



New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2012 Executive Budget

Department of Consumer Affairs

May 25, 2011

The Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

The Committee on Consumer Affairs

Hon. Daniel Garodnick, Chair

Nathan Toth, Deputy Director

Overview

The Department of Consumer Affairs (DCA) ensures that New York City's consumers and businesses benefit from a fair and vibrant marketplace. DCA issues more than 73,000 licenses in 55 business categories and performs onsite inspections to ensure compliance with license regulations, weights and measures regulations, and the New York City Consumer Protection Law. DCA mediates and resolves individual consumer complaints, obtains restitution for consumers, and brings litigation and enforcement actions against repeat violators to halt deceptive advertising and trade practices. Through press releases and press conferences, public awareness campaigns, community outreach, public hearings, the 311 Customer Service Center, its website, and publications, DCA educates the public and businesses about their rights and responsibilities.

Department of Consumer Affairs Financial Summary

Dollars in Thousands

	2009	2010	2011		2012	Difference 2011–2012*
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	
Personal Services	\$15,800	\$16,128	\$16,004	\$17,899	\$18,282	\$2,279
Other than Personal Services	5,740	6,212	4,722	5,836	7,721	2,999
TOTAL	\$21,540	\$22,340	\$20,725	\$23,735	\$26,003	\$5,278
Budget by Program Area						
Administration	\$2,100	\$2,142	\$2,176	\$2,547	\$2,547	\$371
Licensing/Enforcement	11,692	11,876	11,525	13,049	12,831	1,306
Adjudication	2,008	2,110	2,303	2,303	2,905	602
Other than Personal Services	5,740	6,212	4,722	5,836	7,721	2,999
TOTAL	\$21,540	\$22,340	\$20,725	\$23,735	\$26,003	\$5,278
Funding						
City Funds	N/A	N/A	\$19,321	\$19,329	\$23,463	\$4,142
Intra-City	N/A	N/A	1,295	1,921	1,921	626
Other Categorical	N/A	N/A	0	50	0	0
State	N/A	N/A	109	2,434	619	510
TOTAL	\$21,540	\$22,340	\$20,725	\$23,735	\$26,003	\$5,278
Positions						
Fulltime Positions	248	248	274	293	296	22

**The difference of Fiscal 2011 Adopted compared to Fiscal 2012 Executive Plan funding.*

The Fiscal 2012 Executive Budget reflects a \$5.28 million increase when compared to the Fiscal 2011 Adopted Budget for DCA. Net changes in the Fiscal 2012 November and Preliminary Budgets increased the Fiscal 2012 budget by approximately \$1.7 million and net changes in the Fiscal 2012 Executive Budget added \$3.6 million. The headcount has been increased by 22 positions from 274 to 296 from the Fiscal 2011 Adopted Budget to the 2012 Executive Plan.

Fiscal 2012 Executive Budget Actions

- ☑ The Fiscal 2012 Executive Budget reflects a \$2.4 million new need to fund the expansion of the Financial Empowerment Center Initiative. To accommodate the expansion of this initiative, an additional 4 heads, at a cost of \$235,000 per year, will be added to DCA's budget in 2012.
- ☑ Other adjustments to the Executive Plan include a \$10,000 increase for heat light and power as well as \$56,000 in lease adjustments to DCA's 32-42 Broadway lease.
- ☑ The Executive PEG program for DCA anticipates additional revenue of \$2.1 million annually beginning in Fiscal 2012. The increase in revenue will be partially offset by a \$1.1 million and 18 position annual increase in the Hearing Authority budget beginning in Fiscal 2012.

Budget Actions in the Executive Plan

<i>Dollars in Thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of the February 2011 Plan	\$19,253	\$4,405	\$23,658	\$19,889	\$2,540	\$22,429
Programs to Eliminate the Gap (PEGs)						
Hearing Authority Revenue	\$75	\$0	\$75	\$1,102	\$0	\$1,102
Total, PEGs	\$75	\$0	\$75	\$1,102	\$0	\$1,102
Other Adjustments						
Heat Light and Power	\$1	\$0	\$1	\$10	\$0	\$10
Lease Adjustment	0	0	0	56	0	56
Total, Other Adjustments	\$1	\$0	\$1	\$66	\$0	\$66
New Needs						
Financial Empowerment Center Initiative	\$0	\$0	\$0	\$2,405	\$0	\$2,405
Total, New Needs	\$0	\$0	\$0	\$2,405	\$0	\$2,405
Total, All Changes	\$76	\$0	\$76	\$3,573	\$0	\$3,573
Agency Budget as of the Executive 2012 Plan	\$19,329	\$4,405	\$23,735	\$23,463	\$2,540	\$26,003

