



## The Council of the City of New York

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Chair, Committee on Contracts

# Hearing on the Fiscal 2015 Preliminary Contract Budget

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## Fiscal 2015 Preliminary Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services.<sup>1</sup> The Charter defines "contractual services" as any *technical, consultant or personal service* provided to the City by means of a contract. The Contract Budget is a subset of the Other Than Personal Services (OTPS) portion of the City's Expense Budget. The Administration prepares a Contract Budget three times each fiscal year and submits it to the Council with the Preliminary, Executive and Adopted Budgets.

The Contract Budget sets forth anticipated contractual spending for each agency by unit of appropriation, broken down by object codes, and shows the number of contracts per category and the corresponding dollar value anticipated to be expended in each category. The Contract Budget is a plan -- an agency's blueprint or forecast of what services it anticipates it will need to purchase during the next fiscal year.

The Fiscal 2015 Preliminary Contract Budget totals \$11.78 billion for 16,796 contracts. These planned contract expenditures constitute just under 16 percent of the total Fiscal 2015 Preliminary Budget of \$73.82 billion. Overall, the Fiscal 2015 Preliminary Contract Budget is \$468.2 million or 4.14 percent more than the Fiscal 2014 Adopted Contract Budget of \$11.31 billion.

## Contract Budget Highlights

The table, "Contract Budget by Object Code" presents the Fiscal 2012-2015 Contract Budgets sorted by category. The proposed budget for Fiscal 2015 is compared with the Fiscal 2014 Adopted budget.

- The largest subset of contract spending is for education-related purposes. The largest type of education contract category is Payments to Contracts Schools, which includes tuition for children with special needs at private schools as well as payments to Charter schools. It will total \$2.61 billion next year, or about 3.5 percent of the entire City budget. Charter schools account for \$974.1 million of this total.
- A portion of the \$244.5 million growth in Contract Schools is associated with the proposed expansion of the Universal Pre-Kindergarten program. This expansion would lead to additional Department of Education contracts with private pre-schools to provide UPK to four year-old children.
- Also related to the proposed UPK expansion is the budgeted increase in the category Head Start. The spending level in this object code is set to grow by almost 95 percent despite reductions in the Head Start program. The Contract Budget would be made clearer by the addition of an object code specifically for the UPK program.

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<sup>1</sup> City Charter §§100.h and 104.

