Staffing & Overtime Analysis

Incremental annual cost comparison | Two new positions | USD

$468,000
Current annual overtime

$46,520
Recurring savings

$40,520
First-year savings

Current approach vs. two hires

Annual measure	Current approach	Two hires
Overtime hours	7,200	4,200
Overtime cost	$468,000	$273,000
New salaries + benefits	$0	$148,480
Recurring total	$468,000	$421,480
One-time onboarding	$0	$6,000
First-year total	$468,000	$427,480

Management interpretation

Two positions replace 3,000 overtime hours. At a loaded rate of $65 per hour, avoided overtime is $195,000. Subtract $148,480 of salary and benefits to obtain $46,520 of recurring savings; subtract $6,000 of onboarding for $40,520 of first-year savings.

Validate shift coverage, skill requirements, leave patterns, and recruiting lead time. Measure actual overtime displacement during the first 90 days. Savings depend on replacing paid overtime, not simply adding capacity.

Existing base payroll is common to both alternatives and excluded. Full-year staffing starts are assumed.

Assumptions & Sensitivity

How coverage efficiency changes the staffing decision

Model input	Illustrative assumption
Annual overtime baseline	7,200 hours
Loaded overtime rate	$65 per hour
Salary per hire / benefits burden	$58,000 / 28%
Productive hours per hire	1,600 per year
Overtime displacement at base case	1,500 hours per hire (93.75%)
Onboarding per hire	$3,000 once

Headcount sensitivity at 93.75% displacement

New hires	Overtime remaining	Recurring savings	First-year savings
0	7,200	$0	$0
1	5,700	$23,260	$20,260
2	4,200	$46,520	$40,520
3	2,700	$69,780	$60,780
4	1,200	$93,040	$81,040

Break-even coverage

Each new position costs $74,240 per year. At $65 per avoided overtime hour, recurring break-even is 1,142.15 hours (approximately 1,143 whole hours), or 71.4% of 1,600 productive hours.

The model holds salary and benefits constant and excludes recruiting delays, added supervision, and nonfinancial service impacts. The $65 rate is a fictional loaded assumption, not a legal pay-rate determination.

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