

THE COUNCIL OF THE CITY OF NEW YORK

Speaker of the Council
Christine C. Quinn



Hon. Inez Dickens, Chair, Standard and Ethics Committee

Hearing on the Mayor's Fiscal 2013 Preliminary Budget

Conflicts of Interest Board

March 22, 2012

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Conflicts of Interest Board (COIB) Overview

The Conflicts of Interest Board (COIB) implements and interprets the Conflicts of Interest Provisions of Chapter 68 of the New York City Charter. This is accomplished through the training and education of City employees regarding ethical standards and through the issuance of advisory opinions to prospective, current, and former City employees. The Board processes complaints concerning alleged violations of the provisions of Chapter 68, and receives and reviews financial disclosure statements.

This report provides a review of COIB's Preliminary Budget for Fiscal 2013. In the first section the highlights of the Fiscal 2013 Preliminary Budget are presented, along with a discussion of COIB's scope of responsibility. The report then discusses the changes to COIB's budget including all Programs to Eliminate the Gap (PEG's), New Needs and Other Adjustments, that were included in the November and February Financial Plan. Also included is a brief examination of COIB's current budget and staff needs driven by recent City Charter requirements placed on them. COIB has no capital budget or Preliminary Mayor's Management Report indicators.

Fiscal 2013 Preliminary Plan Highlights

	2011	2012	2012	2013	*Difference
<i>Dollars in Thousands</i>	Actual	Adopted	Feb. Plan	Feb. Plan	2012 - 2013
Personal Services	\$1,811	\$1,935	\$1,846	\$1,911	(\$24)
Other Than Personal Services	170	184	166	173	(11)
Agency Total	\$1,981	\$2,119	\$2,011	\$2,084	(\$35)

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

- **Vacancy Elimination.** One vacant clerical position within the Training Unit was eliminated as part of the November Plan.
- **Personal Services (PS) Savings.** The November Plan included a PS PEG for \$96,000 in Fiscal 2012. Savings will be achieved from accruals generated by the delayed hiring of two trainers.
- **Other Than Personal Services (OTPS) Savings.** The November Plan included an across-the-board OTPS reduction of \$18,000 in Fiscal 2012 dropping to \$11,000 in Fiscal 2013 and the outyears.

COIB Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Feb. Plan	2013 Feb. Plan	*Difference 2012 - 2013
Budget by Program Area					
Personal Services	\$1,811	\$1,935	\$1,846	\$1,911	(\$24)
Other Than Personal Services	170	184	166	173	(11)
TOTAL	\$1,981	\$2,119	\$2,011	\$2,084	(\$35)
Funding					
City	\$1,981	\$2,119	\$2,011	\$2,084	(\$35)
TOTAL	\$1,981	\$2,119	\$2,011	\$2,084	(\$35)
Positions					
Full-Time Positions - Civilian	20	23	20	22	(11)
TOTAL	20	23	20	22	(11)

**The difference of Fiscal 2012 Adopted compared to Fiscal 2013 February Plan funding.*

Financial Plan Actions

The Fiscal 2013 Preliminary Budget for the Conflicts of Interest Board is \$35,000 or 1.7 percent less than the agency's Fiscal 2012 Adopted Budget of \$2.1 million. COIB is sustaining a reduction to its PS budget of \$24,000 or 1.2 percent between the Fiscal 2012 Adopted Budget and the Fiscal 2013 Preliminary Budget. It will sustain a reduction to its OTPS budget of \$11,000 or 5.9 percent

The Conflicts of Interest Board generates small amounts of Miscellaneous Revenue from the collection from late filing fees of financial disclosure forms. The February 2012 Plan projects late filing fees totaling \$99,000 in Fiscal 2012 and 2013.

- **Vacancy Elimination.** One vacant clerical position was eliminated within the Training Unit as part of the November Plan. This PEG reduction is projected to generate savings of \$40,000 in Fiscal 2012, \$41,000 in Fiscal 2013, \$42,000 in Fiscal 2014, \$43,000 in Fiscal 2015 and \$44,000 in 2016. This item includes a PEG credit for fringe benefits and is accompanied by an offsetting amount of \$15,000 beginning in Fiscal 2012 and increasing in \$1,000 increments through Fiscal 2016.
- **PS Savings.** The November Plan included a \$96,000 PEG credit from accruals generated by the delayed hiring of two trainers for the remainder of Fiscal 2012. This item includes a PEG credit for fringe benefits and is accompanied by an offsetting amount in Fiscal 2012 of \$31,000. This item is for one year only.
- **OTPS Savings.** The November Plan included an across-the-board OTPS reduction of \$18,000 in Fiscal 2012 dropping to \$11,000 in Fiscal 2013 and the outyears.

Budget Protection and Current Issues

COIB is required to provide ethics training to every public servant every two years. Those public servants most at risk of conflicts of interest (such as elected officials, agency heads and their deputies as well as those without access to a computer, among others) must receive live training, which is, according to COIB, the most effective form of training. COIB has been unable to meet this mandate, however, due to its limited staffing and no additional funding has been given to COIB for this purpose since it was introduced in 2011.

COIB will be requesting expense funding for two additional trainers and at least \$300,000 in capital funding to develop a website for online training which, when fully operational, will have the capacity to offer every City employee ethics training online. COIB is also seeking to develop an application to track City employees who have received training as well as those who have yet to receive training. COIB has convened a working group with the Administration, the Department of Information and Telecommunications Technology and, the Office of Management and Budget to develop the details of this request.

Finally, COIB also continues to advocate for the enactment of a Charter amendment providing it with an independent budget. Such protection has been one of the Board's highest legislative priorities for many years. COIB has the power to sanction violations of the law by the very public officials who set its budget and could serve to undermine the Board's independence in the eyes of the public and of public servants. This could be rectified through a Charter amendment removing the Board's budget from the discretion of the public officials who are subject to the Board's jurisdiction.

Appendix A: Budget Actions in the November and February Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
COIB Budget as of June 2011 Plan	\$2,119	\$0	\$2,119	\$2,120	\$0	\$2,120
Program to Eliminate the Gap (PEGs)						
OTPS Savings	(\$18)	\$0	(\$18)	(\$11)	\$0	(\$11)
PS Savings	(96)	0	(96)	0	0	0
Vacancy Elimination	(40)	0	(40)	(41)	0	(41)
TOTAL, PEGs	(\$154)	\$0	(\$154)	(\$52)	\$0	(\$52)
New Needs						
TOTAL, New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Other Adjustments						
Fringe Adjustment - Vacancy Elimination	\$15	\$0	\$15	\$16	\$0	\$16
Fringe Benefit - PS Savings	31	0	31	0	0	0
TOTAL, Other Adjustments	\$46	\$0	\$46	\$16	\$0	\$16
TOTAL, All Changes	(\$108)	\$0	(\$108)	(\$36)	\$0	(\$36)
COIB Budget as of February 2012 Plan	\$2,012	\$0	\$2,012	\$2,084	\$0	\$2,084