



NOTE ON THE FISCAL 2021 EXECUTIVE BUDGET FOR THE COMMITTEE ON TECHNOLOGY

New York City Council

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On April 16, 2020, the Administration released the Executive Financial Plan for Fiscal 2020-2024 with a proposed budget for Fiscal 2021 of \$89.3 billion. As part of the Fiscal 2021 Executive Plan, and in response to the COVID 19 pandemic, the Office of Management and Budget (OMB) released a Citywide Savings Program that outlined a plan to reduce City spending by \$2.7 billion across Fiscal 2020 and Fiscal 2021 combined. To develop the program, OMB asked all agencies to identify efficiencies, alternative funding sources and programmatic changes, including Programs to Eliminate the Gap (PEGs) that would yield budgetary savings. PEGs total approximately \$1.2 billion in Fiscal 2020 and \$1.5 billion in Fiscal 2021.

This Budget Note provides a review of the Department of Information Technology and Telecommunications (DoITT) Fiscal 2021 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during Fiscal 2020. The following section reports on significant budget actions introduced in the Fiscal 2021 Executive Budget, most notably, DoITT's PEG program and its response to the COVID 19 pandemic. Other major issues related to the Department's budget, including the Department's miscellaneous revenue, contract budget and Capital program are then discussed.

DoITT Budget Overview

DoITT's Fiscal 2021 Executive Budget is \$23.7 million more than its Fiscal 2020 Adopted Budget of \$684.5 million. The net change is driven by a \$35 million increase in funding for the New York City Cyber Command, scheduled in previous financial plans, and is offset by reductions associated primarily with the Department's Citywide Savings Program, and other re-estimates in the budget. The Department Fiscal 2021 Executive Budget increases by 57 positions when compared to the Fiscal 2020 Adopted Budget. The increase in headcount is driven by a scheduled onboarding of new positions for Cyber Command.

Below is a summary of funding changes by program area, funding source and headcount when comparing DoITT's Fiscal 2021 Executive Budget to its Fiscal 2020 Adopted Budget.

Department of Information Technology and Telecommunications Financial Summary						
	2018	2019	2020	Executive Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	2020	2021	2020 - 2021
Spending						
Personal Services (PS)	\$135,340	\$144,392	\$171,402	\$156,942	\$176,935	\$5,533
Other Than Personal Services (OTPS)	\$522,574	\$531,118	\$513,114	\$575,353	\$531,285	18,171
TOTAL	\$657,914	\$675,510	\$684,516	\$732,295	\$708,220	\$23,704
Budget by Program Area						
Citywide Tech Support Services	\$400,215	\$402,304	\$340,999	\$380,882	\$350,924	\$9,925
911 Emergency Call Center's IT Maintenance & Operations	85,594	70,765	98,490	87,130	95,275	(3,215)
311/NYC.gov Operations	50,419	51,519	50,101	51,482	45,819	(4,282)
NYC Media Group	22,181	18,440	24,264	35,347	21,446	(2,818)
NYC Cyber Command	22,201	59,157	95,346	91,183	130,277	34,931
DoITT General Administration & Operations	\$77,304	\$73,325	\$75,316	\$86,271	\$64,479	(10,837)
TOTAL	\$657,914	\$675,510	\$684,516	\$732,295	\$708,220	\$23,704
Funding						
City Funds			\$520,422	\$498,047	\$560,028	\$39,606
Other Categorical			2,020	17,818	2,651	12
Capital - IFA			2,020	1,800	0	(2,020)
State			14,841	27,599	0	(14,841)
Federal - Community Development			1,677	3,199	1,696	19
Federal - Other			950	5,267	885	(65)
Intra City			141,967	178,565	142,960	993
TOTAL	\$657,914	\$675,510	\$684,516	\$732,295	\$708,220	\$23,704
Budgeted Headcount						
Full-Time Positions	1,493	1,546	1,823	1,819	1,880	57
TOTAL	1,493	1,546	1,823	1,819	1,880	57

