

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson
Speaker of the Council

Hon. Daniel Dromm
Chair, Finance Committee



Report to the Committee on Finance
on the Fiscal 2022 Executive Plan

Department of Finance

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Department of Finance Overview

This report presents a review of the Department of Finance's (DOF or the Department) Fiscal 2022 Executive Plan. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2021, followed by a review of the significant budget actions introduced in the Fiscal 2022 Executive Budget. Analysis of DOF's Miscellaneous Revenue follows the section detailing expense budget changes. Concerns over DOF's budget are then discussed. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2022 Preliminary Budget Report for the Department of Finance found here: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2021/03/836-DOF.pdf>

Below is a financial plan summary for DOF's Fiscal 2022 Executive Budget organized by object class and funding source. It presents the Administration's proposed changes to the Department's Fiscal 2022 budget and compares it to DOF's Fiscal 2021 Adopted Budget.

DOF Financial Summary <i>Dollars in Thousands</i>	FY19 Actual	FY20 Actual	FY21 Adopted	Executive Plan		*Difference FY20-FY21
				FY21	FY22	
Spending						
Personal Services	\$163,519	\$176,550	\$178,193	\$177,678	\$178,650	\$457
Other Than Personal Services	136,723	\$133,544	146,602	137,523	160,975	\$14,373
TOTAL	\$300,242	\$310,094	\$324,795	\$315,201	\$339,625	\$14,830
Personal Services						
Additional Gross Pay	\$6,465	\$6,213	\$7,205	\$7,205	\$7,205	\$0
Amount to be Scheduled	0	0	4	4	4	0
Fringe Benefits	6	12	32	32	32	0
Fringe Benefits - SWB	376	436	467	480	467	0
Full-Time Salaried - Civilian	144,694	156,523	161,653	161,458	162,110	457
Other Salaried	212	230	108	108	108	0
Overtime - Civilian	5,306	7,034	1,051	3,016	1,051	0
P.S. Other	(9)	(10)	0	0	0	0
Unsalariated	6,469	6,111	7,673	5,373	7,673	0
SUBTOTAL	\$163,519	\$176,550	\$178,193	\$177,677	\$178,650	\$457
Other Than Personal Services						
Contractual Services	\$37,715	\$36,470	\$35,388	\$30,724	\$40,527	\$5,139
Contractual Services - Financing	25,093	25,320	32,015	32,686	33,715	1,700
Contractual Services – Prof. Svcs.	12,478	6,463	5,495	4,783	4,795	(700)
Fixed & Miscellaneous Charges	173	106	27	26	27	\$0
Other Services & Charges	49,714	50,882	61,886	58,705	70,350	8,465
Property & Equipment	1,914	2,058	2,319	1,832	2,072	(247)
Supplies & Materials	9,637	12,246	9,473	8,766	9,489	16
SUBTOTAL	\$136,723	\$133,544	\$146,602	\$137,523	\$160,975	\$14,373
TOTAL	\$300,242	\$310,094	\$324,795	\$315,201	\$339,625	\$14,830
Funding						
City Funds			\$319,502	\$308,221	\$334,332	\$14,830
State			438	468	438	0
Federal - Other				2,489		
Intra City			4,855	4,022	4,855	0
TOTAL	\$300,242	\$310,094	\$324,795	\$315,201	\$339,625	\$14,830
Budgeted Headcount						
Full-Time Positions - Civilian	1,968	1,996	2,102	2,043	2,109	7

*The difference of Fiscal 2021 Adopted Budget compared to Fiscal 2022 Executive Budget.

DOF's Fiscal 2022 Executive Budget of \$339.6 million is \$14.8 million more than the Fiscal 2021 Adopted Budget amount of \$324.8 million and consists of \$178.7 million in Personal Services (PS) costs and \$160.9 million in Other Than Personal Services (OTPS) costs. The \$14.8 million increase is primarily due to increased OTPS spending on various contractual services and charges made to the Department.

