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Report to the Committees on Finance and Governmental Operations
on the Fiscal Year 2016 Executive Budget for the

Law Department

June 2, 2015

Executive Budget Summary

- **Expense Budget:** The Law Department's budget for Fiscal 2016 totals $185.8 million, $14 million more than the Fiscal 2015 Adopted Budget of $171.8 million.
- **Headcount:** The Executive Budget supports a workforce of 1,475 positions, 95 positions more than the Fiscal 2015 Adopted Budget.
- **Executive Budget Changes:**
  - $2.7 million in Fiscal 2016 for a lease amendment;
  - $840,000 in baseline funding to support 10 new full-time positions for the Labor and Employment Division;
  - $5.7 million in Fiscal 2016 for additional litigation support including court mandated expenses; and
  - $385,000 in baseline funding to support five new full-time positions for the Office of Special Enforcement.
- **Big Agency Issues:**
  - **Judgement and Claims Budget.** The Judgment and Claims (J&C) Budget which is included in the Miscellaneous Budget totals $695 million in Fiscal 2015 and is projected to reach nearly $817 million by Fiscal 2019.
  - **Vertical Case Handling.** The Fiscal 2016 Preliminary Budget included baseline funding of $3.2 million for 40 full-time positions to vertically handle certain civil cases from start to finish instead of moving cases between lawyers at different stages of litigation.
  - **Reduced Reliance on Contractors.** As a part of a headcount adjustment in the Preliminary Budget, the Law Department will hire 21 City employees instead of utilizing outside contractors.

Law Department Overview

This report presents a review of the Law Department's Fiscal 2016 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2015, followed by a review of the significant budget actions introduced in the Fiscal 2016 Executive Budget. Major issues related to the Department's budget are then discussed, including the Judgment and Claims budget, the Department's miscellaneous revenue, and Preliminary Budget highlights. Appendices 1 and 2 report the changes made to the Fiscal 2015 and Fiscal 2016 Budgets since Adoption of the Fiscal 2015 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2016 Preliminary Budget Report for the Law Department at:
http://council.nyc.gov/html/budget/2016/Pre/ld.pdf

Law Department Financial Summary

	2013	2014	2015	Executive Plan		*Difference
Dollars in Thousands	Actual	Actual	Adopted	2015	2016	2015 - 2016
Spending						
Personal Services	**$100,010**	**$104,281**	**$109,627**	**$112,138**	**$124,951**	**$15,324**
Full-Time Salaried	92,227	95,711	106,621	108,937	121,672	15,050
Other Salaried & Unsalaried	4,434	4,739	2,722	2,842	2,906	183
Additional Gross Pay	1,974	2,181	282	282	282	0
Overtime	1,376	1,650	1	1	1	0
Amounts to be Scheduled	0	0	0	75	90	90
Other Than Personal Services	**$43,841**	**$58,426**	**$62,149**	**$66,398**	**$60,879**	**($1,269)**
Supplies and Materials	1,176	1,476	1,149	1,240	1,075	(74)
Property and Equipment	918	2,766	1,148	1,545	774	(374)
Other Services and Charges	22,842	20,680	19,830	21,904	23,090	3,260
Contractual Services	18,870	33,461	40,003	41,564	35,923	(4,081)
Fix ed and Misc. Charges	36	42	18	144	18	0
TOTAL	**$143,852**	**$162,707**	**$171,776**	**$178,535**	**$185,831**	**$14,055**
Funding						
City Funds			$164,800	$167,979	$178,343	$13,544
Other Categorical			417	672	417	0
Capital-IFA			3,335	3,528	3,588	253
Fed-Community Development			0	80	97	97
Fed-Other			0	41	0	0
Intra-City			3,225	6,235	3,386	161
TOTAL	**$143,852**	**$162,707**	**$171,776**	**$178,535**	**$185,831**	**$14,055**
Budgeted Headcount						
Full-Time Positions	1,294	1,354	1,380	1,405	1,475	95
TOTAL	**1,294**	**1,354**	**1,380**	**1,405**	**1,475**	**95**

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Executive Budget.*

The Law Department's proposed budget for Fiscal 2016 totals $185.8 million, including $124.9 million to support 1,475 budgeted positions across 16 legal divisions and four support divisions. Of the Fiscal 2016 total, nearly 96 percent comes from City tax-levy funding. The increase in funding of approximately $14 million, when compared to the Department's Fiscal

2015 Adopted Budget, results primarily from staff increases and additional litigation expenses. Budget actions since the adoption of the Fiscal 2015 Budget are outlined in Appendix 2 on page 7.

