

**NEW YORK CITY COUNCIL
FINANCE DIVISION**

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**Report on the Fiscal 2024 Preliminary Plan
and the Fiscal 2023 Mayor's Management
Report for the**

Department of Investigation

March 7th, 2023

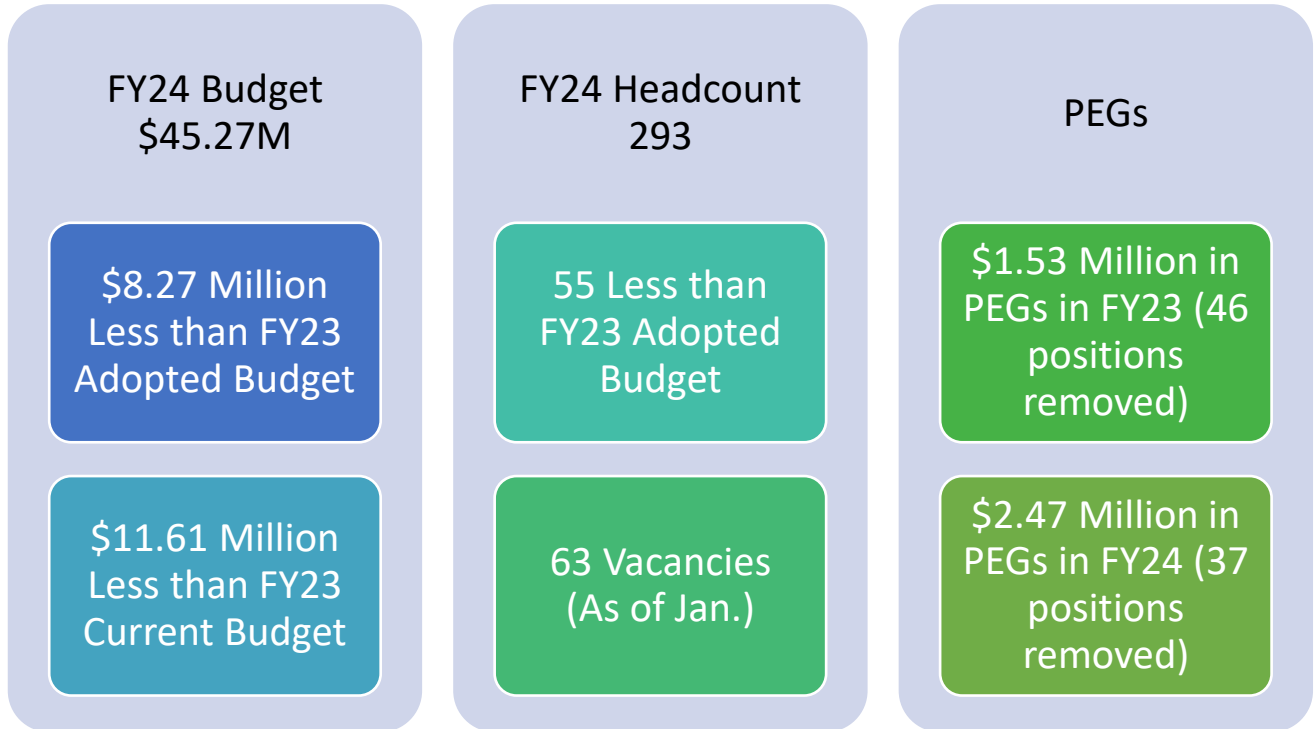
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Department of Investigation Fiscal 2024 Budget Snapshot