New in the Executive Plan

DOF's Fiscal 2022 Executive Plan includes new needs of \$11 million in Fiscal 2022. The Plan also includes a net reduction of \$11.6 million in Fiscal 2021 and a net increase of \$7.2 million in other adjustments in Fiscal 2022. The changes introduced in the Fiscal 2022 Executive Plan as well as changes included in the Preliminary 2022 Plan are listed in Appendix 1. The major changes introduced in DOF's Fiscal 2022 Executive Plan include the following:

New Needs

- **Body-worn Cameras for Sheriff's Deputies.** On March 25, 2021 the City Council passed its Comprehensive Police Reform Resolution which adopted proposals recommended by the New York City Police Reform and Reinvention Collaborative. As part of this resolution, NYC Sherriff Deputies are required to wear body cameras. The Fiscal 2022 Executive Plan includes \$1.4 million in Fiscal 2022, \$432,000 in Fiscal 2023, and \$248,000 in Fiscal 2024 to purchase these cameras.
- **Business Tax System (BTS) Post-Production Support.** The Fiscal 2022 Executive Plan adds OTPS spending of \$4.4 million in Fiscal 2022, \$2.9 million in Fiscal 2023, and \$3 million in Fiscal 2024 for BTS Post-Production Support. BTS was fully implemented in 2017 and enables City businesses to interact with DOF online in order to conduct business tax filings.
- **Property Tax System (PTS) Post-Production Support.** The Fiscal 2022 Executive Plan adds OTPS spending of \$2.5 million in Fiscal 2022 and \$1 million in Fiscal 2023 and in the outyears for PTS Post-Production Support. PTS was created in early 2019 and allows property owners to conduct property tax filings with DOF online.
- **Enhanced Security.** The Fiscal 2022 Executive Plan adds OTPS spending of \$2.8 million in Fiscal 2022 and \$2.6 million in Fiscal 2023 that grows to \$2.8 million in Fiscal 2025 and beyond for enhanced security for the City's Sherriff field offices and for DOF administration.

Other Adjustments

- **Collective Bargaining.** The Department's Fiscal 2022 Executive Plan includes funding for collective bargaining adjustments totaling \$41,000 in Fiscal 2022 and in the outyears.
- **Community Lien Sale Transfer.** The Fiscal 2022 Executive Plan transfers \$500,000 in OTPS contractual spending in Fiscal 2021. These funds are transferred to the Department of Housing Preservation and Development (HPD) which will oversee City Council discretionary contracts for the Community Lien Sale Outreach Initiative. These funds have been allocated to the Center for New York City Neighborhoods to work with HPD and DOF to perform targeted outreach aimed to keep and/or remove properties from the City's property tax lien sale list.

- **Coronavirus Relief Fund.** The Fiscal 2022 Executive Plan adds federal funds of \$2.5 million in Fiscal 2021. This adjustment provides funding from the Coronavirus Relief Fund to the Sheriff's Office and to DOF for administrative purposes.
- **Heat, Light and Power.** Due to cost re-estimates, DOF anticipates a decrease of \$285,000 in Fiscal 2021 and an increase of \$115,000 in Fiscal 2022 and in the outyears for costs associated with heat, light and power.
- **Lease Adjustment.** Due to cost re-estimates, DOF anticipates increases of \$7.1 million in Fiscal 2022 and \$6.6 million in Fiscal 2023 and in the outyears for costs associated with leased space.
- **Marshal Booting Reduction.** Due to cost re-estimates, DOF anticipates a cost reduction of \$12.5 million in Fiscal 2021 only due to a reduction in spending related to the suspension of Marshal booting in the first half of the fiscal year.

Miscellaneous Budget

DOF collects miscellaneous revenue that is classified separately from State and federal funding streams and tax revenue. Miscellaneous revenues do not support the operations of the Department, but rather flow into the City's General Fund to support operations of agencies citywide. Miscellaneous revenue is comprised of several categories including licenses/permits, interest income, charges for services, fines and forfeitures, and other miscellaneous sources.