Revenue Budget

Department of Consumer Affairs Revenue and Expense Summary

(Dollars in thousands)

REVENUE	2009 Actual	2010 Actual	2011 Adopted	2012 Exec Plan	*Difference 2011-2012
Licenses and Franchises	\$16,103	\$19,250	\$12,266	\$14,897	\$2,631
Charges for Services	968	980	1,118	1,094	(24)
Fines	6,810	6,810	8,369	10,246	1,877
State Grants	179	3,281	2,434	619	(1,815)
Other Categorical	0	36	100	50	(50)
TOTAL	\$24,060	\$30,357	\$26,938	\$25,496	\$2,619
EXPENSE					
TOTAL	\$21,540	\$22,340	\$23,735	\$22,430	\$1,704

*The difference of Fiscal 2011 Adopted compared to Fiscal 2012 Executive Plan funding.

Revenue Budget cont.

DCA is a revenue-generating agency. Between Fiscal 2009 and Fiscal 2012, DCA generated, on average, \$26.4 million in revenue and had an expense budget of \$22.7 million, thus generating just under \$4 million more in revenue than its expenditures. Approximately 55 percent of the revenue comes from licenses and franchises, which are predominantly from sidewalk cafes. The \$2.6 million increase in Licenses and Franchises is largely accounted for by a \$1.9 million increase in sidewalk consent fees included in the Preliminary Budget and an Intra-city payment from the Department of Health and Mental Health for licensing services. The \$1.82 million decrease in State Grants is related to the New York State Department of Health Youth Tobacco Enforcement funding and was included in the Preliminary Budget. The current contract will expire in September 2011. Upon its renewal, DCA should receive additional State funds to pay for the expenses to be incurred in Fiscal 2012 and additional revenues will then be recognized. The Fine revenue increase of \$1.9 million is due to the increase in Hearing Authority personnel proposed in the Executive Budget.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in thousands</i>	FY 2011			FY 2012		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2010 Plan	\$19,321	\$1,405	\$20,726	\$19,321	\$1,404	\$20,721
Program to Eliminate the Gap (PEGs)						
Sidewalk Café Consent Fees	(\$1,258)	\$0	(\$1,258)	(\$1,890)	\$0	(\$1,890)
Total PEGs	(\$1,258)	\$0	(\$1,258)	(\$1,890)	\$0	(\$1,890)
Less PEG Program Reflected in Revenue Budget						
Sidewalk Café Consent Fees	\$1,258	\$0	\$1,258	\$1,890	\$0	\$1,890
Total Less PEG Program Reflected in Revenue Budget	\$1,258	\$0	\$1,258	\$1,890	\$0	\$1,890
New Needs						
CAMIS Replacement Training Expense	\$0	\$0	\$0	\$320	\$0	\$320
DOHMH License Processing	0	550	550	0	550	550
Grant from Sleepy's Escrow	0	50	50	0	0	0
Tobacco Grant	0	1,531	1,531	0	514	514
Rec Grant Roll	0	9	9	0	0	0
To Place LGRMF Grant	0	74	74	0	0	0
COLA check for GY13	0	170	170	0	0	0
FY11 Expense Roll	0	541	541	0	0	0
Extension of IT Positions	0	0	0	230	0	230
Process Server Exam Fees	8	0	8	94	0	94
Total, New Needs	\$8	\$2,925	\$2,933	\$644	\$1,064	\$1,708
Other Adjustments						
Intra-City Technical Adjustment	(\$76)	\$76	\$0	(\$76)	\$76	\$0
Total, Other Adjustments	(\$76)	\$76	\$0	(\$76)	\$76	\$0
Total, All Changes	(\$68)	\$3,001	\$2,933	\$568	\$1,140	\$1,708
Agency Budget as of February 2011 Plan	\$19,253	\$4,405	\$23,658	\$19,889	\$2,540	\$22,429