Department of Investigation Financial Plan Overview

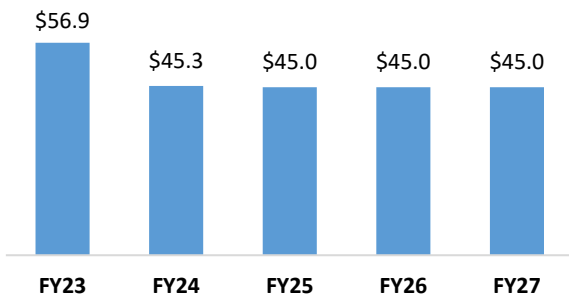
The New York City Department of Investigation’s (DOI or the Department) Fiscal 2024 Preliminary Budget totals \$45.27 million, or less than one percent of the City’s Fiscal 2024 Budget of \$102.7 billion. DOI’s mission is to promote and maintain integrity and efficiency in New York City government by investigating and referring for criminal prosecution cases of fraud, corruption and other illegal activities. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI’s broad jurisdiction includes criminal and civil investigatory authority over more than 45 mayoral agencies and an array of other City agencies, entities, boards, commissions and authorities. DOI’s strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive controls and operational reforms that improve the way the City runs. DOI serves New Yorkers by acting as an independent and nonpartisan watchdog for City government.



The Fiscal 2024 Preliminary Plan does not include any new needs for DOI and \$2.47 million in savings in Fiscal 2024. Savings are recognized through a vacancy reduction of 37 positions. The total Program to Eliminate the Gap (PEG) amount in Fiscal 2024 is \$4.58 million. Approximately \$2.06 million is from less than anticipated Personal Services (PS) spending and the other \$45,000 is from telecommunication savings. The total PEG amount of \$4.58 million is an approximately 10 percent reduction in DOI’s total budget for Fiscal 2024. This plan represent an aggressive effort by the Administration to reduce City spending, demonstrated by hitting over double the PEG target of 4.75 percent for DOI’s Fiscal 2024 budget.

Financial Plan Projections

Chart 1: DOI Outyear Budget (\$ in Millions)



The Financial Plan includes \$45.3 million for DOI in Fiscal 2024 decreasing slightly by \$250,000 to \$45 million in Fiscal 2025 and remains at that level in the out-years.

This is a low projection of future spending, because DOI’s Budget typically grows throughout the year due to additional federal and intra-city adjustments.

Federal Covid-19 Funding

The federal government provided funding to states, cities, and localities for COVID-19 response and recovery. The Fiscal 2023 Executive Budget included \$250,000 for Fiscal 2024 in COVID-19 funding for DOI. This funding was used to support City contracts with New York City Housing Authority (NYCHA) and the Federal Emergency Management Advisory (FEMA) Integrity monitor.

DOI Financial Summary

The following Financial Summary provides actuals for Fiscal 2021 and Fiscal 2022, the Adopted Budget for Fiscal 2023 and planned spending for Fiscal 2023 and Fiscal 2024 as of the Fiscal 2024 Preliminary Budget. This information is broken down by Unit of Appropriation, funding, and headcount.

DOI Financial Summary						
<i>Dollars in Thousands</i>						
	FY21	FY22	FY23	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY23	FY24	FY24-FY23
Spending						
Personal Services	\$28,704	\$26,858	\$29,612	\$28,226	\$23,873	(\$5,739)
Other Than Personal Services	22,708	23,026	23,929	28,653	21,399	(2,530)
TOTAL	\$51,412	\$49,884	\$53,541	\$56,879	\$45,272	(\$8,269)
Unit of Appropriation (U/A)						
Agency Operations	\$46,436	\$44,770	\$48,796	\$50,552	\$40,527	(8,269)
Inspector General	4,976	5,114	4,745	6,326	4,745	0
TOTAL	\$51,412	\$49,884	\$53,541	\$56,879	\$45,272	(\$8,269)
Funding						
City Funds			\$46,621	\$43,675	\$38,852	(\$7,769)
Federal - Other			750	5,315	250	(500)
Intra City			5,566	7,147	5,566	0
Other Categorical			604	630	604	0
State			0	113	0	0
TOTAL	\$51,412	\$49,884	\$53,541	\$56,879	\$45,272	(\$8,269)

DOI Financial Summary						
<i>Dollars in Thousands</i>						
	FY21	FY22	FY23	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY23	FY24	FY24-FY23
Budgeted Headcount						
Agency Operations	274	241	309	263	254	(55)
Inspector General	57	46	39	61	39	0
TOTAL	331	287	348	324	293	(55)
<i>*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Preliminary Budget.</i>						

DOI’s Fiscal 2024 Preliminary Budget of \$45.27 million is approximately \$8.3 million less than its Fiscal 2023 Adopted Budget of \$53.54 million. The Personal Services (PS) and Other than Personnel Services (OTPS) budgets decrease by \$5.7 million and \$2.5 million respectively.