DOF collects miscellaneous revenue from interest on sales tax, sheriff fees, credit card fees, city register fees, marshal booting, motor vehicle fines, bus lane camera fines, speed camera fines, Environmental Control Board (ECB) collections, rent stabilization fees, parking violations, and Real Property Income and Expense (RPIE) non-compliance penalties. These sources collectively comprise 96 percent of the Department's \$899.7 million miscellaneous revenue budget. The Department's Fiscal 2022 miscellaneous revenue budget forecast reflects a \$70 million increase in revenue generated from fines and forfeitures, which is primarily due to a \$69.9 million increase in revenue collected from parking violations as reflected in the below chart.

DOF Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	FY19	FY20	FY21	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY21	FY22	FY21-FY22
Licenses, Permits, and Franchises						
Cigarette License Fees	\$91	\$72	\$50	\$50	\$50	\$0
Subtotal	\$91	\$72	\$50	\$50	\$50	\$0
Interest Income						
Interest -Court & Fine Trust	\$644	\$306	\$30	\$30	\$30	\$0
Interest on Sales Tax	7,699	6,090	390	365	290	(100)
Subtotal	\$8,343	\$6,396	\$420	\$395	\$320	(\$100)
Charges for Services						
Sheriff Desk Fees & Poundage	\$3,603	\$2,988	\$4,754	\$1,500	\$4,754	\$0
Court & Trust Fees	2,286	2,207	1,600	1,600	1,600	0
On-line Title Access Fees	104	48	150	150	0	(150)
Credit Card Convenience Fee	13,002	12,727	10,000	10,000	10,000	0
City Register Fees	24,268	25,750	28,600	24,000	28,600	0
Taxes CC Convenience Fees	3,352	2,778	2,500	2,500	2,500	0
Marshal Booting	14,725	7,318	14,000	14,000	14,000	0
State Admin Reimbursement	69	60	88	88	88	0
City Collector Misc. Fees	1,040	956	925	925	925	0
Lower Manhattan Project	281	285	100	100	100	0
Subtotal	\$62,730	\$55,117	\$62,717	\$54,863	\$62,567	(\$150)
Fines and Forfeitures						
RPIE Late Penalty	\$7,356	\$9,330	\$5,000	\$7,500	\$5,000	\$0
RPTT Late Penalty	1,612	1,636	400	1,100	400	0
Motor Vehicle Fines	22,381	13,948	9,000	768	0	(9,,000)
Bus Lane Camera Fines	17,168	11,699	11,400	11,400	10,000	(1,400)
Speed Camera Fines	45,056	130,649	151,500	151,500	165,000	13,500
Red-light Camera Fines	20,131	14,123	17,000	17,000	18,000	1,000
Parking Violation Fines	601,581	554,430	487,000	487,000	556,920	69,920
Collection Unit-ECB Fines	85,792	72,276	69,148	57,500	65,148	(4,000)
Cash Bail Forfeiture	659	531	490	250	490	0
Subtotal	\$801,736	\$808,622	\$750,938	\$734,018	\$820,958	\$70,020
Miscellaneous						
Treasury MISC Fees	\$1,439	\$504	\$425	\$425	\$425	\$0
Rent Stabilization Fees	8,282	16,205	15,400	15,400	15,400	0
Subtotal	\$9,721	\$16,709	\$15,825	\$15,825	\$15,825	\$0
TOTAL	\$882,621	\$886,916	\$829,950	\$805,151	\$899,720	\$69,770

*The difference of Fiscal 2021 Adopted compared to Fiscal 2022 Executive Budget.

Budget Issues

The following section provides issues and concerns as it pertains to DOF's Executive Budget. Specifically, reporting and budget structure issues that have not been addressed in DOF's Executive Budget.