**The difference of Fiscal 2020 Adopted Budget compared to Fiscal 2021 Executive Budget.*

The Department of Information Technology and Telecommunications' Fiscal 2021 Executive Budget totals \$708.2 million, including \$176.9 million for Personal Services (PS) to support 1,880 full-time employees and \$531.2 million in Other Than Personal Services (OTPS) funding. DoITT's budget is divided across six program areas of which Technology Services is the largest accounting for 48 percent of the Department's total budget. Since DoITT purchases services on behalf of client agencies, including telecommunications, data and consultant services, intra-city funding totals \$143 million, or 20 percent of the Department's total funding for Fiscal 2021. DoITT's Fiscal 2021 Executive Budget includes \$560 million in City tax-levy funds, which represents approximately 79 percent of the Department's total budget.

Below is a summary of key funding changes by program area and source when comparing DoITT's Fiscal 2021 Executive Budget to its Fiscal 2020 Adopted Budget.

Changes by Funding Source

- **State Funding.** The Fiscal 2021 Executive Budget reduces DoITT's State funding by \$14.8 million when compared to its Fiscal 2020 Adopted Budget, as there is State funding that has yet to be recognized in the Fiscal 2021 budget.
- **City Tax-Levy funding.** The Fiscal 2021 Executive Budget increases DoITT's City funding by \$39.6 million when compared to its Fiscal 2020 Adopted Budget, the bulk of the increase is mainly dedicated to fund the New York City Cyber Command, as its budget is expected to grow to \$135 million by Fiscal 2023.

- **Intra-City Funding.** The Fiscal 2021 Executive Budget recognized an increase in Intra-City payments when compared to its Fiscal 2020 Adopted Budget, totaling \$142.9 million, for services that DoITT purchases on behalf of client agencies, including telecommunications, data and consultant services. These are expenses that are not incurred or controlled by the Department.

New in the Executive Budget

DoITT’s Fiscal 2021 Executive Budget is \$12.9 million more than its Fiscal 2021 Preliminary Budget of \$695.3 million. The net change is driven by a \$17.7 million increase in funding to modernize the city’s IT infrastructure and is offset by reductions associated primarily with the Department’s PEG.



DoITT’s Fiscal 2021 Executive Budget includes additional new needs funding of \$17.7 million and a reduction of funding of \$7.7 million resulting from the Department’s Program to Eliminate the Gap (PEG). DoITT’s Fiscal 2021 Executive Plan includes other adjustments that total \$2.9 million.

Major changes in DoITT’s Executive Budget are described below:

PEG Program

Vacancy Reductions. DoITT will realize savings of \$8.5 million in Fiscal 2020 and \$5 million in Fiscal 2021 due to a reduction in vacant positions across the agency. Currently, the Department has approximately 225 vacant positions which equate to a vacancy rate of just over 12 percent, with the majority of vacancies coming from Cyber Command. This proposal also includes the permanent elimination of 7 vacant positions that have not yet been identified.

- **MoME – Incentive Fund Savings.** DoITT will realize savings of \$1 million in Fiscal 2020 and \$2.7 million in Fiscal 2021 from reductions in the City’s Film Incentive Fund which incentivizes film and television production companies to film in the five boroughs. Production companies are offered incentives and discounts, along with expanded customer services for production, which includes NYC’s marketing credit; cultural benefit; vendor discounts; logo; concierge services; expanded facilities and labor enhancements. For Fiscal 2021, these reductions represent a combination of updated projected spending in the amount of \$1.3 million to reflect actual spending, and \$1.4 million for a deferral in

workforce and diversity initiatives. This reduction brings the Film Incentive Fund's total Fiscal 2021 budget to \$11.6 million.