While DOI’s budget decreased between Fiscal 2023 and Fiscal 2024, the Department’s Fiscal 2023 budget reflects a net increase of approximately \$3.3 million from the Fiscal 2023 Adopted budget. This increase is driven by a \$4.87 million dollar increase in the November Plan from other Adjustments and PEGs, partially offset by savings of \$1.5 million from vacancy reductions recognized in the Preliminary Plan for Fiscal 2023. This brings the total change to a \$3.3 million increase from Fiscal 2023 Adoption to the Fiscal 2023 Preliminary Plan.

The Department’s \$45.27 million Fiscal 2024 Preliminary Budget is funded through two main sources. The largest funding source is City tax-levy, which constitutes approximately 86 percent of DOI’s budget. The second main funding source is Intra-City funding, which makes up approximately 12 percent of the budget and funds agreements between other City agencies for services. Finally, other categorical and Federal funding make up less than two percent of the Department’s budget. However, this will grow over Fiscal 2023 as Asset Forfeiture and Fiscal 2023 federal funds are rolled over and realized in the next fiscal year.

DOI’s Fiscal 2024 budgeted headcount decreases by 55 positions from Fiscal 2023 Adoption, all of the positions are within Agency Operations. This headcount reduction decreases the Department’s budget by \$2.47 million in Fiscal 2024 and the out-years. At adoption the council negotiated for eighteen positions to bolster DOI’s investigative teams for FY23. The 55 position reduction includes the eighteen positions mentioned above. There was no additional funding or headcount for these positions in Fiscal 2024 or the out-years, so there are no extra savings associated with these positions. More details are provided in the next section.

Fiscal 2024 Preliminary Budget Changes

The Department of Investigation does not have any new needs in this Plan. However, the Department has stressed in the past its current low staffing levels and a need for additional headcount. The Plan does include one savings initiative, from the Mayors announced plan to reduce 50 percent of the Departments vacant positions, which does affect the Department’s baseline budget. More details are provided in the next section.

Program to Eliminate the Gap

- **Vacancy Reduction.** The Fiscal 2024 Preliminary Plan includes savings of \$1.53 million in Fiscal 2023 for the reduction of 46 positions. The Plan recognizes \$2.47 million annual savings in Fiscal 2024 to Fiscal 2027 for the elimination of 37 vacant positions. The change in the reduction of positions from Fiscal 2023 to Fiscal 2024 is due to the Council’s addition of 18 investigative positions for Fiscal 2023 that were not baselined in the agency’s budget. These

positions were unfilled at the time of the Administration’s letter directing agencies to reduce their vacancies by 50 percent. As a result, the cuts in the Preliminary Plan remove nine of the 18 Council-funded positions from DOI’s budget in Fiscal 2023. The Administration recognized the additional positions that were reduced and adds the nine positions back to the agencies budgeted headcount for Fiscal 2024 and the out-year. Thirty seven of the positions reduced were part of the core agency operations, such as confidential investigators, administrative roles and more. The remaining 18 one-shot positions were recognized under the agencies core operations. Twelve of which for Investigative Programs (& Peace Officers), the remaining six for Inspector General Roles.

