



New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

Department of Investigation

March 8, 2010

Committee on Oversight & Investigations

Hon. Jumaane Williams, Chair

Andy Grossman, Deputy Director, Finance Division

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Summary and Highlights

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Preliminary	Difference 2010 – 2011
Personal Services	\$17,395	\$16,483	\$14,480	\$15,931	\$14,355	(\$125)
Other Than Personal Services	6,085	7,725	5,145	7,545	4,998	(147)
Total	\$23,480	\$24,208	\$19,625	\$23,477	\$19,353	(\$272)

DOI's proposed Preliminary Budget for Fiscal 2011 is \$272,000 below its Fiscal 2010 Adopted Budget figure. This decrease would occur in part because the agency's Fiscal 2011 budget at the time of Fiscal 2010 Adoption was already \$129,000 less than its Fiscal 2010 appropriation. Additionally, since Adoption, the gap between the two years has grown by another \$143,000 due to proposed budget reductions totaling approximately \$1.28million offset by collective bargaining increases and other adjustments totaling approximately \$1.13 million.

Highlights of DOI's Fiscal 2011 Preliminary Budget

- The Department proposes to meet its PEG (Programs to Eliminate the Gap) reduction target largely through the attrition of five positions and the laying-off of 12 additional staff beginning in Fiscal 2011.
- The January Plan includes a one-time reduction of \$140,000 in DOI's Other Than Personal Services (OTPS) budget.
- The Department proposes to meet its Fiscal 2010 PEG target, in part, through an increase in revenue from City Marshal fines (\$112,000) and asset forfeiture funds (\$836,000) totaling \$948,000.

Department of Investigation

The Department of Investigation (DOI) promotes and maintains integrity and efficiency in government operations. Through its Inspector General (IG) and other investigative staff, the Department investigates and refers for prosecution City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct. Investigations may involve any agency, officer, or employee of the City, as well as those who do business with, or receive benefits from, the City. The Department provides the Mayor with recommendations for corrective actions to assist City agencies in the design and interpretation of strategies to limit opportunities for criminal misconduct and waste.

Key Public Service Area

- Maintain the integrity of City agencies, employees, contract vendors and recipients of City funds.

Critical Objectives

- Improve the impact and efficiency of investigations.
- Ensure the timely completion of background investigations and fingerprint checks.
- Assist City agencies in preventing corruption and waste.

SOURCE: Mayor's Management Report

Department of Investigation						
<i>Dollars in Thousands</i>						
	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Jan. Plan	Difference 2010-2011
Budget by Program Area						
Agency Operations	\$18,117	\$17,189	\$15,787	\$16,748	\$15,222	(\$566)
Inspectors General (IG)	5,363	7,019	3,837	6,729	4,131	294
TOTAL	\$23,480	\$24,208	\$19,625	\$23,477	\$19,353	(\$272)
Funding						
City Funds			\$15,486	\$16,504	\$15,214	(\$272)
Other Categorical			524	759	524	0
Intra-City			3,615	6,214	\$3,615	0
TOTAL			\$19,625	\$23,477	\$19,353	(\$272)
Positions						
Full-Time Positions	240	233	237	246	218	(19)
TOTAL	240	233	237	246	218	(19)

DOI proposes to reduce its Fiscal 2011 Preliminary budget for the “Agency Operations” program area by \$566,000 below its Fiscal 2010 Adopted Budget, while increasing its “Inspectors General (IG)” program area by \$294,000. The total resulting net reduction to the Department’s budget would therefore be \$272,000. The reductions will be implemented through proposed attrition and layoffs which would reduce the Department’s headcount by 19 positions below its Fiscal 2010 Adopted Budget figure.

DOI’s Fiscal 2010 budget as per the January Plan is approximately \$3.9 million greater than the agency’s Fiscal 2010 Adopted Budget appropriation primarily due to the receipt of additional Intra-City funds from other agencies to support the IG program.

Expense Budget Summary

The Department's proposed Fiscal 2011 Preliminary Budget is approximately \$19.4 million, a decrease of 4.1 million (17.4%) when compared to the agency's Fiscal 2010 January Plan appropriation of \$23.5 million, and approximately \$272,000 below the Department's Fiscal 2010 Adopted Budget of \$19.6 million.

