

THE COUNCIL OF THE CITY OF NEW YORK



Hon. Christine C. Quinn
Speaker of the Council

Hon. Gale A. Brewer
Chair, Committee on Governmental Operations

Hearing on the Fiscal 2014 Preliminary Budget

Financial Information Service Agency (FISA) and Office of Payroll
Administration (OPA)

March 14, 2013

Latonia McKinney, Deputy Director
John Russell, Principal Legislative Financial Analyst

Finance Division
Preston Niblack, Director
Jeffrey Rodus, First Deputy Director

Table of Contents

Agency Overviews.....	2
Financial Information Services Agency (FISA)	2
Office of Payroll Administration (OPA).....	2
Fiscal 2013 Preliminary Plan Highlights.....	2
FISA Financial Summary	3
OPA Financial Summary	4
Citywide Information Technology Systems	5
CityTime	5
New York City Automated Payroll System (NYCAPS)	5
Financial Management System (FMS)	6
FISA Lump Sum Capital Project Line	6
Appendix A: Budget Actions in the November and Preliminary Plans	7
FISA.....	7
OPA.....	7
Appendix B: Contract Budget	8
FISA.....	8
OPA.....	8

Agency Overviews

Financial Information Services Agency (FISA)

FISA controls and coordinates data processing functions and operations for the City's payroll, accounting and purchasing systems; manages the citywide financial management system (FMS); generates and distributes reports for accounting and budget oversight; and provides on-line access to budgetary or related data for use by city managers and others. FISA also maintains the operational integrity of the payroll management system (PMS) and the integrated comprehensive contracts information system (ICCIS). FISA is jointly controlled by the Mayor and the Comptroller, as defined by the City Charter.

Office of Payroll Administration (OPA)

OPA is responsible for establishing payroll policy, coordinating payroll related matters between City agencies and affected covered organizations, and developing uniform procedures for payroll processing and development. OPA is also responsible for the distribution of payrolls, the accounting for payrolls, administration of payroll deductions, check distribution services, maintenance of the integrity and accuracy of the payroll management system (PMS), and supporting the development and implementation of PMS.

This report provides a review of the Fiscal 2014 Preliminary Budgets of both FISA and OPA. In the first section the highlights of the plan are presented. The report then presents the financial summaries of both agencies and discusses actions included in the November and Preliminary Financial Plans. Finally, the report provides a review of citywide IT systems maintained and operated by the two agencies and a review of FISA's and OPA's contract budgets.

Fiscal 2013 Preliminary Plan Highlights

- **FISA Fiscal 2013 Budget Surplus.** FISA is projecting a budget surplus totaling \$9.1 million in Fiscal 2013 as a result of reductions in IT system maintenance costs and delays in hiring. (see page 3)
- **OPA PS Surplus.** OPA will generate baseline savings of \$2.8 million beginning in Fiscal 2014 by eliminating 20 vacant positions. (see page 4)
- **FISA's New Needs.** FISA has identified baseline new needs totaling \$1.8 million beginning in Fiscal 2014 which includes new positions and funding for the PeopleSoft licenses for the Retirees Project. (see page 4)

FISA Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Prelim. Plan	2014 Prelim. Plan	*Difference 2013 - 2014
Spending					
Personal Services	\$31,948	\$40,106	\$38,937	\$42,294	\$2,188
Full-Time Salaried – Civilian	30,814	39,419	38,238	41,608	2,188
Other Salaried & Unsalaries	102	113	113	113	0
Additional Gross Pay	904	406	406	406	0
Overtime - Civilian	128	168	179	168	0
Other Than Personal Services	\$51,252	\$59,413	\$52,027	\$49,506	(\$9,907)
Supplies and Materials	2,034	4,033	2,285	2,321	(1,712)
Property and Equipment	34	114	99	114	0
Other Services and Charges	10,719	11,427	11,435	11,433	7
Contractual Services	38,460	43,840	38,208	35,638	(8,202)
Fixed and Misc. Charges	4				0
TOTAL	\$83,199	\$99,519	\$90,963	\$91,800	(\$7,719)
Funding					
City Funds		\$94,936	\$84,839	\$91,800	(\$3,136)
Capital-IFA		4,583	4,583	0	(4,583)
Intra-City		0	1,526	0	0
TOTAL	\$83,199	\$99,519	\$90,948	\$91,800	(\$7,719)
Positions					
Full-Time Positions - Civilian	383	433	433	432	(1)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 Preliminary Plan funding.*

In the Preliminary Plan, funding in Fiscal 2014 for contractual services account for 38.8 percent of FISA's budget, much of which goes toward the maintenance of several citywide IT systems. The Agency relies almost entirely on City tax-levy funding which comprises 93.2 percent of FISA's total funding in Fiscal 2013.

At Adoption, FISA identified a \$4.5 million year-end surplus for Fiscal 2012. The decrease in FISA's Fiscal 2013 budget since Adoption can be attributed to the Agency's current year \$10.8 million Program to Eliminate the Gap, which includes the recognition of a \$9.1 million budget surplus.

