



THE COUNCIL OF THE CITY OF NEW YORK

HON. CHRISTINE C. QUINN

SPEAKER OF THE COUNCIL

HON. DOMENIC M. RECCHIA, JR.

CHAIR, COMMITTEE ON FINANCE

HON. DANIEL GARODNICK

CHAIR, COMMITTEE ON CONSUMER AFFAIRS

HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF CONSUMER AFFAIRS

May 29, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- **Expense:** The Department of Consumer Affairs' (DCA) Fiscal 2014 Executive Budget is approximately \$28 million, which is 9.4 percent or \$2.4 million more than the \$25.6 million in the Fiscal 2013 Adopted Budget.
- **Revenue:** DCA is a revenue-generating agency. Between Fiscal 2009 and Fiscal 2013, DCA generated, on average, \$30.8 million in revenue and had an expense budget of \$22.7 million, thus generating 36 percent or \$8.1 million more in revenue than its expenditures. The majority of DCA's revenue is derived from licenses/permits/franchise fees and fines/forfeitures.
- **New Needs and Other Adjustments:**
 - New Needs:
 - Enforcement Workload Enhancements: 4 new headcount (HC) at a cost of \$280,000 in Fiscal 2014 and in the out years.
 - Information Technology Staffing: 9 new HC at a cost of \$590,000 in Fiscal 2014 and \$820,000 in the out years.
 - Other Adjustments:
 - Hurricane Sandy expenses: \$104,000 in Fiscal 2013.
 - Fiscal 2013 Cost of Living Adjustments (COLA): \$157,000 in Fiscal 2013.
 - Technical Adjustment: \$313,000 transfer from Fiscal 2013 to Fiscal 2014.

FINANCE DIVISION

Preston Niblack, Director
Jeffrey Rodus, First Deputy Director

Nathan Toth, Deputy Director
Ralph P. Hernandez, Principal Legislative Financial Analyst

DEPARTMENT OF CONSUMER AFFAIRS OVERVIEW

This report provides an overview of the Department of Consumer Affairs' (DCA) Fiscal 2014 Expense and Revenue Budgets and a review of the significant initiatives included in the Executive Budget. Appendices 1-2 report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget. For additional information on the Department's Budget and its various programs, please refer to the Department of Consumer Affairs' Fiscal 2014 Preliminary Report available at the Council's website.

FINANCIAL SUMMARY					
<i>Dollars in Thousands</i>	2012	2013		2014	*Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013 - 2014
Budget by Program Area					
Adjudication	\$2,265	\$2,905	\$2,905	\$3,030	\$125
Administration	2,804	4,834	5,136	5,774	940
Licensing/Enforcement	12,815	9,808	11,653	10,757	950
Other Than Personal Services	8,332	8,022	9,156	8,416	395
TOTAL	\$26,216	\$25,568	\$28,850	\$27,977	\$2,409
Funding					
City Funds	N/A	\$23,538	\$24,520	\$25,947	\$2,409
Other Categorical	N/A	0	218	0	0
State	N/A	109	2,088	109	0
Federal – Other	N/A	0	104	0	0
Intra City	N/A	1,921	1,921	1,921	0
TOTAL	N/A	\$25,568	\$28,850	\$27,977	\$2,409
Positions					
TOTAL	293	307	352	338	31

*The difference between the Fiscal 2013 Adopted and Fiscal 2014 Executive Budget.

NEW IN THE EXECUTIVE BUDGET

DCA's Fiscal 2014 Executive Budget is approximately \$28 million, which is 9.4 percent or \$2.4 million more than the \$25.6 million in the Fiscal 2013 Adopted Budget. At the time of Adoption in June 2012, the Fiscal 2014 Estimated Budget was \$25.34 million, which was \$230,000 less than the Fiscal 2013 Adopted Budget of \$25.57 million. Budget actions—composed of the Program to Eliminate the Gap (PEGs), New Needs, and Other Adjustments in the November 2012, February 2013, and the May 2013 Plans—added \$2.6 million to the Fiscal 2014 Executive Budget. The net \$2.4 million decrease between the Fiscal 2014 Executive Budget and the Fiscal 2013 Adopted Budget is, thus, a reflection of these budget actions (see Appendix 2).

NEW NEEDS:

Enforcement Workload Enhancements. Due to the increase workloads from inspections and online licenses submissions, DCA will hire 3 inspectors and 1 account receivable staff, and also purchase 3 vehicles at a cost of \$280,000 in Fiscal 2014 and in the out years.

Information Technology Staffing. As part of DCA's implementation of the Online Service Enhancement Project, which allows businesses to apply for licenses online, the Department will hire 6 additional IT staff at a cost of \$590,000 in Fiscal 2014 and 3 additional IT staff in Fiscal 2015 at a combined cost of \$820,000.

OTHER ADJUSTMENTS:

Hurricane Sandy expenses. In helping consumers and businesses affected by Hurricane Sandy, DCA has incurred roughly \$104,000 in Hurricane Sandy related expenses for Fiscal 2013. DCA has assisted New Yorkers who lost their home file for casualty loss to reduce their taxable income. The Department has also send out mailings and sent out inspectors, and worked with FEMA to warn homeowners about being taken advantage of by unscrupulous contractors.

Fiscal 2013 COLA. New York State provided roughly \$157,000 in Fiscal 2013 to the Department for the Cost of Living Adjustments (COLA).

Technical Adjustment. Due to various project delays, roughly \$313,000 is rolling over from Fiscal 2013 to Fiscal 2014.

