



NOTE ON THE FISCAL 2021 EXECUTIVE BUDGET TO THE COMMITTEE ON CONTRACTS

New York City Council

Hon. Corey Johnson, Speaker
Hon. Daniel Dromm, Chair, Finance Committee
Hon. Ben Kallos, Chair, Contracts Committee

Finance Division

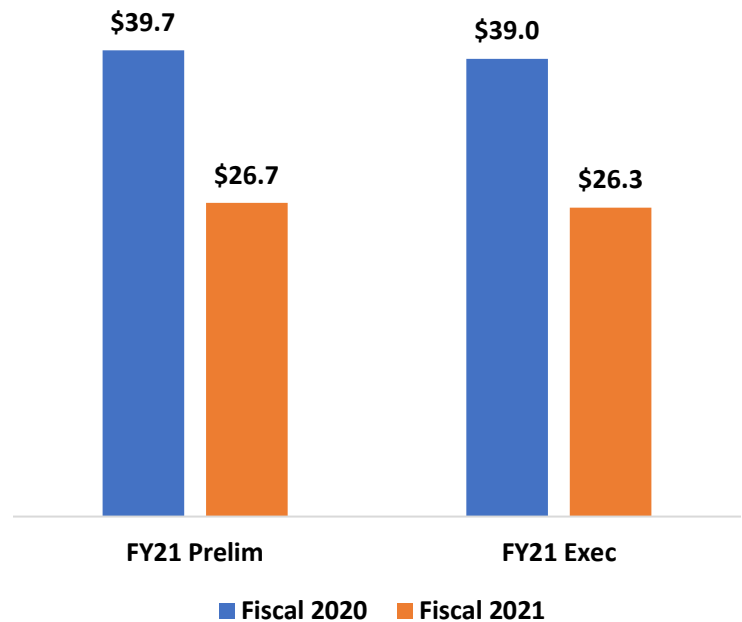
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On April 16, 2020, the Administration released the Executive Financial Plan for Fiscal 2020-2024 with a proposed budget for Fiscal 2021 of \$89.3 billion. This Note provides a summary of the changes in the Executive Budget for the Mayor’s Office of Contracts (MOCS) introduced in the Financial Plan. Topics covered include the Office’s response to the COVID-19 emergency, and changes to the Expense budget. Additionally, this Note provides a brief overview of changes to the citywide contract budget in the Executive Budget.

MOCS Budget Overview

The MOCS Fiscal 2021 Executive Budget totals \$26.3 million and supports 213 civilian positions. The agency is responsible for overseeing, supporting and promoting the City’s procurement system by discharging the Mayor’s contracting responsibilities under the City Charter, Procurement Policy Board (PPB) rules and applicable local laws. The Program to Eliminate the Gap (PEG program) reduces MOCS’s budget by \$452,000 or 1.7 percent in Fiscal 2021 and \$712,000 in Fiscal 2020. City tax-levy remains the primary source of funding, more than 74 percent of MOCS’s Fiscal 2021 Budget is from city funds. The chart to the right compares the changes from the Fiscal 2021 Preliminary Plan to the Fiscal 2021 Executive Plan for both Fiscal 2020 and 2021. For a full breakdown of the Financial Plan Summary, please reference Appendix A.

**Preliminary vs Executive
MOCS Budget for FY20 and 21**



Dollars in Millions

\$26.7 Million Fiscal 2021 Preliminary	Executive Plan Changes	\$26.3 Million Fiscal 2021 Executive
<ul style="list-style-type: none"> •PS: \$18.9M •OTPS: \$7.9M •Headcount: 218 	<ul style="list-style-type: none"> •New Needs: None •Other Adjustments: \$63,000 •PEGs: (\$452,000) •Vacancy Reductions 	<ul style="list-style-type: none"> •PS: \$18.5M •OTPS: \$7.8M •Headcount: 213

Changes introduced in the Executive Plan lower the MOCS’s budget for Fiscal 2021 by approximately \$389,000. The major changes are described below:

Executive Plan Changes

PEG Program

- **Vacancy Reduction.** MOCS will reduce vacancies by five positions in Fiscal 2020 and the outyears. Savings will be approximately \$712,000 in Fiscal 2020 and then \$452,000 in Fiscal 2021 and the outyears.

Other Adjustments

- The plan introduced a net adjustment of approximately \$63,000 for Fiscal 2021. This was achieved through a \$109,000 increase through a funding adjustment for the Mayor’s Office of Economic Opportunity, a \$35,000 reduction through the Silver Stars program, and a \$11,000 reduction through citywide printing reform.