Agency Operations

Funding in this program area supports the administrative functions of the agency, as well as its principal function of promoting integrity and efficiency in City government. These funds support investigative staff through whom the agency investigates, and refers for prosecution, City employees and contractors engaged in corrupt or fraudulent activities or unethical conduct.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 January Plan	2011 January Plan	Difference 2010 - 2011
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$13,112	\$12,523	\$10,997	\$11,722	\$10,578	(\$419)
Other Salaried and Unsalariated	72	45	79	80	80	1
Additional Gross Pay	390	288	97	97	97	0
Overtime - Civilian	15	18	40	40	40	0
Fringe Benefits	0	0	57	57	57	0
P.S. Other	0	(3)	0	0	0	0
Subtotal, PS	\$13,590	\$12,871	\$11,270	\$11,996	\$10,852	(\$418)
Other Than Personal Services						
Supplies and Materials	\$309	\$104	\$122	\$158	\$101	(\$21)
Property and Equipment	1	7	32	20	23	(9)
Other Services and Charges	3,519	3,629	3,785	4,002	3,725	(60)
Contractual Services	423	387	375	385	361	(14)
Fixed and Misc Charges	276	191	203	187	161	(42)
Subtotal, OTPS	\$4,527	\$4,318	\$4,517	\$4,752	\$4,371	(\$146)
TOTAL	\$18,117	\$17,189	\$15,787	\$16,748	\$15,222	(\$565)
Funding						
City Funds			\$15,314	\$16,041	\$14,749	(\$565)
Other Categorical			320	554	320	0
Intra-City			153	153	153	0
TOTAL			\$15,787	\$16,748	\$15,222	(\$565)
Positions						
Full-Time Positions	193	180	176	176	157	(19)
TOTAL	\$193	\$180	\$176	\$176	\$157	(\$19)

Agency Operations would sustain a PS reduction of 19 positions and \$418,000 in large part as a result of proposed reductions through attrition (five positions in Fiscal 2011) and layoffs (12 positions in Fiscal 2011). DOI also proposes an across-the-board OTPS reduction of \$140,000 beginning in Fiscal 2011.

Performance Measures

	FY 07	FY 08	FY 09	FY 10 4-Month Actual	Target FY 11
Complaints	12,882	13,837	14,594	4,791	*
Caseload	2,045	2,481	2,396	1,387	*
Cases closed	995	1,418	1,438	446	*
Cases closed with significant impact (%)	70%	70	76%	74%	*
Referrals for criminal prosecution	668	452	483	278	*
Arrests resulting from DOI investigations	368	676	728	329	*
Financial recoveries to the City ordered/agreed (\$)	NA	\$18,315,332	\$16,184,024	\$11,246,312	*
Financial recoveries to the City collected (\$)	NA	\$10,576,694	\$6,633,626	\$3,130,734	*
Average Time to Complete a Case (days)	330	329	277	313	*
- Major investigations	892	1,269	934	749	*
- Significant investigations	739	514	497	672	*
- Routine investigations	315	310	267	285	*
Average time to complete a background investigation (days)	278	342	310	591	*
Background investigations closed within six months (%)	60%	53%	60%	47%	60%
Average time to complete a VENDEX check (calendar days)	NA	NA	NA	49	*
VENDEX checks completed within 30 days (%)	NA	NA	NA	31%	50%

**No target number was published for this indicator.*

Performance Measure Highlights

- The Department's caseload and cases closed were reduced by 11 percent and 12 percent, respectively due to its focus on closing more complex cases during the period. The overall average time to complete a case decreased by three percent. Turnaround time for the completion of major investigations decreased by 38 percent, while turnaround time for routine investigations remained stable. The turnaround time for significant investigations increased by 49 percent due to the closure of a higher volume of investigations in this category.
- The Department increased its number of arrests by 20 percent compared to the same period last year. Referrals for criminal prosecution increased by 55 percent. Numerous arrests not previously recorded as referrals for criminal prosecution in connection with an ongoing fire code violation initiative account for a substantial portion of this increase. Referrals for civil and administrative action increased by 100 percent.
- During the reporting period, financial recoveries to the City increased by 41 percent. Recoveries to individuals and non-City entities increased by 132 percent due to an increase in the number of fines assessed and forfeitures ordered. Recoveries collected from previously closed cases increased by 24 percent.
- The number of background investigations closed within 6 months decreased by 15 percent and the average time to complete a background investigation increased by 55 percent due to staffing shortages. The Background Unit's continuing focus on the completion of the oldest pending

investigations, 35 percent of which were over three years old, also contributed to this administrative slow-down.

