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

Law Department

March 22, 2023

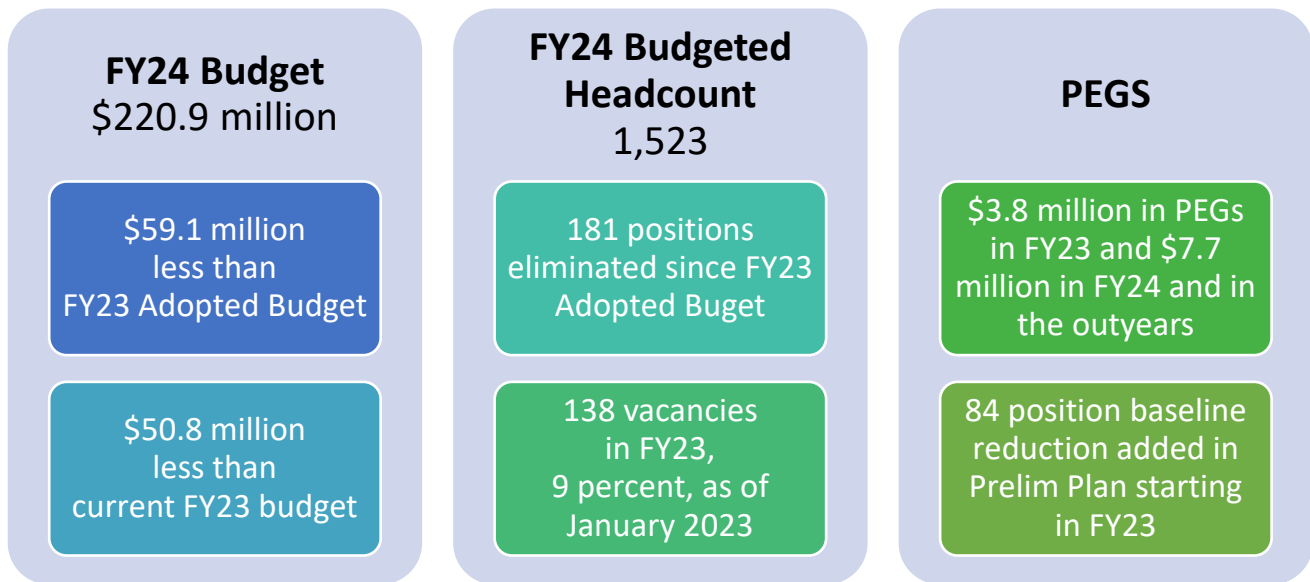
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Law Department Fiscal 2024 Budget Snapshot