New Needs

- **Infrastructure Modernization.** During the Preliminary Budget Hearing, DoITT's Commissioner Jessica Tish announced that she was looking into modernizing the Department's infrastructure. Consequently, DoITT Fiscal 2021 Executive Budget included \$17.7 million in City funding earmarked for IT infrastructure modernization. This funding is designated for the first phase of a larger effort to modernize critical infrastructure and applications such as data centers, legacy applications, databridge, and network.

Other Adjustments

- **Lease Adjustment.** The Fiscal 2021 Executive Plan includes approximately \$1.8 million in baselined funding between Fiscal 2021 through 2024. This is a funding adjustment to DoITT's lease budget, covering anticipated increases associated with the operating costs for DoITT's numerous facilities.
- **Collective Bargaining.** The Department will receive additional funding of \$504,000 in Fiscal 2020, \$790,000 in Fiscal 2021, \$877,000 baselined funding between Fiscal 2022 through 2024 for costs associated with collective bargaining agreements.
- **BIT DOITT Azure Tier 5 and BIT-DOITT CIS Replacement Project:** An addition of \$724,000 in Fiscal 2021 and baselined between 2022 through 2024.
- **Broadband Reallocation.** Due to a re-estimate, DoITT anticipates a decrease of \$429,000 in Fiscal 2021.

Agency Response to COVID -19

In response to the COVID-19 pandemic, New York State issued 'New York State on PAUSE, an Executive Order effective on March 22 to close all non-essential businesses. This pandemic is widespread throughout the world, but especially prevalent in New York City. The City accounts for nearly five percent of confirmed positive cases worldwide. Because of the severity of cases in New York City, agencies have had to change their responsibilities to reduce the impacts of COVID-19. Since DoITT's Preliminary Budget hearing, the Governor and the Mayor have declared states of emergencies for the State and the City due to COVID-19 pandemic. The full impact of these measures on DoITT's managed projects are undetermined at this time.

Remote Access. The Office of Management and Budget announced that DoITT is scheduled to receive \$24 million of COVID-19 federal funding to respond to the pandemic. However, this funding is not yet included in DoITT's Budget. According to DoITT, the \$24 million of COVID-19 federal funding primarily covers the costs associated with the swift and unanticipated expansion of Remote Access (RA) services. Through RA, DoITT has the capacity to support more than 100,000 City employees in 61 Mayoral agencies and City offices in accessing the City's network from an alternate location. Prior to COVID, RA's capacity was very limited. Between February and March, DoITT increased that capacity 250%, which required significant infrastructure upgrades, licenses, and software, as well as enhanced security for the network.

311 Call-takers. 311 call volume has increased significantly during the COVID-19 crisis. The peak call volume in March approached 200,000 calls in a single day. The increase in call volumes created long wait times and a high call abandonment rate.

Over the past month, DoITT took the following steps to stabilize 311's operations:

- Augmented 311 call-taking operations with 285 additional temporary staff, including 150 NYPD cadets, 15 FDNY call-takers, and 120 temporary call-takers;
- Built-out four additional 311 call centers (all in City-owned space!) for the staff augmentation;
- Implemented a blended model of NYPD/FDNY supervision of 311 operations;
- Added express lanes for COVID- and Food-related calls;
- Optimized the 311 IVR to route callers in a more efficient fashion;
- Instituted new procedures for Mayoral agencies to have 311 add new "service requests" to its service request offerings for residents; and
- Developed dashboards based on key 311 metrics to drive decision-making.
- Stabilized some of the infrastructure and applications that support 311 and put in place aggressive plans to perform upgrades.

Many of these measures have come at no additional cost to the City. The measures that added cost included hiring 120 temporary call takers and increasing the number of non-City employees, vendor-provided call takers from existing call-taking contracts; prepping the four new call centers for call takers; hardening and adding capacity to the 311 telephony network; and extending the support contract for the 311 system. This totaled \$14 million in COVID-related costs to stabilize the 311 system. It is anticipated that these costs will be reimbursed with federal funding.