- **Miscellaneous Revenue.** The Department of Finance has aligned projected revenue collected in Fiscal 2022 with actual revenue collected in Fiscal 2019 and Fiscal 2018; however, DOF projects that it will collect no revenue from motor vehicle fines in Fiscal 2022. This represents a decrease of \$9 million from the Fiscal 2021 Adopted amount. Additionally, DOF projects that it will collect \$250,000 less between interest income and on-line title access fees. DOF should align revenue estimates with actual collections from prior fiscal years.
- **Units of Appropriation.** DOF has 13 program areas but only 7 units of appropriation. Bringing the number of units of appropriation in line with the Agency's program areas would provide clarity and bring greater transparency to DOF's budget. Program areas act as functional and programmatically connected areas within an agency where spending is allocated. Units of appropriation are the item the Council votes on and how the budget is structured and organized.

Appendix 1: Fiscal 2021 Budget Actions since Fiscal 2021 Adoption

<i>Dollars in Thousands</i>	FY21			FY22		
	City	Non-City	Total	City	Non-City	Total
DOF Budget as of the Adopted FY21 Budget	\$319,502	\$5,294	\$324,796	\$316,123	\$5,294	\$321,417
New Needs						
BTS Post-Production Support	\$2,768	\$0	\$2,768	\$0	\$0	\$0
Lien Sale Outreach	500	0	500	500	0	500
PTS Post-Production Support	964	0	964	0	0	0
Subtotal, New Needs	\$4,232	\$0	\$4,232	\$500	\$0	\$500
Other Adjustments						
Citywide Discretionary Training Freeze	(\$99)	\$0	(\$99)	\$0	\$0	\$0
Citywide Wireless Services	(56)	0	(56)	(217)	0	(217)
IT Contract Savings	(41)	0	(41)	0	0	0
Managerial and OJ Furloughs (CTL)	(520)	0	(520)	0	0	0
LGRMIF Revenue FY21	0	30	30	0	0	0
Vehicle Purchase Freeze	(240)	0	(240)	(240)	0	(240)
Office Supplies Spending	(162)	0	(162)	0	0	0
Subtotal, Other Adjustments	(\$1,118)	\$30	(\$1,088)	(\$457)	\$0	(\$457)
Savings Program						
Hiring and Attrition Management	(\$1,174)	\$0	(\$1,174)	\$0	\$0	\$0
Subtotal, Savings	(\$1,174)	\$0	(\$1,174)	\$0	\$0	\$0
TOTAL, All Changes	\$1,940	\$30	\$1,970	\$43	\$0	\$43
DOF Budget as of the Preliminary FY22 Budget	\$321,442	\$5,324	\$326,766	\$316,166	\$5,294	\$321,460
New Needs, Executive Budget						
BTS Post-Production Support	\$0	\$0	\$0	\$4,371	\$0	\$4,371
PTS Post-Production Support	0	0	0	2,460	0	2,460
Body-Worn Cameras for Sheriff's Deputies	0	0	0	1,354	0	1,354
Enhanced Security	0	0	0	2,763	0	2,763
Subtotal, New Needs	\$0	\$0	\$0	\$10,948	\$0	\$10,948
Other Adjustments						
Child Support	(\$833)	\$0	(\$833)	\$0	\$0	\$0
Collective Bargaining - Clericals	18	0	18	18	0	18
Collective Bargaining - CSTG	3	0	3	3	0	3
Collective Bargaining - Real Estate	20	0	20	20	0	20
Community Lien Sale Outreach Transfer	(500)	30	(470)	0	0	0
Coronavirus Relief Fund (CRF)	0	2,489	2,489	0	0	0
Heat, Light and Power	(285)	0	(285)	116	0	116
Lease Adjustment	0	0	0	0	7,060	7,060
Marshal Booting Reduction	(12,500)	0	(12,500)	0	0	0
MS Enterprise Licensing Agreement	24	0	24	0	0	0
Subtotal, Other Adjustments	(\$14,053)	\$2,519	(\$11,534)	(\$83)	\$7,060	\$7,217
TOTAL, All Changes FY22 Executive Plan	(\$14,053)	\$2,519	(\$11,534)	\$10,865	\$7,060	\$18,165
DOF Budget as of the FY22 Executive Plan	\$308,220	\$6,980	\$315,201	\$334,332	\$5,294	\$339,625