly and lasts only three months or less. A few employees hold as many as 5 titles in a given fiscal year, but never more than 2 salary positions. From available data, it was not possible to compute full-time equivalences. All staffing level data are

drawn from the City's payroll system. Police salary and employee totals do not include the Traffic Control division or Animal Control, both of which are paid at lower rates, and Animal control moved between three different departments during the decade

department is 17% larger.<sup>3</sup> Average pay including overtime in the police department (\$78,555) has risen 2.4% faster than inflation while falling by -2.1% in the fire department (to \$91,956). These two departmental budgets including non-salary expenses<sup>4</sup> grew slower than, but still cost nearly twice the national average per City resident in 2009 (\$505 vs. \$270 for the police department =  $\times 1.9$ , \$283 vs. \$164 for the fire department =  $\times 1.7$  times)<sup>5</sup>.

From 2001 to 2003 arbitration with the Police and Fire unions was deadlocked and contractual raises were frozen.<sup>6</sup> In February of 2003, a state appointed arbitrator awarded retroactive annual raises of 3.5% to the unions for the previous three fiscal years through 2004, all to be paid in FY2004. This was less than demanded by the unions and far more than offered by the City. Despite stipulating that “Financial relief is necessary during the period of the City’s recovery which the record reflects will be a gradual one,” the arbitrator ultimately based his ruling on the assertion that “...the Award will not have adverse financial impact on the City, its residents and taxpayers” because he believed past experience showed that the State had filled Camden’s budget deficits for many years and would continue to do so for the foreseeable future.<sup>21</sup> In April 2005, the City and unions negotiated

3 International City/County Management Association, February 23, 2010 at [http://icma.org/en/Article/5209/Survey\\_Results\\_Provide\\_Detail\\_on\\_Police\\_and\\_Fire\\_Personnel\\_and\\_Expenditures](http://icma.org/en/Article/5209/Survey_Results_Provide_Detail_on_Police_and_Fire_Personnel_and_Expenditures)

4 but excluding pensions and benefits which will be discussed in the next section

5 International City/County Management Association Police and Fire Personnel and Expenditures Survey 2001 and 2009 [http://bookstore.icma.org/Police\\_and\\_Fire\\_Personnel\\_and\\_P1605C117.cfm](http://bookstore.icma.org/Police_and_Fire_Personnel_and_P1605C117.cfm) and [P2050C165.cfm](http://bookstore.icma.org/Police_and_Fire_Personnel_and_P2050C165.cfm)

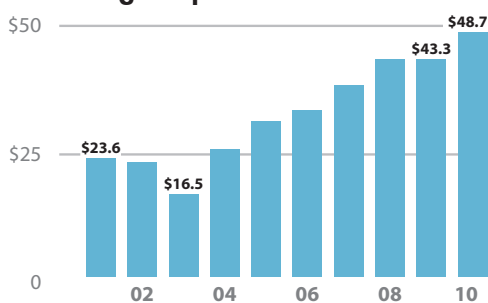
6 Progress Report, Municipal Rehabilitation and Economic Recovery, Melvin R. Primas, Jr., November 2006, p. 80.

7 Mastriani, James W., Arbitrator. “New Jersey Public Employment Relations Commission Interest Arbitration Decision and Award” Dockets IA-00-93, IA-00-96, IA-00-102, IA-00-105. pp. 100-103.

## fringe expenditures

	fy09	fy10
Health Insurance	\$23,254,752	\$25,129,407
Pension Contributions	\$12,572,410	\$15,265,608
Police and Firemen's Retirement System of NJ	\$10,828,662	\$12,564,866
Public Employee's Retirement System of NJ	\$1,508,888	\$2,419,182
Pension Increase - COLA for Retirees	\$233,710	\$267,000
Defined Contribution Retirement Program		\$13,174
Consolidated Police and Fireman's Pension Fund	\$1,150	\$1,386
Worker's Compensation	\$2,945,874	\$3,750,000
Social Security System	\$2,981,870	\$3,000,000
Accumulated Compensated Absence Liability	\$1,350,218	\$1,291,250
Unemployment	\$175,028	\$175,000
State Disability Insurance	\$46,207	\$48,000
<b>total</b>	<b>\$41,969,370</b>	<b>\$47,368,015</b>
<b>% of total budget</b>	<b>25%</b>	<b>28%</b>

## total fringe expenditures



new contracts through the end of calendar year 2008<sup>7</sup> (later extended through CY2009)<sup>8</sup> with a complex raise structure that just outpaced inflation by .67% annually. Due to very generous and loosely administered severance and leave provisions<sup>9</sup>, and extensive use of overtime<sup>10</sup>, however, the cost of pay continued to rise at a higher effective rate than the contracts would suggest.

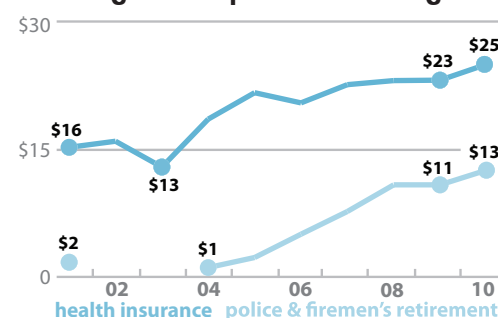
All other departments combined have grown by 77% in the last 10 years, despite a 340 person drop from their FY2005 peak. Most of the growth has been in lower-pay, short-term or hourly personnel, leading to an 8.8% drop in average real pay per employee, in the midst of 3.74% growth in total real pay expenditures for the same departments.