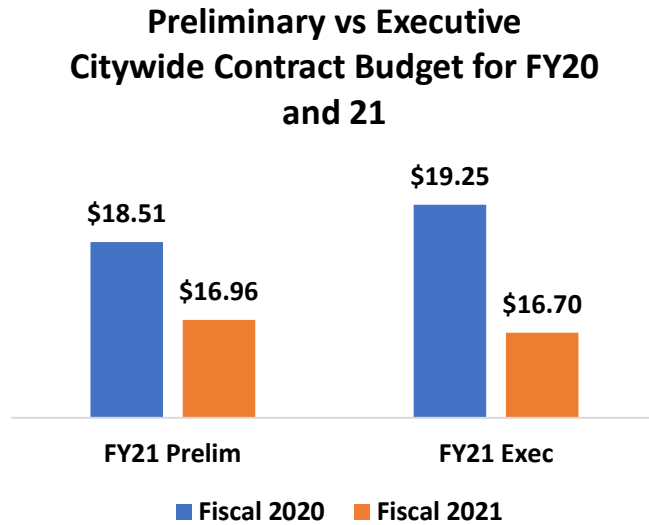
Agency Response to COVID -19

In response to the COVID-19 pandemic, New York State issued ‘New York State on PAUSE, an Executive Order effective 8 p.m. on March 22 to close all non-essential businesses, prohibit all non-essential gatherings, practice social distancing of six feet in public and more. 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 operations to reduce the impacts of COVID-19.

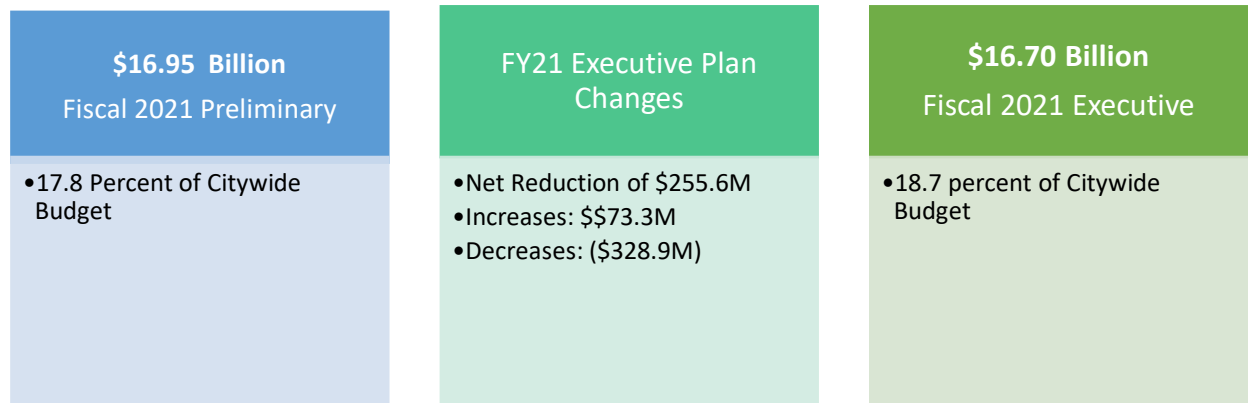
Being the City’s centralized procurement agency, MOCS has played a crucial role in three components of the COVID-19 pandemic response. First, the agency has coordinated with the Department of Citywide Administrative Services (DCAS) to issue emergency procurements for vital cleaning and health pandemic supplies, such as masks and PPE equipment. Second, MOCS has outlined guidelines for the non-profits for health and human service (HHS) providers, which the Mayor declared as “essential workers,” to assist non-profits in adapting HHS contracts and receiving access to supplies. Finally, MOCS continues to work with agencies across the City to register contracts and process invoices to ensure vendors stay afloat during unprecedented economic disruption.

Citywide Contract Budget Overview

The citywide contracts Fiscal 2021 Executive Budget totals \$16.7 billion, a reduction of approximately \$255.6 million since the Fiscal 2021 Preliminary Budget. The contract budget represents the outsourcing of the delivery of public services such as education, childcare, and employment training, as well as contractual services used to support the operation of the City government, such as information technology services, cleaning, and legal services. The Program to Eliminate the Gap (PEG program) identified savings of approximately \$328.9 million across 26 object codes. The result of the PEG combined with additional adjustments yield a final net change of approximately \$250 million. The contract budget represents 18.7 percent of the City's overall Fiscal 2021 Executive Budget.