Relevant Budget Actions

- **PS Savings – Layoffs.** DOI would reduce its investigative staff by 12 positions through layoffs beginning in Fiscal 2011. This would generate \$922,000 in savings in Fiscal 2011 growing to \$1.06 million in 2012, \$1.07 million in 2013 and \$1.08 million in 2014. These savings include fringe benefit credits of \$77,000 in Fiscal 2011, \$215,000 in 2012, \$224,000 in 2013 and \$236,000 in 2014. None of these positions would be revenue-generating.
- **PS Savings – Attrition.** As per the January Plan, DOI would reduce its investigative staff by five positions through attrition beginning in Fiscal 2011. This would generate \$218,000 in savings in Fiscal 2011 growing to \$441,000 in Fiscal 2012, \$445,000 in 2013 and \$450,000 in 2014. These savings include fringe benefit credits of \$42,000 in Fiscal 2011, \$89,000 in 2012, \$93,000 in 2013 and \$98,000 in 2014. None of these positions would be revenue-generating.
- **OTPS Savings.** DOI proposes to take a reduction of \$140,000 in its planned Fiscal 2011 OTPS budget within areas where surpluses are projected.
- **Additional Revenue Sources.** DOI proposes to use revenue generated from fines levied against City Marshals found guilty by the Department of abusing their authority in the execution of their official duties to help meet its Fiscal 2010 PEG target. This source would yield about \$112,000. DOI would also use seized assets recovered and remitted by the US Marshal totaling \$836,000 to help meet its target, for a total of \$948,000 in additional revenue in Fiscal 2010.
- **Collective Bargaining.** The Preliminary Budget includes an annual baseline increase in City funds of approximately \$1 million beginning in Fiscal 2010 for collective bargaining adjustments for various titles throughout the Department. These funds would be transferred from the Labor Reserve in the Miscellaneous Budget to the Department's budget to cover the costs associated with recent collective bargaining settlements.

Inspectors General (IGs)

Funding in the Inspectors General (IG) program area supports positions funded through Intra-City agreements for current IG functions and projects with the Human Resources Administration (HRA), the Department of Juvenile Justice (DJJ), the Economic Development Corporation (EDC), the Department of Environmental Protection (DEP), the Department of Buildings (DOB), the Administration for Children's Service (ACS) and the Department of Health and Mental Health (DOHMH).

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Jan Plan	Difference 2010 - 2011
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$3,637	\$3,504	\$3,148	\$3,874	\$3,442	\$294
Other Salaried and Unsalaries	0	10	0	0	0	0
Additional Gross Pay	160	97	16	16	16	0
Overtime - Civilian	8	1	6	6	6	0
Fringe Benefits	0	0	41	41	41	0
Subtotal, PS	\$3,805	\$3,612	\$3,211	\$3,937	\$3,505	\$294
Other than Personal Services						
Supplies and Materials	\$63	\$59	\$62	\$70	\$62	\$0
Property and Equipment	22	97	72	69	72	0
Other Services and Charges	390	404	431	431	431	0
Contractual Services	1,083	2,847	62	2,222	62	0
Subtotal, OTPS	\$1,558	\$3,407	\$627	\$2,793	\$627	\$0
TOTAL	\$5,363	\$7,019	\$3,837	\$6,729	\$4,131	\$294
Funding						
City Funds			\$171	\$463	\$465	\$294
Other Categorical			\$204	\$204	\$204	0
Intra-City			\$3,462	\$6,061	\$3,462	0
TOTAL			\$3,837	\$6,729	\$4,131	\$294
Positions						
Full-Time Positions	47	53	61	70	61	0
TOTAL	47	53	61	70	61	0

The IG will maintain its Intra-City funding while increasing its Full-Time salaries by \$294,000 above its Adopted Budget appropriation. There will be no change to the Full-Time headcount in this program area or to the program area's OTPS appropriation compared to its Fiscal 2010 Adopted appropriation.

Appendix A: Budget Actions in the November and January Plans

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2009 Plan	\$15,485	\$4,140	\$19,625	\$15,356	\$4,140	\$19,496
Program to Eliminate the Gap (PEGs)						
OTPS Savings	0	0	0	(140)	0	(140)
PS Savings - Attrition	0	0	0	(218)	0	(218)
PS Savings - Layoffs	0	0	0	(922)	0	(922)
Total, PEGs	\$0	\$0	\$0	(\$1,281)	\$0	(\$1,281)
Other Adjustments						
Fringe Benefits Offsets	\$0	\$0	\$0	\$120	\$0	\$120
CBAs	1,018	0	1,018	1,018	0	1,018
Fingerprinting I/C Agreements	0	215	215	0	0	0
Other Categorical Grant	0	234	234	0	0	0
Other IntraCity Funding	0	2,139	2,139	0	0	0
Newtown Creek and Croton I/C Agreement	0	246	246	0	0	0
Total, Other Adjustments	\$1,018	\$2,834	\$3,852	\$1,138	\$0	\$1,138
Agency Budget as of January 2010 Plan	\$16,503	\$6,974	\$23,477	\$15,214	\$4,140	\$19,354