Since Adoption, the Department's headcount for Fiscal 2016 increased by 95 positions. The Executive Budget includes proposals to increase department staff for the Labor & Employment division and the Office of Special Enforcement. The Preliminary Plan included a proposal that increased Tort Division staff in order to more vigorously contest civil lawsuits brought against the Police Department. The Department's headcount is further increased by its efforts to reduce its reliance on outside counsel.

The Law Department's Fiscal 2016 Contract Budget totals $35.9 million and accounts for approximately 19.3 percent of the Department's total operating budget. The majority of funding is allocated for consultants working on special cases, including court ordered monitors and Special Masters. Other Department contracts account for temporary services, including administrative support, court reporting and transcribing services to manage increases in case volume. The Fiscal 2016 total is approximately $4 million less than the Department's Fiscal 2015 Adopted Contract Budget. The decrease is in large part due to efforts to reduce reliance on outside legal consultants by increasing budgeted full-time budgeted positions.

In Fiscal 2014, the Department's spending increased significantly due in large part to the transfer of funding for outside counsel for major cases formerly reflected in the City's Miscellaneous Budget. This funding is now permanently included in the Law Department's budget.

New in the Executive Budget

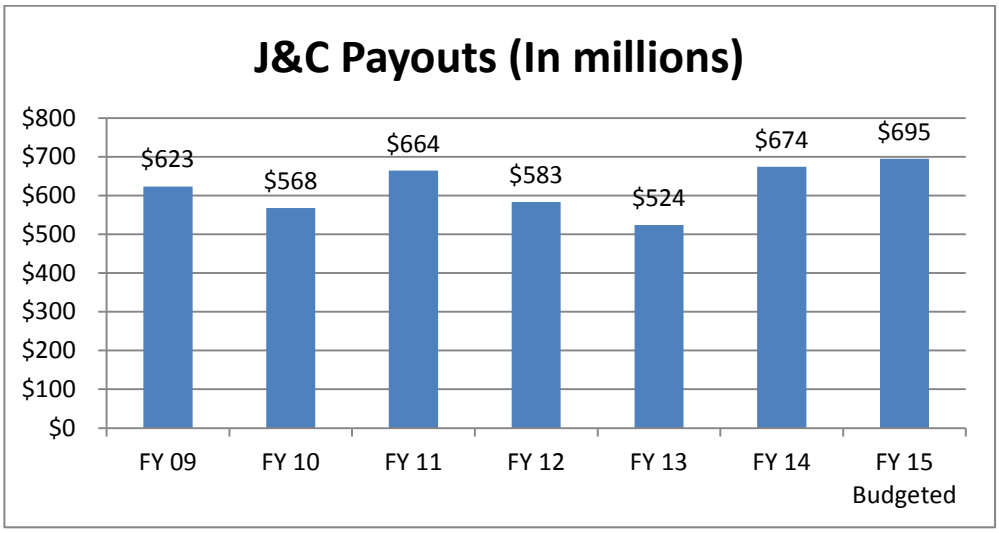
The Department's Fiscal 2016 Executive Budget introduced nearly $9.9 million in new needs and $4.4 million in other adjustments for Fiscal 2016. The majority of the new funding serves to support existing agency operations and initiatives through additional headcount and resources.

- **Litigation Support.** The Fiscal 2016 Executive Plan includes $733,000 in Fiscal 2015 and $5.7 million in Fiscal 2016 for Litigation Support. The Fiscal 2016 Preliminary Budget added $525,000 in baseline funding beginning in Fiscal 2016 for the same purpose. This funding will provide for costs of ongoing litigation, including court mandated expenses stemming from the Teacher Certification case, Stop and Frisk case, FDNY Bias case, and other major cases.
- **Lease Amendment.** Following an annual audit of the Department's expected lease expenses, the Fiscal 2016 Executive Budget adds $2.7 million in Fiscal 2016 only for a lease amendment for the Law Department's 100 Church Street office.
- **Citywide Savings Program.** As part of the Citywide Savings Program, the Law Department identified a budget surplus in Fiscal 2015 of $1.3 million from agency underspending.
- **Additional Labor and Employment Division Staff.** The Fiscal 2016 Executive Plan includes baseline funding of $840,000 beginning in Fiscal 2016 to support ten new full-time positions. The additional staff will be working to address the increased need for electronic discovery.

