

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Fernando Cabrera
Chair, Committee on Governmental Operations



Report of the Finance Division on the
Fiscal 2019 Preliminary Budget and the
Fiscal 2018 Preliminary Mayor's Management Report for the
Financial Information Services Agency

March 19, 2018

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Financial Information Services Agency Overview

The Financial Information Services Agency (FISA or the Agency) controls and coordinates data processing functions and operations for the City's payroll, accounting and purchasing systems. FISA is jointly controlled by the Mayor and the Comptroller, as defined by the City Charter.

FISA's activities include:

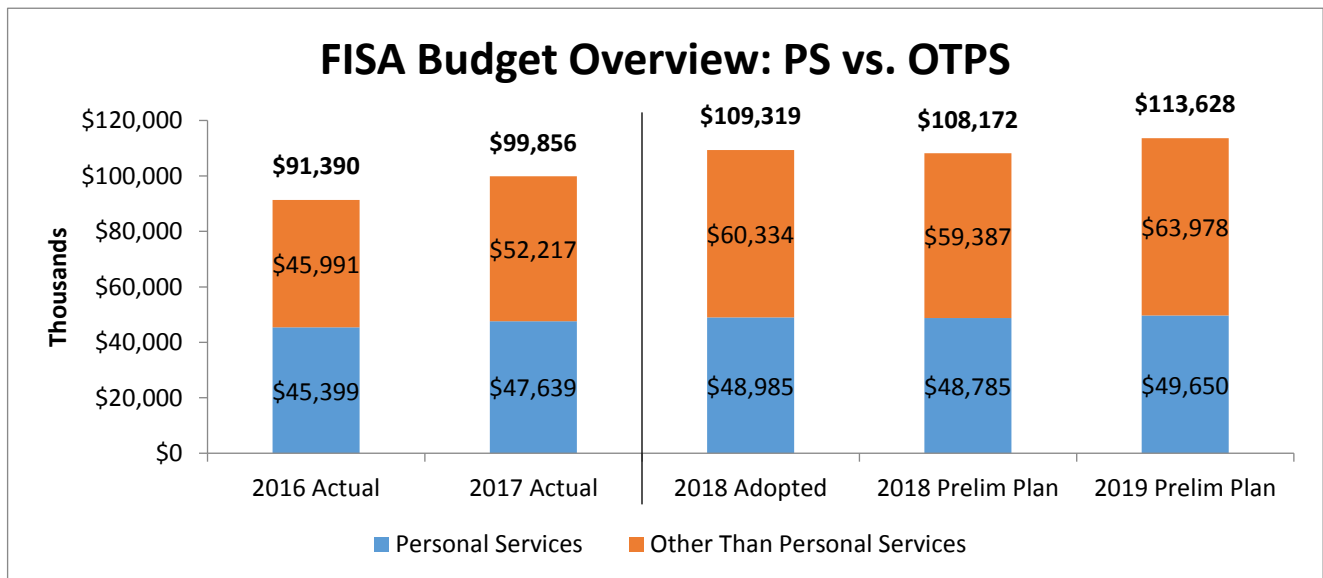
- Managing the citywide Financial Management System (FMS);
- Generating and distributing reports for accounting and budget oversight;
- Providing online access to budgetary or related data for city managers and others; and
- Maintaining the operational integrity of the Payroll Management System (PMS) and the Integrated Comprehensive Contracts Information System (ICCIS).

The Financial Information Services Agency operates closely with the Office of Payroll Administration (OPA), with the two agencies sharing the same Executive Director and housed in the same office building.

Fiscal 2019 Preliminary Budget Highlights

The Financial Information Services Agency's Fiscal 2019 Preliminary Budget totals \$113.6 million, including \$49.7 million in Personal Services (PS) funding to support 460 full-time positions. The entirety of FISA's Fiscal 2019 Budget is funded through the City tax-levy fund. The Agency's budget is subdivided into two units of appropriation (U/As), Personal Services and Other Than Personal Services (OTPS).¹

Figure 1



¹ Units of Appropriation are the subdivisions of the City Expense Budget that the City Council votes upon.

