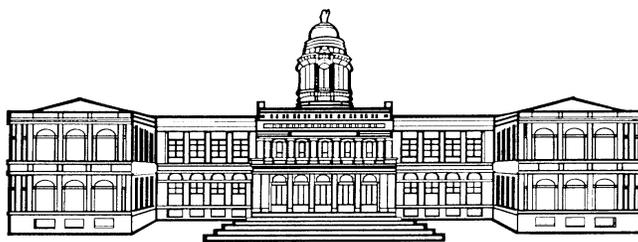


New York City Council



# BUDGET REPORT

Finance Division

March 2009

***Analysis of the  
Fiscal 2010 Preliminary Budget  
and  
Fiscal 2009 Preliminary Mayor's Management Report  
for the  
Department of Consumer Affairs  
Monday, March 30, 2009***

**Hon. Christine C. Quinn**  
Speaker

**Hon. David I. Weprin**, Chair  
Committee on Finance

**Hon. Leroy G. Comrie**, Chair  
Committee on Consumer Affairs

**Preston Niblack**, Director

**Jeffrey Rodus**, First Deputy Director

**Jonathan Rosenberg**, Deputy Director

**Walter Pitts**, Legislative Financial  
Analyst

## **PREFACE**

On March 30, 2009, at 11 am., the Committee on Consumer Affairs, chaired by the Hon. Leroy G. Comrie, will hold a hearing on the Mayor's Fiscal 2010 Preliminary Budget and Fiscal 2009 Preliminary Mayor's Management Report for the Department of Consumer Affairs.

Section 236 of the New York City Charter requires the Mayor to submit by January 16<sup>th</sup> a preliminary budget for the upcoming fiscal year.<sup>a</sup> In addition, under section 12 of the City Charter, the Mayor must make public and submit to the Council by January 30<sup>th</sup> the Preliminary Mayor's Management Report (PMMR) for the current fiscal year.<sup>b</sup> Among other things, the PMMR must contain "proposed program performance goals and measures for the next fiscal year reflecting budgetary decisions made as of the date of submission of the preliminary budget."<sup>c</sup> The Charter also requires the Council to hold hearings on the preliminary budget and to submit recommendations to the Mayor by March 25<sup>th</sup>.<sup>d</sup> This year, the Council will hold joint hearings on the Fiscal 2010 Preliminary Budget and the Fiscal 2009 Preliminary Mayor's Management Report.

Beginning with the Fiscal Year 2008 Adopted Budget, the Council and the Mayor's Office of Management and Budget agreed to an additional budget presentation, referred to by OMB as the budget function analysis, and by the Council as the program budget. Two agencies were initially presented in the program budget form. Beginning with the January 2008 Financial Plan (Fiscal 2009 Preliminary Budget), a total of 16 agencies are now in program budget form. The Department of Consumer Affairs is not a program budget agency.

This report was prepared by Walter Pitts, Legislative Financial Analyst, under the supervision of Deputy Director Jonathan Rosenberg.

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<sup>a</sup> The Charter prescribes specific actions that are required as part of the annual budget submission process during a fiscal year. The Charter allows for changes, via local law, in the dates in the submission of the PMMR, as well as an extension for subsequent steps in the budget process. This year, Local Law 03 of 2009 changed the date for the submission of the Preliminary Budget to January 30<sup>th</sup>, and the date for the Council's Response to the Preliminary Budget to April 8<sup>th</sup>.

<sup>b</sup> Local Law 03 of 2009 changed the date of submission of the PMMR to February 13, 2009.

<sup>c</sup> New York City Charter, §12(b)(2).

<sup>d</sup> *See id.* at §247.

## Department of Consumer Affairs (866)

The Department of Consumer Affairs (DCA) seeks to foster an honest marketplace. DCA resolves individual consumer complaints, obtains restitution for consumers, and sues recidivist vendors. DCA issues more than 63,000 licenses in 55 categories of businesses, and enforces license regulations, weights and measures regulations and the Consumer Protection Law through inspections. Through multiple media events, speaking engagements, public hearings, its Website and brochure distribution, DCA ensures that the public and businesses are educated about their rights and responsibilities under the Consumer Protection and License Laws.

### PROGRAM TO ELIMINATE THE GAP

Since the Fiscal 2009 Budget was adopted in June, the Office of Management and Budget has twice asked agency heads to submit Programs to Eliminate the Gap (PEGs) proposals. In the first round, in September, OMB sought PEG submissions equal to five percent of agency City tax-levy budgets for Fiscal 2010, with a further seven percent sought in December.

PEGs reduce the City's budget gap either by reducing an agency's City tax-levy Expense Budget spending, or by increasing City revenues. The chart below indicates the proposed PEG amounts for the DCA based on the Fiscal 2010 forecast at the time the Fiscal 2009 Budget was adopted (June 2008).

<b>November and January Plan PEGs for Fiscal 2010</b> <i>(in 000s)</i>	
<b>Fiscal 2010 Forecast at Fiscal 2009 Adoption (June 2008)</b>	<b>\$15,692</b>
Expense PEGs	\$---
Revenue PEGs	\$---
<b>Total Fiscal 2010 PEGs</b>	<b>\$---</b>
PEGs as a Percent of the Fiscal 2010 Forecast	---

### PRELIMINARY BUDGET HIGHLIGHTS

DCA's Fiscal 2010 Preliminary budget has not changed when compared to the Fiscal 2009 Adopted Budget. DCA was excluded from submitting PEG proposals because it is a fee-supported agency. Some actions from the Preliminary Budget include:

- **Collective Bargaining.** There is an increase of \$525,740 in Fiscal 2009 and \$799,740 in Fiscal 2010 and the outyears for collective bargaining costs related to DC-37.
- **Office of Financial Empowerment (OFE).** There is an increase of \$2.1 million in Fiscal 2010 for the Center for Economic Opportunity to increase financial capacity and education for economically disadvantaged individuals.
- **Recurring Increment Payment (RIP).** There is an increase of \$6,170 in Fiscal 2009 and \$8,400 in Fiscal 2010 and the outyears for collective bargaining costs related to various titles.