- **Office of Special Enforcement Increased Headcount.** Baseline funding of $385,000 beginning in Fiscal 2016 was added in the Executive Plan and provides for five additional full-time positions for the Office of Special Enforcement (OSE). The OSE is a multi-agency task force commissioned by the Mayor, comprised of investigators and support staff tasked with the investigation and, at times, the enforcement of the following: unlawful clubs; the conversion of residences to illegal hotels; trademark counterfeiting sales and warehousing; and prostitution and human trafficking locations posing as massage parlors.
- **Siebel Project.** The Fiscal 2016 Executive Plan includes additional funding of $173,409 in Fiscal 2016 for the Siebel Project, a citywide database tracking program intended to provide accurate information for pending litigation. Funding for the Siebel Project was baselined at $1.5 million beginning in Fiscal 2015.

Law Department Budget Issues

Judgment and Claims. The Judgment and Claims (J&C) Budget, which is included in the City's Miscellaneous Budget, totals $695 million in Fiscal 2015 and is projected to reach nearly $817 million by Fiscal 2019. These expenditures represent the City's costs for tort and contract liability. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total costs. These projections incorporate a substantial amount of claims attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City.



Miscellaneous Revenue. The Law Department's miscellaneous revenue sources include: fines from violations to the City's administrative code; revenues for the sale of de-mapped, small non-functional city roads; affirmative judgments and settlements in cases brought by the City; fees for OTPS costs associated with FOIL requests; and reimbursements for worker compensation payouts. The Affirmative Litigation Division oversees the activities of the Department's collection contract. The Executive Budget projects that the Law Department will generate miscellaneous revenue totaling $19.5 million in Fiscal 2015. The majority of revenue, approximately 84 percent, is projected to be generated through affirmative litigation and reimbursements for worker compensation payouts. Miscellaneous revenue generated through

affirmative litigation varies considerably from year to year depending on the type and size of pending cases.

Preliminary Budget Highlights. Since Adoption of the Fiscal 2015 budget, the Law Department's budget reflects an overall increase of approximately $14 million, with $15 million added to personal services for 95 new full-time positions and a $1.3 million decrease in other than personal services. Two budget actions introduced in the Fiscal 2016 Preliminary Budget significantly contributed to the overall agency change.

- **Reduced Reliance on Contractors**. The Fiscal 2016 Preliminary Plan reflected a headcount adjustment which enables the Law Department to hire 21 City employees instead of utilizing outside contractors. Of the 21 positions, six would be assigned to the Appeals Division, two for the Family Court Division, ten for the Tort Division and three to the Litigation Support Division. These budget actions reduce the Department's contract budget while increasing its personal services budget by a similar amount.
- **Additional Tort Unit Staff, Vertical Case Handling**. The Fiscal 2016 Preliminary Plan included $3.2 million in baseline funding for additional Tort Division staff that would vertically handle certain civil cases brought against the New York Police Department from start to finish instead of moving cases between lawyers at different stages of litigation. This funding adds 40 full-time positions, including 30 attorneys and ten support staff. The Law Department expects that this will be a more efficient way to handle claims and lead to more desirable outcomes, and deter frivolous lawsuits as a result.

