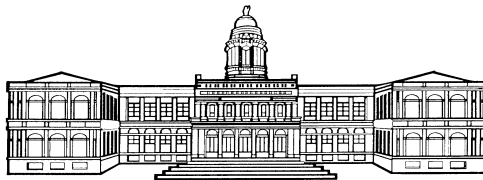


THE COUNCIL OF THE CITY OF NEW YORK

Finance Division



Hearing
on the Fiscal 2010 Executive Budget
for the
Department of Consumer Affairs

Tuesday, May 12, 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

Department of Consumer Affairs (866)

Agency Overview

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.

Expense Budget Highlights

DCA's Fiscal 2010 Executive Budget includes a Program to Eliminate the Gap (PEG) related to reducing its vehicle fleet in the amount of \$75,300 in Fiscal 2010 and \$9,300 in Fiscals 2011-2013. The Executive Budget also includes other adjustments consisting of: an increase of \$127,000 in Fiscal 2009 for 311-related marketing for the Center for Economic Opportunity; a reduction of \$6,329 in Fiscal 2009 and outlays of \$15,784 in Fiscals 2010-2013 for heat, light, and power; and collective bargaining increases of \$126,000 in Fiscal 2009, \$229,000 in Fiscal 2010, and \$244,000 in Fiscals 2011-2013.

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Personal Services | \$15,391,562 | \$14,402,436 | \$14,884,892 | \$15,113,825 |
| Other than Personal Services | \$5,121,468 | \$5,671,888 | \$5,094,876 | \$5,035,360 |
| Total | \$20,513,030 | \$20,074,324 | \$19,979,768 | \$20,149,185 |
| Funding | | | | |
| City | NA | \$18,662,068 | \$18,684,692 | \$18,854,109 |
| State | NA | \$117,180 | \$0 | \$0 |
| IntraCity | NA | \$1,295,076 | \$1,295,076 | \$1,295,076 |
| Total | \$20,513,030 | \$20,074,324 | \$19,979,768 | \$20,149,185 |
| Headcount | | | | |
| Full-time Positions | 263 | 259 | 259 | 259 |

Executive Budget Overview

Since the Fiscal 2009 Budget was adopted in June, the Office of Management and Budget has thrice 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 and another four percent sought in April.

PEGs reduce the City's budget gap either by reducing an agency's City tax-levy Expense Budget spending, or by increasing City revenues. DCA was excluded from submitting PEG proposals until the Executive Budget because it is a fee-supported agency. In the Fiscal 2010 Executive Budget, DCA had the following PEG:

- **Fleet-Related Expense Reductions.** Embracing an alternative savings proposal made by the City Council, OMB included in the November Plan lump sum reductions in City funds associated with a citywide fleet reduction. These lump sum reductions included \$20 million in Fiscal 2010 associated with the purchase of fewer vehicles, and \$2 million annually beginning in Fiscal 2011 associated with lowered vehicle maintenance costs. The Executive Plan now zeroes out this lump sum figure and apportions the savings throughout the City's many agencies. For DCA, the Executive Plan shows a fleet reduction savings of \$75,300 in Fiscal 2010 and a vehicle maintenance savings of \$9,300 in Fiscal 2011 and the outyears. This action would reduce the agency's fleet by three vehicles.

Other adjustments from the Fiscal 2010 Executive Budget include:

- **311 Related Activities.** There is an increase \$127,000 in Fiscal 2009 for services related to the city's 311 program. These are CEO (the Mayor's Center for Economic Opportunity) funds housed at DoITT for 311 marketing. The funds were used by DCA's Office of Financial Empowerment for DCA's fall City-wide Debt Awareness campaign. It allowed DCA to purchase a four-week, 1,000 Spanish-language subway ad campaign; Spanish and Chinese-language print ads; translate and print Spanish and Chinese-language palm cards; translate and print of "Debt Stress Tips"; translate press release and tips in Spanish, Chinese and Russian to send to foreign language community papers; and translate a Spanish-language radio public service announcement.
- **Collective Bargaining.** There is an increase of \$126,000 in Fiscal 2009, \$229,000 in Fiscal 2010 and \$244,000 in Fiscals 2011-2013 for collective bargaining costs.
- **Heat, Light and Power.** There is a decrease of \$6,329 in Fiscal 2009 and an increase of \$15,784 in Fiscals 2010-2013 related to DCA's heat, light and power budget.

Other changes since the Fiscal 2009 Adopted Budget include:

Fiscal 2010 Preliminary Budget:

- **Collective Bargaining.** There was an increase of \$808,140 in Fiscals 2010-2013 for collective bargaining costs.
- **Office of Financial Empowerment.** There was an increase of \$2.1 million in Fiscal 2010 to increase financial capacity and education for economically disadvantaged individuals.

Fiscal 2009 November Budget:

- **Collective Bargaining.** There was an increase totaling \$2,584 in Fiscals 2010-2013 for collective bargaining costs.