Highlights of FISA's Fiscal 2019 Preliminary Budget

- **New Needs.** Since the Adoption of the Fiscal 2018 Plan, the Financial Information Services Agency has identified \$150,000 in new needs for Fiscal 2018 and \$3.3 million in new needs for Fiscal 2019.
- **Citywide Savings Program.** The Financial Information Services Agency will generate budget savings of \$1.3 million in Fiscal 2018 and \$610,000 in Fiscal 2019 as part of the Citywide Savings Program introduced since the adoption of the Fiscal 2018 Plan.
- **Miscellaneous Revenue.** The Financial Plan projects that the Financial Information Services Agency will generate Miscellaneous Revenue totaling \$300,000 in Fiscal 2019 from Check Fees.

Financial Plan Summary

**Table 1*

FISA Financial Summary						
	FY16	FY17	FY18	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY18	FY19	FY18-FY19
Spending						
Personal Services	\$45,399	\$47,639	\$48,985	\$48,785	\$49,650	\$665
Other Than Personal Services	45,991	52,217	60,334	59,387	63,978	3,644
TOTAL	\$91,390	\$99,856	\$109,319	\$108,172	\$113,628	\$4,309
Personal Services						
Additional Gross Pay	\$1,305	\$1,229	\$406	\$770	\$782	\$376
Full-Time Salaried - Civilian	43,760	46,033	48,282	47,556	48,357	74
Other Salaried & Unsalariated	130	124	124	185	187	63
Overtime - Civilian	204	253	168	275	324	156
P.S. Other	0	0	5	0	0	(5)
SUBTOTAL	\$45,399	\$47,639	\$48,985	\$48,785	\$49,650	\$665
Other Than Personal Services						
Contractual Services	\$28,466	\$27,455	\$29,570	\$29,204	\$32,570	\$3,000
Fixed & Misc. Charges	8	23	0	0	0	\$0
Other Services & Charges	13,348	22,455	27,713	27,301	28,356	\$644
Property & Equipment	75	199	114	148	114	\$0
Supplies & Materials	4,093	2,086	2,937	2,734	2,937	\$0
SUBTOTAL	\$45,991	\$52,217	\$60,334	\$59,387	\$63,978	\$3,644
TOTAL	\$91,390	\$99,856	\$109,319	\$108,172	\$113,628	\$4,309
Funding						
City Funds			\$109,319	\$108,172	\$113,628	\$4,309
TOTAL	\$91,390	\$99,856	\$109,319	\$108,172	\$113,628	\$4,309
Budgeted Headcount						
Full-Time Positions - Civilian	428	429	456	458	460	4
TOTAL	428	429	456	458	460	4

**The difference of Fiscal 2018 Adopted Budget compared to Fiscal 2019 Preliminary Budget.*

The Financial Information Services Agency's Fiscal 2019 Preliminary Budget totals \$123.6 million, including \$49.7 million to support 460 full-time positions. The agency is entirely funded by City tax-levy funds. FISA's Fiscal 2019 Preliminary Budget is \$4.3 million greater than its Fiscal 2018 Adopted Budget. This is largely explained by new needs of \$3.3 million in the Preliminary Plan for the Fiscal 2019 Budget to fund two additional security staff and security related Other Than Personal Services

costs. These new needs are a part of a greater drive to better protect the City's computer systems that contain sensitive information in order to protect the City's and its employees' confidential information.

While FISA's actual expenditures have been rising in recent years, the agency's budget has consistently been significantly higher than actual expenditures, evidenced in the chart above by the fact that FISA's Fiscal 2018 and 2019 Budgets are significantly higher than the Agency's actual spending in the Fiscal 2016 and 2017. This indicates the potential for a budget surplus in the current and upcoming fiscal years.

