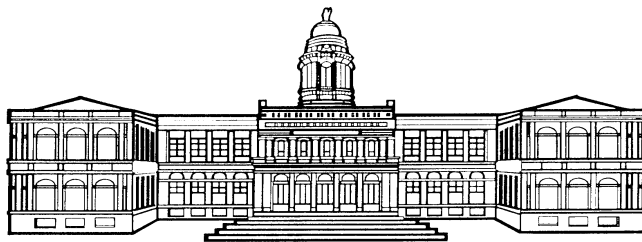


New York City Council



BUDGET REPORT

Finance Division

March 2009

***Analysis of the
Fiscal 2010 Preliminary Budget
and
Fiscal 2009 Preliminary Mayor's Management Report
for the
Business Integrity Commission
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 12:30 pm., the Committee on Consumer Affairs, chaired by the Hon. Leroy Comrie, will hold a hearing on the Mayor's Fiscal 2010 Preliminary Budget and Fiscal 2009 Preliminary Mayor's Management Report for the Business Integrity Commission.

Section 236 of the New York City Charter requires the Mayor to submit by January 16th a preliminary budget for the upcoming fiscal year.^a In addition, under section 12 of the City Charter, the Mayor must make public and submit to the Council by January 30th the Preliminary Mayor's Management Report (PMMR) for the current fiscal year.^b 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."^c The Charter also requires the Council to hold hearings on the preliminary budget and to submit recommendations to the Mayor by March 25th.^d 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 Business Integrity Commission is not a program budget agency.

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

^a 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 30th, and the date for the Council's Response to the Preliminary Budget to April 8th.

^b Local Law 03 of 2009 changed the date of submission of the PMMR to February 13, 2009.

^c New York City Charter, §12(b)(2).

^d *See id.* at §247.

Business Integrity Commission (829)

The Business Integrity Commission (BIC), a consolidation of the Trade Waste Commission and the Gambling Control Commission, is the regulatory body charged with licensing and overseeing the private carting industry, which includes over 100 commercial carters, the 200 plus businesses in the city's seven public wholesale markets, and shipboard gambling, all of which have traditionally been susceptible to incursion by organized crime. BIC vets applicants wishing to operate in New York City and maintains regulatory oversight with the objective of ensuring the continuing honesty of its licensees.

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 BIC based on the Fiscal 2010 forecast at the time the Fiscal 2009 Budget was adopted (June 2008).

November and January Plan PEGs for Fiscal 2010 <i>(in 000s)</i>	
Fiscal 2010 Forecast at Fiscal 2009 Adoption (June 2008)	\$6,148
Expense PEGs	\$---
Revenue PEGs	\$740
Total Fiscal 2010 PEGs	\$740
PEGs as a Percent of the Fiscal 2010 Forecast	12%

PRELIMINARY BUDGET HIGHLIGHTS

BIC's Fiscal 2010 Preliminary Budget is decreasing by twelve percent as compared to the Fiscal 2009 Adopted Budget as BIC will generate \$740,000 by increasing private carter license and registration fees (\$430,000) and settling customer register violations (\$310,000). There is also an adjustment of \$2,000 for the CWA Local 1180 members in Fiscal 2009 and \$3,000 in Fiscal 2010 and the outyears for collective bargaining costs. In addition, there is an adjustment of \$106,000 for DC-37 in Fiscal 2009 and \$162,000 in Fiscal 2010 and the outyears for collective bargaining costs.

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	\$6,247,106	\$6,247,106	\$6,314,383
Other Categorical	\$0	\$0	\$0
Capital IFA	\$0	\$0	\$0
State	\$0	\$0	\$0
Community Development	\$0	\$0	\$0
Federal-Other	\$0	\$0	\$0
Intra-City	\$0	\$0	\$0
Total	\$6,247,106	\$6,247,106	\$6,314,383

HEADCOUNT OVERVIEW

Headcount (Uniform and Civilian)	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	67	67	67
Non-City	0	0	0
Total	67	67	67

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 BIC 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	Personal Services	\$4,219,389	\$4,219,389	\$4,360,761	3.35%
002	Other Than Personal Services	\$2,027,717	\$2,027,717	\$1,953,622	-3.65%
	Total Agency	\$6,247,106	\$6,247,106	\$6,314,383	1.08%

FUNDING ANALYSIS

The increase in funding for the personal services unit of appropriation (001) reflects collective bargaining costs. Specifically, there is an adjustment of \$2,000 for CWA Local 1180 members in Fiscal 2009 and

\$3,000 in Fiscal 2010 and the outyears. There is also an adjustment of \$106,000 for DC-37 in Fiscal 2009 and \$162,000 in Fiscal 2010 and the outyears for collective bargaining costs.

The decrease in funding for the other than personal services unit of appropriation (002) reflects lower miscellaneous spending for administration, property, and equipment costs. Important preliminary budget actions to note are as follows:

- **Increased Administrative Violation Fines.** BIC will generate additional revenue by settling customer register violations. The agency will begin to do a more comprehensive review of customer registers for completeness and accuracy, increasing the number of fines issued. This revenue PEG will generate \$310,000 in Fiscal 2010 and the outyears.
- **Increase Private Carter License & Registration Fees.** BIC will generate additional revenue by updating Private Carter Licenses and Registration application fees based on current costs. The agency will generate \$430,000 in additional revenue in Fiscal 2010 and the outyears.

During the first four months of Fiscal 2009, BIC more than doubled the number of carting background investigations completed due to the work of the new Background Intelligence Unit, which was created at the end of Fiscal 2008.

Moreover, BIC issued four times the number of carting violations during the first four months of Fiscal 2009 compared to the same period of Fiscal 2008. Violations for unlicensed and unregistered carters and vehicles not registered with BIC accounted for most of the increase.

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 BIC.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the November Plan	\$6,249	\$0	\$6,249	\$6,149	\$0	\$6,149
January Plan Other Adjustments						
Collective Bargaining-Variou	\$109	\$0	\$109	\$166	\$0	\$166
Total Other Adjustments	\$109	\$0	\$109	\$166	\$0	\$166
Total January Plan Budget Changes	\$109	\$0	\$109	\$166	\$0	\$166
Agency Budget as per the January Plan	\$6,358	\$0	\$6,358	\$6,315	\$0	\$6,315