Units of Appropriation 001

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|---------------------|----------------------|---------------------|-------------------------|-----------------------|
| Spending | | | | |
| Administration | \$1,914,365 | \$2,015,660 | \$2,057,613 | \$2,087,297 |
| Total | \$1,914,365 | \$2,015,660 | \$2,057,613 | \$2,087,297 |
| Funding | | | | |
| City | NA | \$2,015,660 | \$2,057,613 | \$2,087,297 |
| Total | NA | \$2,015,660 | \$2,057,613 | \$2,087,297 |
| Headcount | | | | |
| Full-time Positions | NA | 29 | 29 | 29 |

The increase in funding for the administration unit of appropriation (001) reflects collective bargaining costs.

Units of Appropriation 002

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|-----------------------|----------------------|---------------------|-------------------------|-----------------------|
| Spending | | | | |
| Licensing/Enforcement | \$11,463,440 | \$10,302,154 | \$10,681,169 | \$10,808,475 |
| Total | \$11,463,440 | \$10,302,154 | \$10,681,169 | \$10,808,475 |
| Funding | | | | |
| City | NA | \$9,196,217 | \$10,681,169 | \$10,808,475 |
| State | NA | \$87,768 | \$0 | \$0 |
| Intra-City | NA | \$1,018,169 | \$0 | \$0 |
| Total | NA | \$10,302,154 | \$10,681,169 | \$10,808,475 |
| Headcount | | | | |
| Full-time Positions | NA | 189 | 189 | 189 |

The increased funding in the licensing/enforcement unit of appropriation (002) is the result of collective bargaining costs.

Units of Appropriation 004

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|---------------------|----------------------|---------------------|-------------------------|-----------------------|
| Spending | | | | |
| Adjudication | \$2,013,757 | \$2,084,622 | \$2,146,110 | \$2,218,053 |
| Total | \$2,013,757 | \$2,084,622 | \$2,146,110 | \$2,218,053 |
| Funding | | | | |
| City | NA | \$2,084,622 | \$2,146,110 | \$2,218,053 |
| Total | NA | \$2,084,622 | \$2,146,110 | \$2,218,053 |
| Headcount | | | | |
| Full-time Positions | NA | 41 | 41 | 41 |

The increase in funding for the adjudication unit of appropriation (004) reflects collective bargaining costs.

Units of Appropriation 003

| | 2008 Actual Expenses | 2009 Adopted Budget | 2010 Preliminary Budget | 2010 Executive Budget |
|------------------------------|-------------------------|------------------------|----------------------------|--------------------------|
| Spending | | | | |
| Other Than Personal Services | \$5,121,468 | \$5,671,888 | \$5,094,876 | \$5,035,360 |
| Total | \$5,121,468 | \$5,671,888 | \$5,094,876 | \$5,035,360 |
| Funding | | | | |
| City | NA | \$5,365,569 | \$5,094,876 | \$5,035,360 |
| State | NA | \$29,412 | \$0 | \$0 |
| Intra-City | NA | \$276,907 | \$0 | \$0 |
| Total | NA | \$5,671,888 | \$5,094,876 | \$5,035,360 |

The decrease in funding for the other than personal services unit of appropriation (003) is the net result of an increase of \$15,784 in DCA's heat, light and power budget and a PEG of \$75,300 related to a reduction in the agency's fleet.

Supplemental Tables

Summary of Changes Since June 2009 Plan

City Funds only, \$\$ 000's

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| June 2009 Plan | \$18,662 | \$15,692 | \$15,477 | \$15,477 | \$15,477 |
| New Needs | \$0 | \$0 | \$0 | \$0 | \$0 |
| Collective Bargaining | \$660 | \$1,040 | \$1,055 | \$1,055 | \$1,055 |
| Other Adjustments | (\$6) | \$2,198 | \$16 | \$16 | \$16 |
| PEG's | \$0 | (\$75) | (\$9) | (\$9) | (\$9) |
| Exec 2010 Plan | \$19,316 | \$18,855 | \$16,539 | \$16,539 | \$16,539 |

Executive Budget Actions

The following table summarizes changes to the Fiscal 2009 and 2010 budgets since the Fiscal 2010 Preliminary Budget was released. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes.

| Description | Fiscal 2009 | | | Fiscal 2010 | | |
|--|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
| | City | Non-City | Total | City | Non-City | Total |
| Agency Budget as per the January Plan | \$19,197 | \$3,791 | \$22,988 | \$18,685 | \$1,295 | \$19,980 |
| Executive Plan Programs to Eliminate the Gap (PEGs) | | | | | | |
| Fleet-Related Expense Reduction | \$0 | \$0 | \$0 | (\$75) | \$0 | (\$75) |
| Total PEGs | \$0 | \$0 | \$0 | (\$75) | \$0 | (\$75) |
| Executive Plan Other Adjustments | | | | | | |
| 311 Related Expenses | \$0 | \$127 | \$127 | \$0 | \$0 | \$0 |
| Collective Bargaining | \$126 | \$0 | \$126 | \$229 | \$0 | \$229 |
| Heat, Light and Power | (\$6) | \$0 | (\$6) | \$16 | \$0 | \$16 |
| Total Other Adjustments | \$120 | \$127 | \$247 | \$245 | \$0 | \$245 |
| Total Executive Plan Budget Changes | \$120 | \$127 | \$247 | \$169 | \$0 | \$169 |
| Agency Budget as per the Executive Plan | \$19,317 | \$3,918 | \$23,235 | \$18,854 | \$1,295 | \$20,149 |