Citywide Information Technology Systems

In coordination with several City agencies, FISA plays a significant role in the planning, maintenance and management of many of the City's large scale IT systems, most notably NYCAPS, the City's Financial Management System and CityTime. As these systems are part of the City's infrastructure, costs associated with system development and upgrades are funded through the Capital Budget. For more information on FISA capital projects, please see the section "Capital Program" in this report.

In an effort to track the budgets of large-scale capital projects, the Council passed Local Law 18 of 2012 requiring the City to notify the Council when a capital contract over \$10 million is modified and increases in cost by 20 percent.

Prompt notification to the Council about such cost overruns allows 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 does not continue to increase.

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.

FISA's Fiscal 2019 Preliminary Budget includes \$9.4 million in OTPS funding for CityTime system maintenance. PS funding of \$3.9 million to support 51 budgeted positions are found in the Office of Payroll Management's Budget for the operation and maintenance of CityTime. In the Preliminary Capital Plan, there are planned commitments of \$5.2 million for CityTime project. This funding includes core user interface and datacenter infrastructure upgrades under FISA's direct purview (\$738,000), as well as funding for CityTime implementation for the Office of Payroll Administration (\$1.8 million) and the Police Department (\$2.7 million).

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. Its approximate total cost of development was \$335 million, while the City continues to improve and expand the system. There is OTPS funding of \$6.5 million in FISA's budget for the maintenance of NYCAPS in the Fiscal 2019 Preliminary Budget. In the Preliminary Capital Plan, there planned commitments of \$140,000 for NYCAPS in Fiscal 2018.

Financial Management System (FMS)

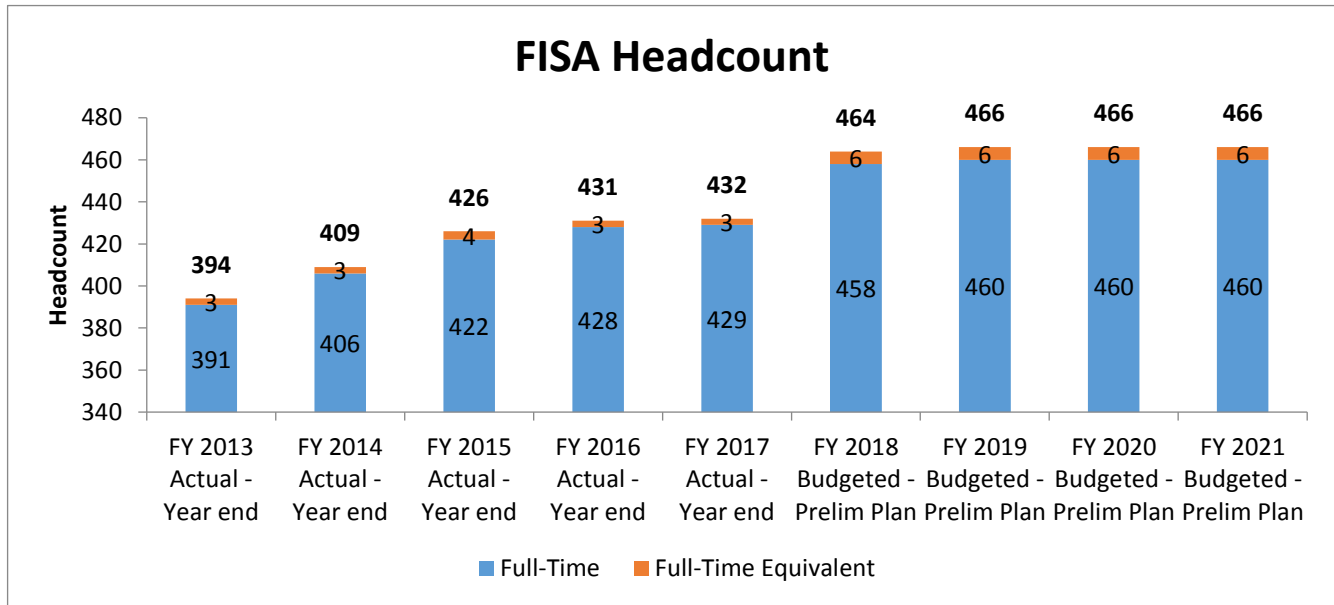
FMS is the City’s computerized accounting and financial data management system. As the City continuously upgrades the system’s wide ranging functions, the Preliminary Capital Plan includes planned commitments totaling \$2.5 million towards FMS, of which \$1.1 million is allocated for the Administration of Children’s Services and \$195,000 is allocated towards the Board of Election’s FMS synchronization and for election budget modules. FISA’s Fiscal 2019 Preliminary Expense Budget includes \$6.9 million for FMS maintenance.