Appendix 1: Law Department Fiscal 2016 Executive Budget Actions

	Fiscal 2015			Fiscal 2016		
Dollars in Thousands	**City**	**Non-City**	**Total**	**City**	**Non-City**	**Total**
Law Dept. Budget as of the Fiscal 2016 Preliminary Plan	**$172,402**	**$10,488**	**$182,890**	**$164,111**	**$7,474**	**$171,585**
New Needs						
Lease Amendment	$0	$0	$0	$2,732	$0	$2,732
Labor & Employment Headcount Increase	0	0	0	840	0	840
Litigation Support	733	0	733	5,722	0	5,722
Office of Special Enforcement	0	0	0	385	0	385
Siebel Project	0	0	0	173	0	173
Subtotal New Needs	**$733**	**$0**	**$733**	**$9,853**	**$0**	**$9,853**
Other Adjustments						
Administrative OTPS Savings	($1,311)	$0	($1,311)	$0	$0	$0
Couch White Consulting Service	0	50	50	0	0	0
CSBA Collective Bargaining	16	7	24	17	8	25
CWA Collective Bargaining	129	5	134	126	5	132
Heat, Light and Power	(25)	0	(25)	(19)	0	(19)
Salary Adjustment	0	6	6	0	0	0
Lease Adjustment	0	0	0	291	0	291
OTPS Rollover	(3,965)	0	(3,965)	3,965	0	3,965
Subtotal Other Adjustments	**($5,156)**	**$69**	**($5,087)**	**$4,380**	**$14**	**$4,393**
TOTAL All Changes	**($4,423)**	**$69**	**($4,354)**	**$14,232**	**$14**	**$14,246**
Law Dept. Budget as of the Fiscal 2016 Executive Plan	**$167,979**	**$10,557**	**$178,536**	**$178,343**	**$7,488**	**$185,831**

Appendix 2: DOC Budget Actions since Fiscal 2015 Adoption

	Fiscal 2015			Fiscal 2016		
Dollars in Thousands	City	Non-City	Total	City	Non-City	Total
Law Dept. Budget as of the Fiscal 2015 Adopted Plan	**$164,800**	**$6,977**	**$171,777**	**$150,015**	**$6,977**	**$156,992**
New Needs						
Vertical Case Handling	$0	$0	$0	$3,222	$0	$3,222
Additional Apeals Div Staff (8)	0	0	0	707	0	707
FOIL Compliance - OTPS	405	0	405	0	0	0
Additional Staff- Special Federal Matters (10)	0	0	0	930	0	930
Litigation Support - OTPS	1,956	0	1,956	525	0	525
Special Merit Program	0	0	0	1,900	0	1,900
Additional Lease Expenses	0	0	0	553	0	553
OTPS Adjustment	520	0	520	0	0	0
Lease Amendment	0	0	0	2,732	0	2,732
Labor & Employment Headcount Increase	0	0	0	840	0	840
Litigation Support	733	0	733	5,722	0	5,722
Office of Special Enforcement	0	0	0	385	0	385
Siebel Project	0	0	0	173	0	173
Subtotal New Needs	**$3,614**	**$0**	**$3,614**	**$17,690**	**$0**	**$17,690**
Other Adjustments						
Collective Bargaining Adjustments	$1,109	$67	$1,176	$1,723	$105	$1,828
Labor Transfer for Non-Union Employees	14	154	168	15	196	211
Salary Increases and Adjustments	3,590	0	3,590	4,513	0	4,513
Other Categorical-NYC&co Agreement	0	255	255	0	0	0
Misc City Adjustments	8	0	8	8	0	8
Federal Funding	0	121	121	0	97	97
Intra-City Adjustments	0	2,914	2,914	0	99	99
Administrative OTPS Savings	(1,311)	0	(1,311)	0	0	0
Couch White Consulting Service	0	50	50	0	0	0
CSBA Collective Bargaining	16	7	24	17	8	25
CWA Collective Bargaining	129	5	134	126	5	132
Heat, Light and Power	(25)	0	(25)	(19)	0	(19)
Salary Adjustment	0	6	6	0	0	0
Lease Adjustment	0	0	0	291	0	291
OTPS Rollover	(3,965)	0	(3,965)	3,965	0	3,965
Subtotal Other Adjustments	**($435)**	**$3,580**	**$3,145**	**$10,639**	**$511**	**$11,149**
TOTAL All Changes	**$3,179**	**$3,580**	**$6,759**	**$28,328**	**$511**	**$28,839**
Law Dept. Budget as of the Fiscal 2016 Executive Plan	**$167,979**	**$10,557**	**$178,536**	**$178,343**	**$7,488**	**$185,831**