Miscellaneous Revenue

The Fiscal 2021 Executive Budget projects that the Department will generate Miscellaneous Revenue totaling \$146.5 million in Fiscal 2021, a decrease of approximately \$47 million from the projection in the Fiscal 2021 Preliminary Budget. The decrease is primarily driven by a \$25 million decrease in revenue projections in Fiscal 2021 from CityBridge Revenue. Additionally, DoITT mentioned that as more individuals move from paid cable service to online streaming, revenue for this category will decrease. For further information regarding DoITT's miscellaneous revenue streams as of the Fiscal 2021 Executive Budget, please refer to Appendix 2.

Reductions in WIFI Revenue. During the Preliminary Budget, the Commissioner said that the Department will exercise every avenue under the Agreement to recoup more than \$25 million that CityBridge owns the City. However, the Executive Budget does not include the revenue stream from CityBridge beginning in Fiscal 2021. DoITT is prepared to use the contractual tools available to recoup the City's lost revenue if a deal is not reached in a reasonable amount of time.

DoITT Contract Budget

The Department's Fiscal 2021 Contract Budget totals \$253.6 million for 136 contracts, accounting for approximately 47.7 percent of the Department's Fiscal 2021 OTPS Budget. Contracts for Data Processing Equipment and Contractual General Services comprise a substantial portion,

accounting for 58.6 percent and 20.8 percent respectively, of the Department’s total Fiscal 2021 Contract Budget¹. This is because DoITT provides computing services to City agencies to assist them in meeting their information processing needs. For further information regarding DoITT’s Contract Budget as of the Fiscal 2021 Executive Budget, please refer to Appendix 3.

DoITT Capital Budget



The Department of Information Technology and Telecommunication’s Executive Commitment Plan includes \$523.5 million in Fiscal 2020-2024. DoITT’s Capital Commitment Plan has remained unchanged since the Preliminary Budget. The Commitment Plan represents approximately one percent of the City’s total \$85.6 billion Preliminary Commitment Plan. The Capital Commitment Plan is significantly higher than the Capital Budget because it includes the current year appropriations for Fiscal 2020. The amount of uncommitted appropriations from Fiscal 2020 will be re-appropriated or rolled into Fiscal 2021 in the Executive and Adopted Budgets.

¹ Contracts for Data Processing Equipment covers hardware and software maintenance costs, such as the Microsoft ELA License maintenance, Veritas license maintenance and McAfee license maintenance. Contracts for Contractual General Services include copier/printer leases, consultant/professions services, general facilities maintenance and repairs, among others.