Pension Payroll Management System (PPMS)

The Pension Payroll Management System is the City’s centralized system for managing the payment of payments. Agencies and other City entities update the system with all relevant data regarding retirees and other beneficiaries into this centralized database. PPMS is used to process this information and correspondingly manage the payment of pensions, refunds, death benefits, and other related payments.

Headcount

Figure 2

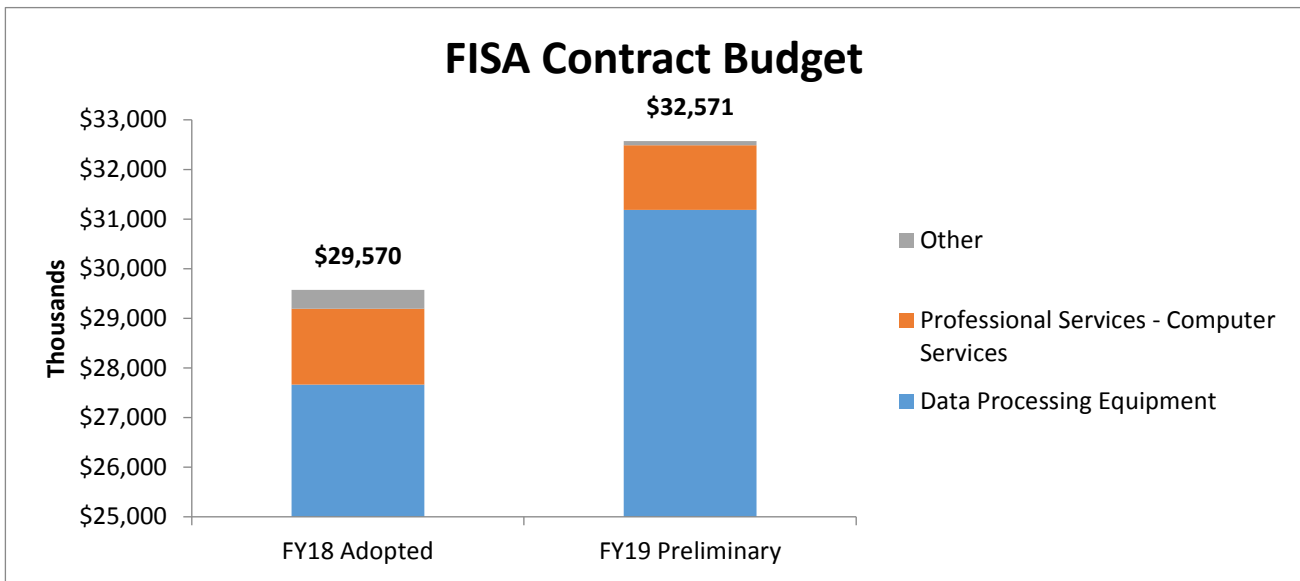


In the Fiscal 2019 Preliminary Plan, the Financial Information Services Agency’s Fiscal 2019 Budget provides \$49.7 million in PS funding to support a headcount of 460 full-time positions and 6 full-time equivalent positions. As of December 2017, FISA is operating with a headcount vacancy rate of 6.6 percent, with the agency actually employing 426 full-time and 3 full-time equivalent staff. Please see Appendix B for more detail regarding FISA’s headcount.

Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personnel service provided to the City by means of a contract. The Contract Budget is actually a subset of the OTPS portion of the City’s Expense Budget. The Administration prepares a Contract Budget twice each fiscal year. The Fiscal 2019 Preliminary Contract Budget totals \$15.6 billion for procurement expenditures across all agencies.

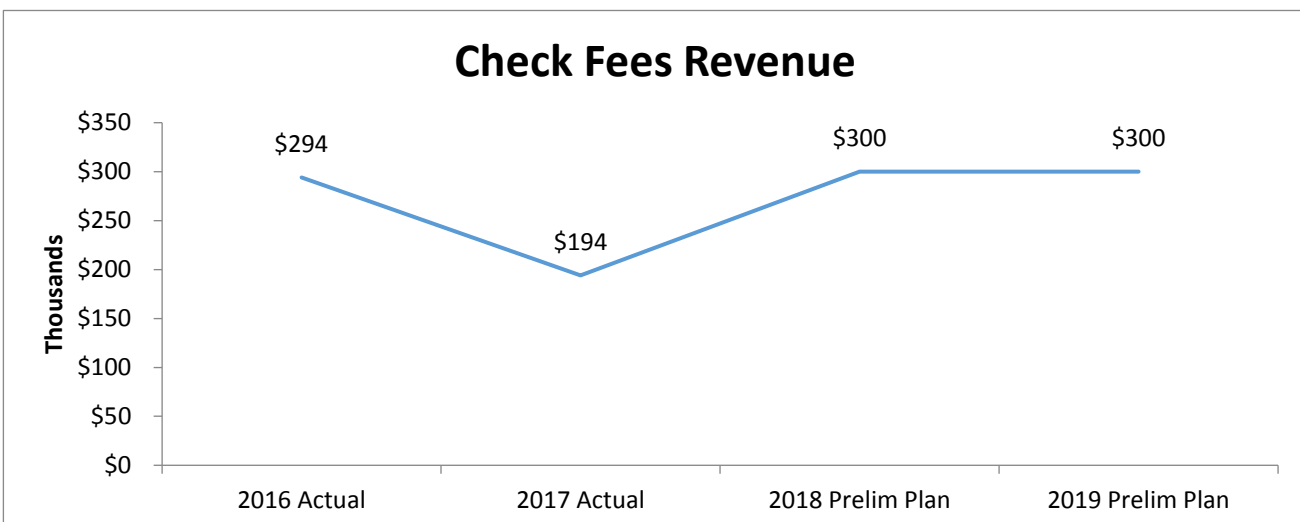
Figure 3



FISA’s Fiscal 2019 Preliminary Contract Budget totals \$32.6 million for 64 contracts, accounting for 50.9 percent of FISA’s Fiscal 2019 Preliminary OTPS Budget. Given that FISA is responsible for maintaining several citywide IT systems, data processing equipment contracts comprise 95.7 percent of the agency’s Fiscal 2019 Preliminary Contract Budget.

Miscellaneous Revenue

Figure 4



The Financial Information Services Agency generates a small amount of annual miscellaneous revenue through the charging of fees for the issuance of checks. In the Fiscal 2019 Preliminary Plan, FISA is projected to generate \$300,000 in check fee revenue, which falls in line with revenue generated from such fees in previous fiscal years. For more details regarding FISA's miscellaneous revenue, please see Appendix D.

Capital Program

The Financial Information Services Agency does not manage its own Capital Program. However, the Fiscal 2018-2022 Capital Commitment Plan includes \$109.9 million in funding for FISA Capital projects, of which \$20 million is allocated for Fiscal 2018 and \$18.5 million is allocated for Fiscal 2019. FISA Capital Projects can be subdivided into four subcategories: Software, Hardware, the FISA Alternative Data Center, and Other Projects. There are additional planned commitments in the Preliminary Capital Commitment Plan for other agencies for the installation, maintenance or upgrade of their portfolios on FISA managed systems.