REVENUE SUMMARY

Department of Consumer Affairs Revenue and Expense Summary

	2009	2010	2011	2012	2013	2014	Difference
REVENUE (<i>Dollars in thousands</i>)	Actual	Actual	Actual	Actual	Adopted	Executive	2013-2014*
Licenses, Permits, and Franchises	\$16,103	\$19,250	\$17,845	\$20,597	\$14,945	\$17,674	\$2,729
Charges for Services	968	980	1,139	1,371	1,166	1,310	144
Fines and Forfeitures	6,810	6,810	10,655	14,183	11,137	12,080	943
State Grants	179	3,281	2,778	2,883	109	109	0
Other Categorical	0	36	279	395	215	215	0
TOTAL	\$24,060	\$30,357	\$32,695	\$39,428	\$27,572	\$31,388	\$3,816
EXPENSE							
TOTAL	\$21,540	\$22,340	\$19,906	\$24,088	\$25,568	\$27,977	\$2,409

*The difference between the Fiscal 2013 Adopted and Fiscal 2014 Executive Budget.

DCA is a revenue-generating agency. Between Fiscal 2009 and Fiscal 2013, DCA generated, on average, \$30.8 million in revenue and had an expense budget of \$22.7 million, thus generating 36 percent or \$8.1 million more in revenue than its expenditures. The majority of DCA's revenue is derived from licenses, permits, and franchise fees. The agency will generate approximately \$15 million (54.2 percent of the total) in the Fiscal 2013 Adopted Budget and \$17.7 million (56.3 percent of the total) in the Fiscal 2014 Executive Budget from licenses, permits and franchises. The majority of this revenue originates from sidewalk café fees and other consumer affairs licenses. Sidewalk café fees would generate \$10 million in Fiscal 2013 and \$9.1 million in Fiscal 2014, while other consumer affairs licenses would bring in \$8.1 million in Fiscal 2013 and \$8.5 million in Fiscal 2014. Additionally, DCA generates revenue through fines and forfeitures, which are 40.4 percent of the revenues collected in the Fiscal 2013 Adopted Budget and 38.5 percent in the Fiscal 2014 Executive Budget.

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of the Fiscal 2014 Prelim Plan	\$24,832	\$4,069	\$28,901	\$24,837	\$2,030	\$26,867
New Needs						
Enforcement Workload Enhancements	-	-	-	\$280	-	\$280
Information Technology Staffing	-	-	-	590	-	590
TOTAL New Needs	\$0	\$0	\$0	\$870	\$0	\$870
Other Adjustments						
Category B Expenditures	-	\$62	\$62	-	-	-
Damaged Vehicle Replacement	-	23	23	-	-	-
FEMA Category B Expenses	-	6	6	-	-	-
FY13 COLA	-	157	157	-	-	-
Hurricane Sandy Force Account	-	12	12	-	-	-
Technical Adjustment	(314)	-	(314)	314	-	314
Heat, Light and Power	1	-	1	(5)	-	(5)
Lease Adjustment	-	-	-	(68)	-	(68)
TOTAL Other Adjustments	(\$312)	\$261	(\$52)	\$240	\$0	\$240
TOTAL All Changes	(\$312)	\$261	(\$52)	\$1,110	\$0	\$1,110
Agency Budget as of the Fiscal 2014 Exec Plan	\$24,520	\$4,330	\$28,849	\$25,947	\$2,030	\$27,977

APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, PRELIMINARY, AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of the Fiscal 2013 Adopted Plan	\$23,538	\$2,030	\$25,568	\$23,308	\$2,030	\$25,338
Program to Eliminate the Gap (PEGs)						
Fees on Sidewalk Cafes	\$284	-	\$284	-	-	-
TOTAL PEGs	\$284	-	\$284	-	-	-
New Needs						
Enforcement Workload Enhancements	-	-	-	\$280	-	\$280
Information Technology Staffing	-	-	-	590	-	590
Legal Examination Unit	539	-	539	943	-	943
Software Maintenance	181	-	181	235	-	235
Technology Staff	230	-	230	230	-	230
Training Staff	60	-	60	120	-	120
TOTAL New Needs	\$1,010	\$0	\$1,010	\$2,398	\$0	\$2,398
Other Adjustments						
Category B Expenditures	-	\$62	\$62	-	-	-
Damaged Vehicle Replacement	-	23	23	-	-	-
FEMA Category B Expenses	-	6	6	-	-	-
FY13 COLA	-	157	157	-	-	-
Hurricane Sandy Direct Admin	-	-	-	-	-	-
Hurricane Sandy Force Account	-	12	12	-	-	-
Technical Adjustment	(314)	-	(314)	314	-	314
Heat, Light and Power	1	-	1	(5)	-	(5)
Lease Adjustment	-	-	-	(68)	-	(68)
Funding Rollovers	-	488	488	-	-	-
put gy15 in fy13	-	1,515	1,515	-	-	-
CFED Treasury Pilot Grant	-	35	35	-	-	-
SARA GRANT FY13 MOD	-	75	75	-	-	-
To decrease CFED Grant	-	(75)	(75)	-	-	-
TOTAL Other Adjustments	(\$312)	\$2,299	\$1,987	\$240	-	\$240
TOTAL All Changes	\$982	\$2,299	\$3,281	\$2,638	\$0	\$2,638
Agency Budget as of the Fiscal 2014 Exec Plan	\$24,520	\$4,329	\$28,849	\$25,946	\$2,030	\$27,976