Appendix 1: Fiscal 2021 Budget Actions since Fiscal 2020 Adoption

<i>Dollars in Thousands</i>	Fiscal 2020			Fiscal 2021		
	City	Non-City	Total	City	Non-City	Total
DoITT Budget as of the Fiscal 2020 Adopted Budget	\$ 520,422	\$ 164,094	\$ 684,516	\$ 560,028	\$ 148,191	\$ 708,220
New Needs - Prelim Fiscal 2021						
MoME- OFTB Staff	60	-	60	120	-	120
MoME – ONL Staff	60	-	60	120	-	120
Subtotal New Needs	\$ 120	-	\$ 120	\$ 240	-	\$ 240
Other Adjustments						
IT Decommissioning and Efficiency Savings	(3,115)	-	(3,115)	(4,473)	-	(4,473)
MOME - Incentive Fund Savings	(329)	-	(329)	(328)	-	(328)
Telecommunication Savings	(1,100)	-	(1,100)	(1,100)	-	(1,100)
Personal Services Savings	(4,396)	-	(4,396)	-	-	-
Other City Adjustments	(703)	-	(703)	(3)	-	(3)
State Adjustments	-	10,814	10,814	-	-	-
CDBG Adjustments	-	1,530	1,530	-	-	-
IFA Adjustments	-	-	-	-	-	-
Other Federal Adjustments	-	682	682	-	-	-
Other Categorical Adjustments	-	9,645	9,645	-	-	-
Intra-City Adjustments	-	28,356	28,356	-	(603)	(603)
Subtotal Other Adjustments	(\$9,643)	\$51,027	\$41,384	(\$5,904)	(\$603)	(\$6,507)
Total All Changes	(\$9,583)	\$51,027	\$41,444	(\$5,784)	(\$603)	(\$6,387)
DoITT Budget as of the Fiscal 2021 Prelim Budget	\$510,903	\$215,123	\$726,026	\$548,509	\$146,771	\$695,280
New Needs - Exec Fiscal 2021						
	-	-	-	-	-	-
Subtotal New Needs	\$ -	-	\$-	\$17,759	(\$87)	\$17,671
Other Adjustments						
PS Savings	(12,554)	(67)	(12,621)	(7,700)	(17)	(7,717)
Other City Adjustments	(301)	-	(301)	1,461	-	1,461
IFA Adjustments	-	(220)	(220)	-	-	-
State Adjustments	-	1,944	1,944	-	-	-
CDBG Adjustments	-	(7)	(7)	-	5	5
Other Federal Adjustments	-	3,634	3,634	-	-	-
Other Categorical Adjustments	-	5,533	5,333	-	-	-
Intra-City Adjustments	-	8,308	8,308	-	1,519	\$1,519
Subtotal Other Adjustments	(\$12,855)	\$19,125	\$6,269	(\$6,239)	\$1,507	(\$4,732)
Total All Changes	(\$12,855)	\$19,125	\$6,269	\$11,520	\$1,420	\$12,940
DoITT Budget as of the Fiscal 2021 Exec Plan	\$498,048	\$234,248	\$732,295	\$560,029	\$148,191	\$708,220

Appendix 2: Fiscal 2021 Miscellaneous Revenue

DoITT Miscellaneous Revenue - Fiscal 2021 Executive Budget						
DoITT Revenue Sources (\$ in Thousands)	Actuals				Planned	
	2016	2017	2018	2019	2020	2021
Film Application Process Fees	\$1,111	\$1,047	\$1,042	\$1,042	\$1,020	\$1,020
Premier Fees	343	633	278	274	274	274
Cable Television Franchises	143,442	141,877	136,216	138,533	138,533	136,533
Mobile Telecom Franchises	5,728	9,496	12,566	15,000	15,000	3,840
WiFi Revenue	18,395	26,018	27,372	32,333	25,000	0
Film Permits for City Property	294	394	336	300	250	300
NYC Revenue	854	600	758	750	750	750
Lease-Time TV	1,869	1,854	1,706	1,700	1,700	1,700
Procurement Spend Card Rebates	1,177	1,337	511	2,130	402	2,130
Total	\$173,213	\$183,256	\$180,785	\$182,002	\$192,040	\$146,547

Appendix 3: DoITT Contract Budget as of Fiscal 2021 Executive Budget

DoITT Fiscal 2021 Executive Contract Budget (\$ in thousands)						
Category	Fiscal 2020 Adopted	# of Contracts	Fiscal 2021 Prelim	# of Contracts	Fiscal 2021 Exec	# of Contracts
Contractual Services General	\$83,862	23	\$52,762	25	\$52,929	25
Telecommunications Maintenance	14,827	7	14,827	7	14,827	7
Maintenance & Repair General	20,296	7	20,296	8	20,296	8
Office Equipment Maintenance	434	2	434	3	434	3
Data Processing Equipment	136,666	69	130,023	72	148,727	72
Printing Contracts	107	2	108	3	108	3
Security Services	175	1	175	1	175	1
Temporary Services	1,139	2	1,139	3	1,138	3
Cleaning Services	17	2	17	2	17	2
Training Program for City Employees	730	3	730	5	730	5