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OMAHA BUDGET SHORTFALL Firefighters cashing comp time caught city off guard Fears of losing the money caused a \$2 million rush.

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For 271 **Omaha** firefighters, this was the year to cash in. More than one-third of the city's 673 firefighters took comp time payouts this year, for a total of \$2 million. The amount paid ranged from as little as \$6 for one firefighter to as much as \$26,000 for another, depending on how much had built up in the firefighter's comp time bank.

The size of the payments - 13 times more than the city had budgeted - caught the city off guard and made up a chunk of a \$9.5 million shortfall in this year's budget. That shortfall caused the city to lay off workers, close swimming pools and make other cuts in city services.

City and union officials agree that the rush to cash in was primarily due to three factors:

First, some firefighters mistakenly believed their accumulated comp time could be at risk because of a state labor court ruling that capped comp time.

Second, the ruling cut pay for about 250 firefighters, said Frank Corcoran, vice president of the **Omaha fire** union, and some firefighters cashed in comp time to increase their income.

Finally, 14 firefighters cashed out comp time when they retired this year, helping to boost their pension payments.

"Everybody hit the panic button," Corcoran said, and cashed in comp time. "They sold out."

Corcoran was one of those who cashed in. He said he cashed in 120 hours of his comp time, which gave him a \$1,600 payment to help pay

his children's Catholic school tuition. Corcoran had learned his hourly wage would go down under the December 2008 ruling from the Nebraska Commission of Industrial Relations.

The ruling, which took effect in February, dropped wages for some firefighters to bring them in line with cities comparable to **Omaha**, said Tom Marfisi, the city's director of human resources.

The ruling also affected the rules for comp time, which happens when firefighters work beyond their regular shifts and then bank the time - either to take time off later or to cash out down the road.

Under the ruling, comp time was capped at 120 hours; the previous limit was 480 hours.

Corcoran said many firefighters had banked well over 500 hours of comp time. Many worried about losing the comp time they had saved over the years, so they cashed out to protect themselves, he said.

Marfisi said firefighters needn't have worried. Federal labor laws prohibited any reduction to existing comp time banks, he said. The labor court ruling would have applied only to comp time accumulated after the decision took effect.

Police were subject to a similar labor court ruling, he said. However, the police union and the city agreed in writing that the city would honor the comp time banks and apply the cap only to future comp time, Marfisi said.

Without that agreement, "we might have had a similar situation" to the **Fire Department**, said Officer Aaron Hanson, president of the **Omaha** police union.

The city and **fire** union were initially unable to reach that kind of agreement.

Then-**fire** union President Darren **Bates** wanted the city to promise, in writing, that it would always allow firefighters to count comp time toward their pensions. Marfisi said he could not make that kind of guarantee.

The city eventually did reach a written agreement with the **fire** union, Marfisi said, but it was after many firefighters had already cashed out comp time.

The city is currently in the midst of negotiating new contracts with both the police and **fire** unions.

The city has reached a tentative deal with police. That contract,

according to Mayor Jim Suttle, would put an end to a practice known as spiking, which allows police and firefighters to boost their pensions by working overtime and cashing out comp time and other forms of pay in their last years on the job.

The police contract would reduce many officers' pensions by calculating payouts using a "career average" of all pay.

Traditionally, the police and **fire** contracts have had similar provisions. The contracts are subject to approval by union members and the City Council.

Marfisi said he expects a rush of police and **fire** retirements by those who want to retire under the terms of the current contracts.

"There's nothing I can do about it," he said. "They know what's going to happen. It only takes one minute to retire."

BIG GAP

The **Omaha Fire Department** was responsible for roughly \$4 million of the city's \$9.5 million budget shortfall this year. The two factors were:

>> Unused comp time: Firefighters cashed in about \$2 million - far more than was budgeted.

>> Unused sick leave and vacation time: The city did not budget this year for \$2 million worth of reimbursements owed firefighters.

Former City Finance Director Carol Ebdon said this week that the city had expected to make the payments in 2008. Then the economy "fell apart," Ebdon said, and city revenues were lower than expected.

Since the 2009 budget had already been finalized, the payouts could not be included in the budget.

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