The following are actions that will impact the Fiscal 2013 and 2014 budgets.

- FISA Fiscal 2013 Budget Surplus.** FISA is projecting a budget surplus totaling \$9.1 million in Fiscal 2013. Of that total, \$7.6 million is a result of a reduction in IT system maintenance costs and \$1.5 million is the result of delays in hiring. As the Agency increases its in-house staff to replace contracted personnel, annual costs associated with various IT systems, most notably CityTime, are projected to decrease.
- Alternative Data Center Operation Cost Reduction.** FISA has identified baseline savings of \$1.8 million beginning in Fiscal 2013 for projected operating expenses of the Agency's Alternative Data Center. These expenses will be covered by the Center's lease agreement.

- **FISA's New Needs.** FISA has identified baseline new needs totaling \$1.8 million beginning in Fiscal 2014. The plan includes the addition of five new positions for the operation of the Retirees Application, three positions to maintain the Debt Management System and two additional FMS staff. The plan also includes \$400,000 per year for the PeopleSoft licenses for the Retirees Project.

OPA Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Prelim Plan	2014 Prelim Plan	*Difference 2013 - 2014
Spending					
Personal Services	\$11,961	\$17,824	\$17,619	\$16,168	(\$1,656)
Full-Time Salaried – Civilian	10,127	16,464	16,364	15,464	(999)
Other Salaried & Unsalariated	546	833	162	169	(664)
Additional Gross Pay	439	367	367	371	3
Overtime - Civilian	30	160	160	164	4
PS Other	819	0	566	0	0
Other Than Personal Services	\$2,265	\$3,525	\$3,746	\$11,446	\$7,921
Supplies and Materials	54	155	97	155	0
Property and Equipment	38	45	52	45	0
Other Services and Charges	1,142	(763)	444	403	1,166
Contractual Services	1,028	4,086	3,151	10,841	6,755
Fixed and Misc. Charges	3	2	2	2	0
TOTAL	\$14,226	\$21,349	\$21,366	\$27,614	\$6,265
Funding					
<i>City Funds</i>		\$21,349	\$20,972	\$27,614	\$6,265
<i>Other Categorical</i>			394		\$0
TOTAL	\$14,226	\$21,349	\$21,366	\$27,614	\$6,265
Positions					
Full-Time Positions - Civilian	209	224	224	203	(21)

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 Preliminary Plan funding.

In the Preliminary Plan, OPA's Fiscal 2014 Budget totals \$27.6 million, an increase of \$6.3 million when compared to the Agency's Fiscal 2013 Adopted Budget. The increase is the result of a projected surplus identified in the June 2012 Financial Plan which lowered the Agency's Fiscal 2013 budget at Adoption. The June Plan also recognized an even larger year-end surplus in Fiscal 2012 which resulted in much lower actual expenditures than were budgeted for that year.

The following action will impact the 2014 budget.

- **OPA PS Surplus.** OPA will generate baseline savings of \$2.8 million beginning in Fiscal 2014 by eliminating 20 vacant positions. As the functional responsibility for the operation of CityTime is transferred to FISA, the OPA has identified positions that are no longer needed.

Citywide Information Technology Systems

In coordination with several City agencies, FISA and OPA play a significant role in the planning, maintenance and management of upgrades of many of the City's large scale IT systems, most notably NYCAPS, the City's Financial Management System and CityTime. Because these systems are part of the City's infrastructure, costs associated with system development and upgrades are funded through the capital budget. Funding for these projects is in the Citywide Equipment (PU) Capital Budget.

In an effort to track the budgets of large-scale capital projects, the Council passed Introduction No. 707-A on March 14, 2012, requiring the City to notify the Council when a capital contract over \$10 million is modified and increases in cost by 20 percent. The bill was signed into law on March 26, 2012 as Local Law 18.

Prompt notification to the Council about such cost overruns would allow the Council to exercise its oversight function to determine whether continued funding for a project is appropriate, or whether changes need to be made to ensure that a project's costs do not keep ballooning.

CityTime

CityTime is the web-based citywide municipal employee timekeeping system that serves over 80 City agencies. The project, which was originally projected to cost \$63 million, increased to over \$700 million and was the subject of a federal fraud investigation.

In March of 2012, SAIC, the main contractor of CityTime, agreed to pay back \$500 million in restitution and penalties for "defrauding the city into significantly overpaying" for services. CityTime's final cost is estimated to be between \$134 million and \$186 million.

In June of 2011, an agreement was reached between the Comptroller and the Mayor's Office on the operation of the CityTime system. The agreement called for a gradual transfer of the management of the system from outside consultants to city employees, which will save the City more than \$20 million per year.

New York City Automated Payroll System (NYCAPS)

NYCAPS is the City's employee self-service system that allows instant access to human resources, payroll, tax and benefits data. The initial projected cost of the project was estimated at \$66 million in 2002 and has increased significantly to its current projected cost of \$335 million. The Administration sites the project's expanded scope as reason for this increase, while critics point to lack of leadership and mismanagement contributing significantly to rising costs and delays.