- **Reduce 6% FY09 SARA/LGRMIF.** There is a decrease of \$3,985 in state funding in Fiscal 2009 in the State Archives and Records Administration (SARA) Grant and the Local Government Records Management Improvement Fund (LGRMIF) due to state budget cuts.

### AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	\$18,662,068	\$18,662,068	\$18,684,692
Other Categorical	\$0	\$0	\$0
Capital IFA	\$0	\$0	\$0
State	\$117,180	\$2,496,463	\$0
Community Development	\$0	\$0	\$0
Federal-Other	\$0	\$0	\$0
Intra-City	\$1,295,076	\$1,295,076	\$1,295,076
<b>Total</b>	<b>\$20,074,324</b>	<b>\$22,453,607</b>	<b>\$19,979,768</b>

### HEADCOUNT OVERVIEW

Headcount (Uniform and Civilian)	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	259	259	259
Non-City	0	0	0
<b>Total</b>	<b>259</b>	<b>259</b>	<b>259</b>

## UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/A's represent the amount appropriated for personal services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity or institution. The table below presents the DCA budget, comparing the Fiscal 2009 Adopted Budget to the Fiscal 2010 Preliminary Budget. The Fiscal 2009 Modified Budget reflects this year's budget at the time this financial plan was released.

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
001	Administration	\$2,015,660	\$2,015,660	\$2,057,613	2.08%
	<b>Total</b>	<b>\$2,015,660</b>	<b>\$2,015,660</b>	<b>\$2,057,613</b>	<b>2.08%</b>

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
002	Licensing/Enforcement	\$10,302,154	\$12,134,623	\$10,681,169	3.68%
	<b>Total</b>	<b>\$10,302,154</b>	<b>\$12,134,623</b>	<b>\$10,681,169</b>	<b>3.68%</b>

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
004	Adjudication	\$2,084,622	\$2,084,622	\$2,146,110	2.95%
	<b>Total</b>	<b>\$2,084,622</b>	<b>\$2,084,622</b>	<b>\$2,146,110</b>	<b>2.95%</b>

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
003	Other Than Personal Services	\$5,671,888	\$6,218,702	\$5,094,876	-10.17%
	<b>Total</b>	<b>\$5,671,888</b>	<b>\$6,218,702</b>	<b>\$5,094,876</b>	<b>-10.17%</b>

## FUNDING ANALYSIS

The increase in funding for the administration and adjudication units of appropriation (001/004) reflects collective bargaining costs. The increased funding in the licensing/enforcement unit of appropriation (002) is the net result of collective bargaining costs, an increase of \$1.2 million for the OFE, and a decrease in state funding for the Youth Tobacco Enforcement Program. In this program, teenagers between 15 and 17 work with agency inspectors to go undercover to curb illegal sales to minors.

The decrease in funding for the other than personal services unit of appropriation (003) is the net result of DCA cutting back on miscellaneous spending, the decrease in state funding for the Youth Tobacco Enforcement Program, and an increase of \$1 million for the OFE.

The Preliminary Mayor’s Management Report indicates that at the Fiscal 2009 level of funding, consumer complaints were processed significantly faster due to continued operational improvements. The percent of complaints resolved within 20 days increased by 26 percentage points, with 95 percent of docketed complaints resolved within 50 days. The Department docketed 18 percent fewer complaints than in the same period last year.

Moreover, licensing center wait time rose to 15 minutes, reflecting a shift in resources from intake to the processing of license applications and the expansion of online licensing services. While processing time for basic licenses remained the same, this shift led to a 50 percent drop in the median processing time for all new licenses. By the end of Fiscal 2009, nearly all DCA licensees will be able to renew their licenses online.

### PRELIMINARY BUDGET ACTIONS (in 000s)

The following table is a summary of the Preliminary Plan actions for Fiscal 2009 and Fiscal 2010. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes for DCA.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as per the November Plan</b>	<b>\$18,665</b>	<b>\$3,795</b>	<b>\$22,460</b>	<b>\$15,695</b>	<b>\$1,295</b>	<b>\$16,990</b>
<b>January Plan Other Adjustments</b>						
Collective Bargaining-DC37	\$526	\$0	\$526	\$800	\$0	\$800
Office of Financial Empowerment	\$0	\$0	\$0	\$2,182	\$0	\$2,182
Recurring Increment Payment (RIP)	\$6	\$0	\$6	\$8	\$0	\$8
Reduce 6% FY09 SARA/LGRMIF	\$0	(\$4)	(\$4)	\$0	\$0	\$0
<b>Total Other Adjustments</b>	<b>\$532</b>	<b>(\$4)</b>	<b>\$528</b>	<b>\$2,991</b>	<b>\$0</b>	<b>\$2,991</b>
<b>Total January Plan Budget Changes</b>	<b>\$532</b>	<b>(\$4)</b>	<b>\$528</b>	<b>\$2,991</b>	<b>\$0</b>	<b>\$2,991</b>
<b>Agency Budget as per the January Plan</b>	<b>\$19,197</b>	<b>\$3,791</b>	<b>\$22,988</b>	<b>\$18,686</b>	<b>\$1,295</b>	<b>\$19,981</b>