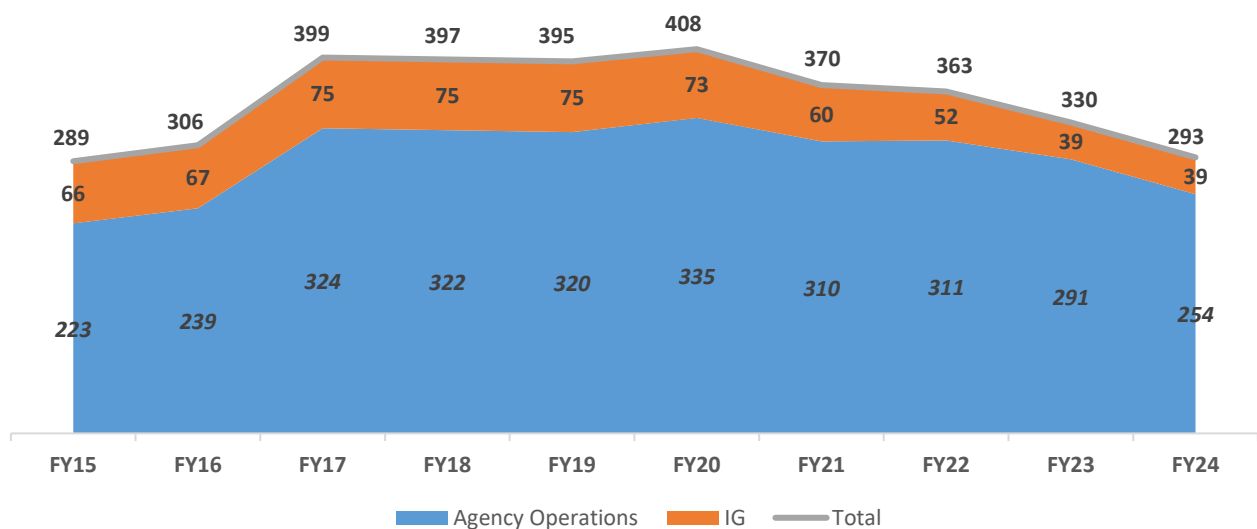
Headcount

DOI’s headcount is comprised mostly of confidential and special investigators, however DOI also works with staff from other agencies to fulfill its mission. Generally, the agency operations staff are supported with DOI’s budget, and the Inspector General Staff that perform investigative functions are funded through the budgets of other agencies through Intra-city agreements. The forecasted headcount for Fiscal 2024 is 293, which is a decrease of 55 positions from the Fiscal 2023 Adopted Budget of 348 positions, comprised of 254 positions in Agency Operations and 39 positions within the Inspector General.

As of January 2023, DOI had 261 active positions in Fiscal 2023. Throughout the last three years, DOI has had to find savings through its PS budget, primarily through vacancy reductions. These vacancy reductions have reduced DOI’s headcount by 115 positions from its peak budgeted amount of 408 positions in Fiscal 2020 and close to their budgeted headcount of 289 in Fiscal 2015.

The Department has stated its mission to combat fraud, waste, and abuse has suffered from decreasing headcount and having to repurpose existing headcount to fulfill needs. These continued headcount reductions come at a time of increased need for investigators and specially trained monitors, who oversee large new projects like the building of the borough based jails. An agency with reduced funding and positions, who not only generates revenue but also saves revenue through its oversight and expertise, may only end up costing the City more in the end.

Chart 2: DOI Budgeted Headcount



Miscellaneous Revenue

DOI Miscellaneous Revenue Budget Overview							
	FY22 Actual	FY23 Prelim	FY24 Prelim	FY25 Prelim	FY26 Prelim	FY27 Prelim	Difference FY24-FY22
Fees From Marshals	\$685,252	\$1,300,000	\$2,345,300	\$2,345,300	\$2,345,300	\$2,345,300	\$1,660,048
Background Investigation Fee	1,165,909	507,000	507,000	507,000	507,000	507,000	(658,909)
Marshals Fines	73,837	10,000	10,000	10,000	10,000	10,000	(63,837)
Unclaimed Funds from Marshals	276,500	276,500	276,500	276,500	276,500	276,500	0
Restitution: City Employees	350,306	300,000	300,000	300,000	300,000	300,000	(50,306)
Total	\$2,551,803	\$2,393,500	\$3,438,800	\$3,438,800	\$3,438,800	\$3,438,800	\$886,997