The Preliminary Capital Plan includes planned commitments totaling approximately \$21.5 million for NYCAPS in Fiscal 2013. The project is expected to be completed this year. FISA is the lead agency for the management of this project and Accenture is the primary contractor.

Financial Management System (FMS)

FMS is the City's computerized accounting and financial data management system. The City continuously upgrades the system's wide ranging functions and the Preliminary Capital Plan includes planned commitments totaling approximately \$11.3 million for the FMS. FISA is the lead agency for the management of this project.

FISA Lump Sum Capital Project Line

The Capital Plan also includes FISA Electronic Data Processing (EDP) equipment lump sum project lines (current year, out years) that operate as holding codes. Funding is transferred from these lines as needs are identified. In the Preliminary Capital Plan for Fiscal 2013-2016, planned commitments totaling approximately \$88.8 million are allocated for FISA EDP equipment and infrastructure.

Appendix A: Budget Actions in the November and Preliminary Plans

FISA

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of Adopted FY 2013 Plan	\$94,936	\$4,583	\$99,519	\$91,787	\$0	\$91,787
Program to Eliminate the Gap (PEGs)						
Alt. Data Center Operation	(1,712)	-	(1,712)	(1,763)	-	(1,763)
Maintenance Surplus	(7,600)	-	(7,600)	-	-	0
PS Surplus	(1,500)	-	(1,500)	-	-	0
TOTAL, PEGs	(\$10,812)	\$0	(\$10,812)	(\$1,763)	\$0	(\$1,763)
New Needs						
Retirees Staff & Software	615	-	615	1,030	-	1,030
Debt Management Staff	-	-	0	350	-	350
FMS Mailing	100	-	100	-	-	0
FMS Staff	-	-	0	220	-	220
TOTAL, New Needs	\$715	\$0	\$715	\$1,600	\$0	\$1,600
Other Adjustments						
Staff Transfer	-	-	0	176	-	176
TOTAL, Other Adjustments	\$0	\$0	\$0	\$176	\$0	\$176
TOTAL, All Changes	(\$10,097)	\$0	(\$10,097)	\$13	\$0	\$13
Agency Budget as of Prelim. FY 2014 Plan	\$84,839	\$4,583	\$89,422	\$91,800	\$0	\$91,800

OPA

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of Adopted FY 2013 Plan	\$21,349	\$0	\$21,349	\$29,627	\$0	\$29,627
Program to Eliminate the Gap (PEGs)						
PS Surplus	(963)	-	(963)	(2,288)	-	(2,288)
TOTAL, PEGs	(\$963)	\$0	(\$963)	(\$2,288)	\$0	(\$2,288)
Other Adjustments						
Fringe Offset	192	-	192	452	-	452
Staff Transfer	-	-	0	(177)	-	(177)
Other Categorical Adjustments	-	394	394	-	-	0
TOTAL, Other Adjustments	\$192	\$394	\$586	\$275	\$0	\$275
TOTAL, All Changes	(\$771)	\$394	(\$377)	(\$2,013)	\$0	(\$2,013)
Agency Budget as of Prelim. FY 2014 Plan	\$20,578	\$394	\$20,972	\$27,614	\$0	\$27,614

Appendix B: Contract Budget

FISA

Category	Number	Budgeted	Pct of (xxx) Total	Pct of City Total
Maint & Repair, General	1	\$29,200	0.08%	0.03%
Data Processing Equipment	58	\$28,237,204	79.23%	14.29%
Temporary Services	1	\$22,500	0.06%	0.06%
Training Programs for City Employees	1	\$60,000	0.17%	0.39%
Professional Services: Computer Services	3	\$7,289,302	20.45%	7.43%
Fiscal 2014 Preliminary Budget	64	\$35,638,206	100%	0.32%

FISA's Fiscal 2014 Contract Budget totals \$35.6 million for 64 contracts. Because the Agency is responsible for maintaining several citywide IT systems, contracts for data processing services comprises 79.2 percent of its total contract budget and 14.3 percent of all data processing contracts citywide.

OPA

Category	Number	Budgeted	Pct of OPA Total	Pct of City Total by Cat.
Contractual Services General	1	\$780,977	7.20%	0.17%
Maint & Repair, General	1	\$9,000	0.08%	0.01%
Office Equipment Maintenance	1	\$16,500	0.15%	0.13%
Data Processing Equipment	1	\$880,867	8.13%	0.45%
Printing Contracts	1	\$12,025	0.11%	0.04%
Temporary Services	1	\$17,900	0.17%	0.05%
Cleaning Services	1	\$2,000	0.02%	0.01%
Training Programs for City Employees	1	\$4,000	0.04%	0.03%
Professional Services: Computer Services	3	\$9,117,986	84.10%	9.29%
Fiscal 2014 Preliminary Budget	11	\$10,841,255	100.00%	0.10%

OPA's Fiscal 2014 Contract Budget totals \$10.8 million for 11 contracts. Because the Agency is in part responsible for the operation of multiple citywide IT systems, including CityTime and NYCAPS, computer services contracts make up 84.1 percent of its total contract budget and 9.3 percent of all computer service contracts citywide.