Dollars in Billions



Changes introduced in the Executive Plan decrease the citywide contract budget for Fiscal 2021 by \$255.6 million and increase the City's Fiscal 2020 budget by \$745 million. The major changes are described below:

Executive Plan Changes

Fiscal 2021 Other Adjustments

- **Decreases.** Several object code categories recognized reductions for a grand total of \$328.9 million in Fiscal 2021. Notable reductions include the contractual services general budget (\$72.7 million), payments to delegate agencies (\$56.5 million), payments to corporate schools (\$46.3 million), education and recreation for youth (\$29.7 million), DOE

professional development (\$27.4 million), and homeless family services (\$27.3 million). The remaining \$69 million in reductions is scattered across 20 object codes, each with adjustments of \$15 million or less.

- **Increases.** To offset some of the reductions, the City made positive adjustments totaling \$73.3 million for Fiscal 2021. Notable increases include data processing (\$25.1 million) and homeless individual services (\$17.5 million). The remaining \$30.7 million is scattered across 13 object codes, each with adjustments of \$5 million or less.
- **Take Down Expired Grant Funds.** The Fiscal 2021 Executive Budget includes a savings of \$48,000 in Fiscal 2020, Fiscal 2021 and the outyears for a takedown of expired grant funds.

Fiscal 2020 Other Adjustments

- **Contract Re-Estimates.** It is typical for the Administration to review and re-estimate contractual costs throughout the fiscal year. The addition of \$745 million for Fiscal 2020 across the contract budget is not particularly distinct compared to previous fiscal years. The Council has repeatedly advised the Administration to properly budget for contract re-estimates in its initial budget proposals.

Other Agency Issues/Budget Risks

- **Budget Adjustments.** The City tends to under-budget for several contractual services, making several increases to specific object codes throughout the fiscal year. This typically happens due to cost reviews and re-estimations
- **Indirect Cost Rate Implementation.** Pursuant to the Fiscal 2020 Adopted Budget agreement with the Council, the Administration pledged to fully fund the indirect costs of contracts for the City's non-profit providers in the health and human services sector. The November 2019 Plan included approximately \$54 million for Fiscal 2020 and the outyears across 12 agencies for rate increases. While there were no adjustments for Fiscal 2021 and the outyears, the Administration did reduce the amount by approximately \$20 million for Fiscal 2020 as a part of the PEG. The reduction was based on a revised estimate after submissions for indirect rates came in at lower levels than forecasted for Fiscal 2020.

Appendix A: Financial Plan Summary

MOCS Financial Summary						
	FY18	FY19	FY20	Executive Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY20	FY21	FY20-FY21
Spending						
Personal Services	\$11,744	\$14,449	\$18,830	\$17,506	\$18,485	(\$345)
Other Than Personal Services	1,690	7,420	18,705	21,523	7,818	(10,887)
TOTAL	\$13,434	\$21,869	\$37,535	\$39,029	\$26,304	(\$11,232)
Personal Services						
Full-Time Salaried	\$11,615	\$14,364	\$18,783	\$17,481	\$18,438	(\$345)
Overtime / Other	129	86	48	25	48	0
SUBTOTAL	\$11,744	\$14,449	\$18,830	\$17,506	\$18,485	(\$345)
Other Than Personal Services						
Contractual Services	\$242	\$6,254	\$16,876	\$19,107	\$6,440	(\$10,436)
Supplies & Materials	611	701	625	1,828	514	(111)
Other Services & Charges	626	312	792	380	808	16
Fixed & Misc. Charges	27	49	0	8	0	0
Property & Equipment	184	122	412	201	56	(356)
SUBTOTAL	\$1,690	\$7,438	\$18,705	\$21,523	\$7,818	(\$10,887)
TOTAL	\$13,434	\$21,887	\$37,535	\$39,029	\$26,304	(\$11,232)
Funding						
City Funds	\$0	\$0	\$30,674	\$31,923	\$19,382	(\$11,293)
Capital- IFA			\$2,500	\$2,504	\$2,524	23,967
Intra City			\$4,361	\$4,601	\$4,398	36,738
TOTAL	\$0	\$0	\$37,535	\$39,029	\$26,304	(\$11,232)
Budgeted Headcount						
Full-Time Positions - Civilian	152	172	219	216	213	(6)
TOTAL	152	172	219	216	213	(6)

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