The Department generates revenue from multiple sources and actions. In Fiscal 2022 the Department generated \$2.55 million of revenue and is projected to generate \$886,997 more in Fiscal 2024. The largest projected source of revenue is from fees generated by Marshals. Appointed by the Mayor, City Marshals enforce orders from Civil Court cases, such as carrying out evictions and collecting judgements. Outlined by statute, City Marshals must pay the City \$1,500 for an annual assessment, as well as 4.5 percent of their gross income. The Fees from Marshals generated \$685,252 in Fiscal 2022, this amount is projected to double in Fiscal 2023 and nearly quadruple by Fiscal 2024. The lower-than-expected amount of revenue generated in recent years is because a result of the Tenant Safe Harbor Act (TSHA) which extended the City's moratorium ceasing evictions during the Pandemic. The moratorium was lifted on January 15, 2022, about half way through Fiscal 2022 which is why there was some growth in revenue during that year. The revenue from Marshals' fees is projected to grow in Fiscal 2024 to \$2,345,300, more in line with the Fiscal 2020 revenue of \$1,760,491.

The Department generates revenue in other ways, including background investigation fees, which generated \$1,165,909 in Fiscal 2022. This is projected to decrease in Fiscal 2023 to \$507,000 and remain stable in the out-years. Lastly, DOI generates revenue through restitutions for City employees. In Fiscal 2022 DOI collected \$350,306 from these charges. They are projected to decline to \$300,000 in Fiscal 2023 and remain at that amount in the out-years.

Fiscal 2023 Preliminary Mayor's Management Report

The Fiscal 2023 PMMR reports on two service areas and three goals for DOI. The first service the Department provides is to investigate possible corruption, fraud, waste and unethical conduct in City government. The two goals for the Department related to that service are to; 1) maintain the integrity of City agencies, employees, contract vendors and other recipients of City funds and 2) Improve the impact and effectiveness of investigations.

The second service the Department provides is to conduct background and fingerprint checks for certain City employees, contractors and day care workers. The goal for that service is to ensure that all background investigations and fingerprint checks are conducted in a timely manner. Noteworthy changes are detailed below.

- **Complaints.** A major aspect of the Department is to review the complaints received that allege criminal activity, corruption or conflicts of interest. The Department can receive complaints through the internet, telephone, and conventional mail; it has suspended its walk-in complaints during the pandemic. Through the first four months of Fiscal 2023, DOI has

received 4,327 complaints, an increase of 13 complaints compared to the same period in Fiscal 2022 when DOI received 4,314 complaints.

- **Corruption prevention and Whistleblower lectures.** DOI conducts in-person lectures to new City employees, agencies undergoing major investigations, and vendors conducting business with or receiving benefits from the City. These lectures educate participants on corruption prevention and whistleblower protections. Through the first four months of Fiscal 2023, DOI held 117 lectures, 75 more or a 179 percent increase compared to the same period in Fiscal 2022. A total of 12,453 people attended these lectures in the first four months of Fiscal 2023. In recent years the number of lectures DOI has provided was influenced by the pandemic. In Fiscal 2019, DOI offered 449 lectures a number that has dropped substantially since Covid-19 rules and restrictions were put in place.
- **E-Learning corruption prevention lectures.** Along with in-person lectures, DOI corruption prevention and whistleblower lectures are regularly hosted on a digital, e-learning platform for City employees. The number of attendees of these lectures has increased dramatically in the first four months of Fiscal 2023 to 10,160 attendees, up 183 percent or nearly 6,500 participants compared to the same period in Fiscal 2022. In Fiscal 2022 there was a total of 24,013 attendees of e-learning lectures.
- **Investigation Completion.** One of DOI's main functions is to manage investigations that root out corruption, mismanagement, and fraud, which threaten New Yorkers' access to services. Through the first four months of Fiscal 2023, DOI has closed 289 investigations, 43 more than the same time period in Fiscal 2022. In all of Fiscal 2022, DOI closed a total of 802 investigations. In the first four months of Fiscal 2023, there are 977 active investigations, up by 64 from the same period in Fiscal 2022 of 913. The average time to complete an investigation for the first four months of Fiscal 2023 is 216 days, a 14 day increase from the same period in Fiscal 2022 and close to the Fiscal 2022 average of 213.
- **Background Check Backlog.** The Department of Investigation performs background checks on certain City employees, including those that have a salary of \$125,000 or more, those that may enter into financial agreements of \$10,000 or more, and have administrative access to security systems. In recent years, there was a large backlog of background investigations (cases). In July 2019, the backlog reached a peak of 6,500 cases. Since that time, DOI has made adjustments to decrease that backlog and complete new background checks in a timely manner.