The Fiscal 2018-2022 Capital Commitment Plan for FISA Software includes \$6.1 million in funding for nine project IDs. All funding is allocated for Fiscal 2018. Projects include upgrades for FMS 3 Advantage, a CityTime user interface upgrade, and funding for the payee information portal.

The Fiscal 2018-2022 Capital Commitment Plan for FISA Hardware includes \$75.7 million in funding for 10 project IDs. Of this funding, \$18 million is allocated for Fiscal 2018 and \$18.2 for Fiscal 2019. Funding in Fiscal 2018 includes \$11.3 million in lump sum lines, as well as funding for upgrades to the debt management system, data center upgrades, and a human capital management application upgrade. Funding for Fiscal 2019 is entirely in a lump sum project ID line.

The Fiscal 2018-2022 Capital Commitment Plan includes \$27.9 million for the FISA Alternative Data Center, all of which is funded in the outyears. The Alternative Data Center is a disaster recovery mainframe data storage system located in New Jersey that serves as insurance in case FISA's active systems fail.

The Fiscal 2018-2022 Capital Commitment Plan also includes \$321,000 in Fiscal 2018 funding for other projects, including for printers and an infrastructure upgrade for the CityTime datacenter.

Appendices

A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY18			FY19		
	City	Non-City	Total	City	Non-City	Total
FISA Budget as of the FY18 Adopted Budget	\$109,319	\$0	\$109,319	\$110,938	\$0	\$110,938
New Needs						
Security Assessment Staff	\$150	\$0	\$150	\$300	\$0	\$300
Security Assessment - OTPS	0	0	0	3,000	0	3,000
Subtotal, New Needs	\$150	\$0	\$150	\$3,300	\$0	\$3,300
Other Adjustments						
Subtotal, Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0
Citywide Savings						
Maintenance Reduction	(\$500)	\$0	(\$500)	\$0	\$0	\$0
PS Savings	(350)	0	(350)	(610)	0	(610)
Labor Allocation Credit	(243)	0	(243)	0	0	0
Rent Credit	(204)	0	(204)	0	0	0
Subtotal, Citywide Savings	(\$1,297)	\$0	(\$1,297)	(\$610)	\$0	(\$610)
TOTAL, All Changes	(\$1,147)	\$0	(\$1,147)	\$2,690	\$0	\$2,690
FISA Budget as of the FY19 Preliminary Budget	\$108,172	\$0	\$108,172	\$113,628	\$0	\$113,628

B: FISA Headcount

	Actual - Year end					Budgeted - FY19 Prelim Plan			
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Full-Time	391	406	422	428	429	458	460	460	460
Full-Time Equivalent	3	3	4	3	3	6	6	6	6
TOTAL	394	409	426	431	432	464	466	466	466

C: FISA Contract Budget

FISA FY19 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	FY18 Adopted	Number of Contracts	FY19 Preliminary	Number of Contracts
Maintenance and Repair - General	\$29	1	\$29	1
Data Processing Equipment	27,661	58	31,184	58
Temporary Services	246	1	3	1
Training Program City Employees	100	1	50	1
Professional Services - Computer Services	1,534	3	1,305	3
TOTAL	\$29,570	64	\$32,570	64

D: FISA Miscellaneous Revenue

FISA Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	FY16	FY17	FY18	Preliminary Plan		*Difference FY18-FY19
	Actual	Actual	Adopted	FY18	FY19	
Check Fees	\$294	\$194	\$300	\$300	\$300	\$0
TOTAL	\$294	\$194	\$300	\$300	\$300	\$0

*The difference of Fiscal 2018 Adopted Budget compared to Fiscal 2019 Preliminary Budget.