**Contract Budget by Object Code**

<b>Object Code</b>	<b>Fiscal 2012 Actual</b>	<b>Fiscal 2013 Actual</b>	<b>Fiscal 2014 Adopted</b>	<b>Fiscal 2015 Prelim</b>	<b>Change Fiscal 2014-2015</b>	
600- Contractual Services-General	\$601,128	\$1,321,119	\$547,037	\$546,073	(\$963)	-0.18%
602- Telecommunications Maintenance	44,752	47,626	53,236	49,743	(3,494)	-6.56%
607- Maint. & Repairs Motor Vehicles	17,248	17,330	13,440	13,440	(1)	0.00%
608- Maintenance & Repairs General	147,320	161,131	127,346	132,591	5,245	4.12%
612- Office Equipment Maintenance	12,662	13,880	13,743	13,887	144	1.05%
613- Data Processing Equipment	184,029	173,460	208,994	219,237	10,242	4.90%
615- Printing Contracts	36,273	34,084	34,749	31,985	(2,764)	-7.96%
616- Community Consultants	29,981	26,127	18,920	15,556	(3,363)	-17.78%
617- Payments to Counterparties	34,859	34,005	66,617	65,506	(1,111)	-1.67%
618- Financing Contracts	78,175	91,020	92,221	97,451	5,230	5.67%
619- Security Services	132,346	136,787	94,858	99,055	4,198	4.43%
620- Waste Disposal	303,171	304,319	336,483	392,105	55,622	16.53%
622- Temporary Services	61,810	53,569	36,620	39,428	2,808	7.67%
624- Cleaning Services	28,390	29,376	22,056	21,662	(395)	-1.79%
626- Investment Costs	7,715	7,709	7,779	7,779	0	0.00%
629- In-Rem Maintenance	1,546	913	1,916	1,578	(338)	-17.65%
633- Transportation Expenditures	17,545	17,313	13,387	13,402	15	0.11%
641- Protective Services For Adults	19,460	19,606	19,613	19,262	(351)	-1.79%
642- Children's Charitable Institutions	490,089	465,299	452,559	452,559	0	0.00%
643- Child Welfare Services	210,888	210,754	210,660	211,144	484	0.23%
647- Home Care Services	284,604	212,459	263,407	263,392	(14)	-0.01%
648- Homemaking Services	18,486	17,486	18,486	18,486	0	0.00%
649- Non-Grant Charges	8,820	10,305	12,151	11,042	(1,109)	-9.13%
650- Homeless Family Services	440,360	483,402	423,402	464,444	41,042	9.69%
651- Aids Services	232,888	245,793	268,014	263,158	(4,857)	-1.81%
652- Day Care of Children	712,553	763,495	729,464	745,488	16,024	2.20%
653- Head Start	158,066	180,153	122,771	239,240	116,468	94.87%
655- Mental Hygiene Services	639,566	648,726	424,067	425,644	1,576	0.37%
657- Hospital Contracts	124,782	128,686	134,344	141,686	7,342	5.46%
658- Special Clinical Services	8,159	10,317	11,968	12,721	753	6.29%
659- Homeless Individual Services	277,552	306,156	299,752	317,651	17,899	5.97%
660- Economic Development	17,622	27,058	20,810	16,603	(4,208)	-20.22%

Object Code	Fiscal 2012 Actual	Fiscal 2013 Actual	Fiscal 2014 Adopted	Fiscal 2015 Prelim	Change Fiscal 2014-2015	
662- Employment Services	\$176,190	\$155,729	\$149,347	\$149,698	\$351	0.24%
665- Legal Aid Society	93,031	98,576	97,896	103,922	6,026	6.16%
667- Payment to Cultural Institutions	43,101	43,564	42,840	39,765	(3,075)	-7.18%
668- Bus Transportation-Reimbursable	59	53	53	53	0	0.00%
669- Transportation of Pupils	1,102,839	1,091,043	1,157,086	1,178,713	21,627	1.87%
670- Payments to Contract Schools	2,094,881	2,061,203	2,360,795	2,605,316	244,520	10.36%
671- Training for City Employees	21,178	27,823	15,444	16,179	735	4.76%
676- Maintenance & Oper. of Infrastructure	256,414	242,363	189,015	219,438	30,423	16.10%
678- Payments to Delegate Agencies	358,127	373,662	373,614	348,718	(24,896)	-6.66%
681- Prof Services Accounting/Auditing	25,958	22,052	26,398	27,388	990	3.75%
682- Professional Services-Legal	100,055	108,003	112,207	104,165	(8,041)	-7.17%
683- Professional Services-Engineering	17,082	41,274	9,656	6,757	(2,899)	-30.02%
684- Professional Services-Computers	146,184	134,110	109,904	102,388	(7,516)	-6.84%
685- Professional Services-Education	831,446	793,216	1,059,571	997,694	(61,877)	-5.84%
686- Professional Services-Other	256,744	308,068	197,455	210,719	13,264	6.72%
688- Bank Charges Public Assistance Account	580	483	395	395	0	0.00%
689- Prov. Svcs Curriculum & Development	84,328	61,678	71,415	98,584	27,169	38.04%
695- Youth Programs	179,420	203,085	234,650	203,957	(30,693)	-13.08%
<b>Total Contract Budget</b>	<b>\$11,473,551</b>	<b>\$12,195,394</b>	<b>\$11,308,614</b>	<b>\$11,776,846</b>	<b>\$468,233</b>	<b>4.14%</b>