In the first four months of Fiscal 2023, there were 996 backlogged checks remaining open, down from the 1,103 from the same period of Fiscal 2022. However, through the first four months of Fiscal 2023, the number of backlogged investigations closed dropped to 280, 361 less than in Fiscal 2022, when they closed 621. DOI was able to complete 493 cases that were received after July 1, 2019, in the first four months of Fiscal 2023. This is an increase from the 379 background investigations cleared in the same time in Fiscal 2022. However, in the first four months of Fiscal 2023, DOI only cleared 773 cases total, a decrease of approximately 23 percent or 227 cases from the 1,000 total cases cleared in the same time period of Fiscal 2022.

Appendices

A. Budget Actions in the November and Preliminary Plan

<i>Dollars in Thousands</i>	Fiscal 2023			Fiscal 2024		
	City	Non-City	Total	City	Non-City	Total
DOI Budget as of the 2023 Adopted Budget	\$52,187	\$1,354	\$53,541	\$48,993	\$854	\$49,847
New Needs November Plan						
Subtotal New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Other Adjustments						
DEP/ DOI MOU 3 POS & OTPS	\$0	\$260	\$0	\$0	\$0	\$0
DEP-DOI MOU BT-2	0	794	0	0	0	0
DOI- Telephone Monitoring Unit	263	0	263	0	0	0
Financial Plan Headcount Adjustments	0	0	0	0	0	0
FY23 AF Put-Up	2,627	2,627	0	0	0	0
IC/ DOI - Fingerprinting	0	265	0	0	0	0
Roll FY22 POs into FY23	1,804	1,804	0	0	0	0
Roll unused funds from FY22	271	271	0	0	0	0
Subtotal Other Adjustments	\$1,581	\$4,702	\$6,284	\$0	\$0	\$0
Programs to Eliminate the Gap (PEG)						
Less Than Anticipated PS Spending	(\$1,399)	\$0	(\$1,399)	(\$2,063)	\$0	(\$2,063)
Telecommunication Savings	(15)	0	(15)	(45)	0	(45)
Subtotal PEG	(\$1,414)	\$0	(\$1,414)	(\$2,108)	\$0	(\$2,108)
Total All Changes	\$167	\$4,702	\$4,870	(\$2,108)	\$0	(\$2,108)
DOI Budget as of the 2023 November Budget	\$52,353	\$6,057	\$58,410	\$46,885	\$854	\$47,739
New Needs Preliminary Plan						
Subtotal New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Other Adjustments						
Heat, Light and Power	\$2	\$0	\$2	\$0	\$0	\$0
Subtotal Other Adjustments	\$2	\$0	\$2	\$0	\$0	\$0
PEG						
Vacancy Reduction	(\$1,534)	\$0	(\$1,534)	(\$2,467)	\$0	(\$2,467)
Subtotal PEG	(\$1,534)	\$0	(\$1,534)	(\$2,467)	\$0	(\$2,467)
Total All Changes	(\$1,532)	\$0	(\$1,532)	(\$2,467)	\$0	(\$2,467)
DOI Budget as of the 2024 Prelim Budget	\$50,821	\$6,057	\$56,878	\$44,418	\$854	\$45,272