8 e.g., “Collective Bargaining Agreement Between the City of Camden and the Camden Organization of Police Superiors.” p.41 <http://co-ps.org/pdf/contract.pdf>

9 e.g., “Memorandum of Agreement.” p.1 <http://co-ps.org/pdf/memoradum.pdf>

10 State of New Jersey Commission of Investigation, “The Beat Goes On.” December 2009. pp.18-24

## two largest components of fringe



## Employee Benefits

At \$48.7 million and an average annual growth of 8.2% above inflation, “Fringe” benefit costs are the fastest growing category of expense in the budget over 1 million dollars. Fringe and pay together represent more than  $\frac{3}{4}$  of the operating budget, and fringe costs have more than doubled in the decade. Unlike the particulars of police and fire direct compensation, this situation is not unique to Camden. Nonetheless Camden’s growth rate for pension costs in the last two years has been less than 1/3 of the State average. Health insurance cost growth matched the State and workers’ compensation has grown slightly faster.<sup>26</sup> At these rates of growth, fringe expenses would surpass pay in 12 years.

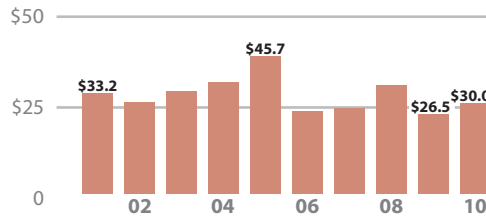
11 Greenblatt, Sarah. “City fire captains get \$1.9M in OT,” Courier-Post, March 16, 2007. Hirsch, Deborah. “Firefighters’ sick leave just smoke and mirrors,” Courier-Post, July 11, 2010. Hirsch, Deborah. “Camden relying more often on surrounding departments,” Courier-Post, July 12, 2010.

12 NJ league of Municipalities. <http://www.njslom.org/letters/ml070210-special-session-update.html>

## Non-Employee-Related Costs

Other City operating expenses, encompassing a wide range of departmental and other non-personnel costs, as a whole have decreased, though some of the larger components (particularly contracted trash collection, electricity and heating costs, bonding and insurance, and all capital costs such as facility maintenance, information technology, and facilities upgrades like the FY2008 \$2.25 million elevator project) will continue to grow and may eventually reverse the category's decline. The City raises little in bonds compared to many other cities, generating a growing but relatively modest debt service cost, though that too may change if State support diminishes.

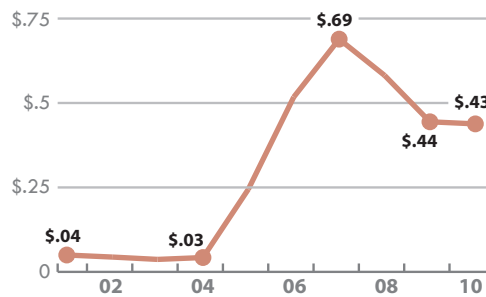
### other expenditures



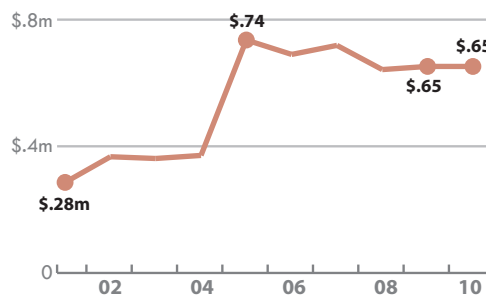
### top 5 departmental other expenditures fy10 appropriation

Garbage & Trash Removal	\$6,194,071
Utilities	\$3,355,000
Street Lighting	\$1,700,000
Fleet Management	\$770,337
Surety Bonds & Other Premiums	\$652,671

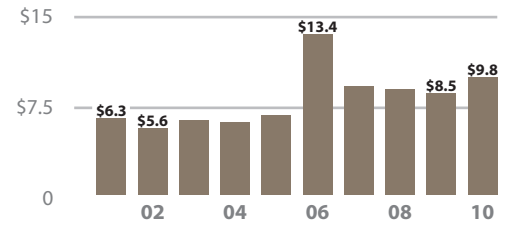
### facility maintenance



### surety bonds & other premiums



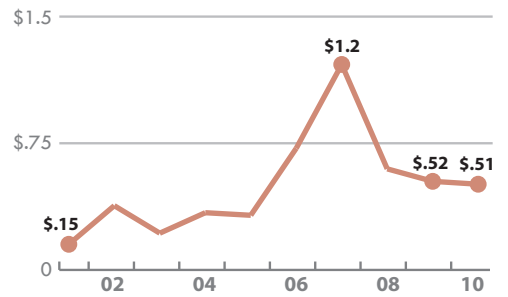
### debt payment expenditures



### top 5 non-departmental other expenditures fy10 appropriation

General Liability insurance	\$1,400,000
Aid to public Library	\$935,000
special emergency authorizations	\$742,000
Capital Improvements	\$650,000
Matching funds for grants	\$575,000

### management information systems



### general liability insurance