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## Largest Contract Budget Categories

The following table shows the Contract Budget object codes with the greatest projected spending levels for Fiscal 2015. Displayed are the eleven categories with projected spending levels above \$300 million in Fiscal 2015. These contract categories constitute almost 72 percent of the total contract budget and just under 16 percent of the entire City budget. The largest single category is Payments to Contract Schools, approximately \$2.61 billion, which constitutes 22.1 percent of the budget and is entirely within the Department of Education. The Department of Education is also responsible for the second and third largest contract categories, Transportation of Pupils \$1.18 billion and Professional Services -Education \$997.7 million.

### Largest Contract Budget Categories

*Dollars in Thousands*

Obj. Code	Category	Fiscal 2014 Adopted	Fiscal 2015 Preliminary	% of Total Contract Budget	Major Agency/ies
670	Payments to Contract Schools	\$2,360,795	\$2,605,316	22.12%	DOE
669	Transportation of Pupils	1,157,086	1,178,713	10.01%	DOE
685	Professional Services-Education	1,059,571	997,694	8.47%	DOE
652	Day Care of Children	729,464	745,488	6.33%	ACS
600	Contractual Services-General	547,037	546,073	4.64%	Various
650	Homeless Family Services	423,402	464,444	3.94%	DHS
642	Children's Charitable Institutions	452,559	452,559	3.84%	ACS
655	Mental Hygiene Services	424,067	425,644	3.61%	DOHMH
620	Waste Disposal	336,483	392,105	3.33%	DSNY
678	Payments to Delegate Agencies	373,614	348,718	2.96%	Various
659	Homeless Individual Services	299,752	317,651	2.70%	DHS
	<b>Subtotal</b>	<b>\$8,163,831</b>	<b>\$8,474,404</b>	<b>71.96%</b>	
	<b>Total Contract Budget</b>	<b>\$11,308,614</b>	<b>\$11,776,846</b>	<b>100.00%</b>	



## Largest Contract Budget Agencies

In the Fiscal 2015 Preliminary Budget ten agencies constitute 93 percent of the total Contract Budget. The Department of Education alone accounts for 45 percent of the total. Below is a list of the top ten agency contract budgets, which total approximately \$10.2 billion.

### Largest Contract Budgets by Department

*Dollars in Thousands*

Department	FY12 Actual	FY13 Actual	FY14 Adopted	FY15 Prelim	% of Total Contract Budget
040 Education	\$4,550,878	\$4,380,036	\$4,997,731	\$5,258,520	44.65%
068 Children's Services	1,628,761	1,719,937	1,624,134	1,777,917	15.10%
071 Homeless Services	748,666	828,822	730,668	804,567	6.83%
816 Health & Mental Hygiene	991,822	1,014,107	772,675	744,196	6.32%
069 Social Services	765,167	684,304	713,091	710,003	6.03%
827 Sanitation	350,281	356,005	427,758	486,411	4.13%
098 Miscellaneous	258,787	308,484	298,612	282,285	2.40%
260 Youth and Community Development	255,778	274,747	330,458	274,174	2.33%
125 Aging	209,071	230,081	215,931	209,921	1.78%
841 Transportation	216,072	248,730	134,861	185,730	1.58%
858 Information Tech. & Tele.	164,558	168,247	168,290	183,756	1.56%
099 Debt Service	86,054	90,030	131,245	133,215	1.13%
826 Environmental Protection	\$116,514	\$803,075	\$124,739	\$125,452	1.07%
<b>Fiscal 2015 Largest Department Contract Budgets Subtotal:</b>				<b>\$11,176,148</b>	<b>94.90%</b>
All Other Departments				\$600,698	5.10%
<b>Total Fiscal 2015 Preliminary Contract Budget</b>				<b>\$11,776,846</b>	<b>100.00%</b>