B. Contract Budget

DOI Contract Budget	FY23 Adopted	Number of Contracts	FY24 Preliminary	Number of Contracts
Contractual Services - General	\$2,459,204	1	\$229,204	1
Data Processing Equipment Maintenance	11,468	3	11,468	3
Maintenance and Repairs - General	3,500	2	3,500	2
Office Equipment Maintenance	5,367	3	5,367	3
Printing Services	26,659	4	26,659	4
Prof. Services - Computer Services	11,190	2	11,190	2
Prof. Services - Other	1,500	5	1,500	5
Security Services	77,010	1	77,010	1
Telecommunications Maintenance	725	3	725	3
Temporary Services	6,000	5	6,000	5
Training Program for City Employees	203,150	1	203,150	1
TOTAL	\$2,805,773	30	\$575,773	30

C. Program Areas

Agency Operations						
	FY21	FY22	FY23	FY23 Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY23	FY24	FY24-FY23
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$23,543	\$21,303	\$24,940	\$22,025	\$19,201	(\$5,739)
Additional Gross Pay	267	610	94	94	94	0
Overtime - Civilian	123	210	42	42	42	0
Unsalaries	21	20	66	66	66	0
Fringe Benefits	0	0	96	125	96	0
Other Salaried	0	0	10	10	10	0
Overtime - Uniformed	0	8	0	0	0	0
Subtotal	\$23,954	\$22,151	\$25,249	\$22,363	\$19,510	(\$5,739)
Other Than Personal Services						
Other Services & Charges	\$19,499	\$18,455	\$18,177	\$18,760	\$17,632	(\$545)
Supplies & Materials	1,836	2,628	1,879	2,309	2,124	245
Property & Equipment	613	448	647	3,172	647	0
Contractual Services	530	1,038	2,591	3,758	361	(2,230)
Contractual Services - Professional Services	3	26	154	38	154	0
Fixed & Misc. Charges	1	24	100	153	100	0
Social Services	0	0	0	1	0	0
Subtotal	\$22,482	\$22,619	\$23,547	\$28,190	\$21,017	(\$2,530)
TOTAL	\$46,436	\$44,770	\$48,796	\$50,552	\$40,527	(\$8,269)
Funding						
City Funds			\$45,815	\$42,869	\$38,046	(\$7,769)
Federal - Other			750	5,315	250	(500)
Intra City			1,831	1,831	1,831	0
Other Categorical			400	425	400	0
State			0	113	0	0
TOTAL	\$46,436	\$44,770	\$48,796	\$50,552	\$40,527	(\$8,269)
Budgeted Headcount						
Full-Time Positions - Civilian	274	241	309	263	254	(55)
TOTAL	274	241	309	263	254	(55)
<i>*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Preliminary Budget.</i>						

Inspector General						
	FY21	FY22	FY23	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY23	FY24	FY24-FY23
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$4,685	\$4,477	\$4,230	\$5,729	\$4,230	\$0
Additional Gross Pay	24	56	27	27	27	0
Overtime - Civilian	23	159	65	65	65	0
Unsalaries	19	15	1	1	1	0
Fringe Benefits	0	0	41	41	41	0
Subtotal	\$4,750	\$4,707	\$4,363	\$5,863	\$4,363	\$0
Other Than Personal Services						
Other Services & Charges	\$80	\$105	\$122	\$70	\$122	\$0
Supplies & Materials	74	174	92	209	92	0
Property & Equipment	58	80	87	69	87	0
Contractual Services	13	48	6	16	6	0
Contractual Services - Professional Services	0	0	56	51	56	0
Fixed & Misc. Charges	0	0	18	48	18	0
Subtotal	\$226	\$407	\$381	\$463	\$381	\$0

Inspector General						
	FY21	FY22	FY23	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	FY23	FY24	FY24-FY23
TOTAL	\$4,976	\$5,114	\$4,745	\$6,326	\$4,745	\$0
Funding						
City Funds			\$806	\$806	\$806	\$0
Intra City			3,734	5,316	3,734	0
Other Categorical			204	204	204	0
TOTAL	\$4,976	\$5,114	\$4,745	\$6,326	\$4,745	\$0
Budgeted Headcount						
Full-Time Positions - Civilian	57	46	39	61	39	0
TOTAL	57	46	39	61	39	0
<i>*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Preliminary Budget.</i>						