Law Department Financial Plan Overview

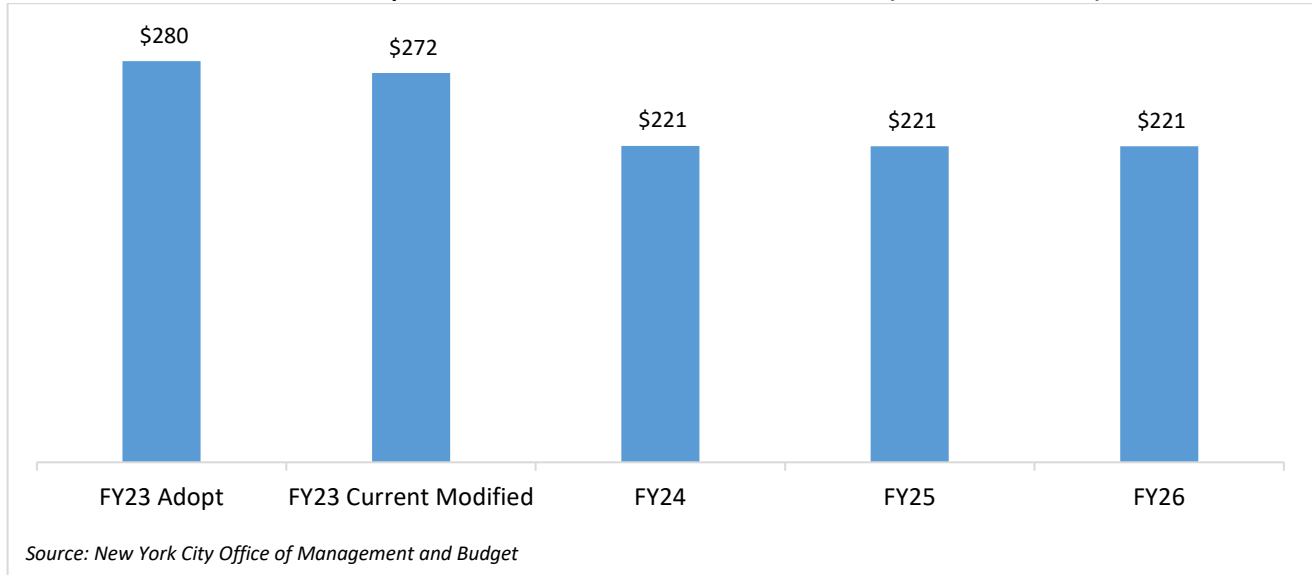
The Law Department (the Department), under the direction of the corporation counsel, is responsible for all the legal affairs of the City. The Department represents the City, the Mayor, other elected officials, and the City’s agencies in all affirmative and defensive civil litigation, as well as juvenile delinquency prosecutions brought in Family Court and Administrative Code enforcement proceedings brought in Criminal Court. Law Department attorneys draft and review local and State legislation, real estate leases, procurement contracts, and financial instruments for the sale of municipal bonds. The Department’s Fiscal 2024 Budget in the Preliminary 2024 Financial Plan (Preliminary Plan) is \$220.9 million, which represents less than one percent of the City’s overall budget of \$102.7 billion. The Preliminary Plan includes one new need in the Law Department’s budget for \$1 million in Fiscal 2023 only. Additionally, the Preliminary Plan reflects a baselined reduction of 84 positions, as part of the citywide vacancy reduction plan, which generates City funds savings of \$3.8 million in Fiscal 2023 and baselined City funds savings of \$7.7 million starting in Fiscal 2024.

Financial Summary

Spending Overview

The Law Department’s budget, as presented in the Preliminary Plan, remains unchanged over the course of the Plan period. The Department’s current modified Fiscal 2023 budget is \$271.7 million, decreasing to \$220.9 million in Fiscal 2024 and \$220.7 million in Fiscals 2025 and 2026, as shown in the following graph.

Chart 1: Law Department Financial Plan for Fiscal 2023-2026 (Dollars in Millions)



The Department’s Fiscal 2024 budget is comprised of 34.3 percent Other Than Personal Services (OTPS) expenditures, totaling \$75.7 million, and 65.8 percent Personal Services (PS) expenditures, totaling \$145.2 million. The PS budget supports expenses for 1,523 full-time civilian positions, which includes lawyers, paralegals, and other support staff. A breakdown of the Department’s PS and OTPS expenditures is presented in the following table.

<i>Dollars in Thousands</i>	FY21	FY22	FY23	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY23	FY24	FY23-FY24
Personal Services	\$154,565	\$148,040	\$163,862	\$148,840	\$145,233	(\$18,629)
Other Than Personal Services	108,525	116,605	116,090	122,821	75,664	(40,426)
TOTAL	\$263,090	\$264,645	\$279,952	\$271,661	\$220,897	(\$59,055)

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Preliminary Budget.*

Source: New York City Office of Management and Budget

Financial Summary

The following Financial Summary table provides a breakdown of the total expenditures for the Department’s two Units of Appropriation (U/A) (one is for PS expenditures and the other is for OTPS expenditures), the funding sources for the agency, and its headcount. City funds, which total \$212.5 million, make up the majority (96.2 percent) of funding for the Law Department’s Fiscal 2024 budget. Intra-City, Capital Inter-Fund Agreement (IFA), and other categorical funding constitute the remaining 3.8 percent, or \$8.5 million. Contractual services total \$32.3 million, or 14.6 percent, of the Department’s budget. A breakdown of the Department’s contract budget, by types of contracts, is included in Appendix B. Appendix C includes detail regarding the Department’s miscellaneous revenue.

Table 2: Law Department Financial Summary						
<i>Dollars in Thousands</i>	FY21	FY22	FY23	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY23	FY24	FY23-FY24
Personal Services						
Additional Gross Pay	\$2,608	\$3,295	\$2,272	\$3,975	\$2,272	\$0
Full-Time Salaried - Civilian	146,736	138,161	153,505	135,055	134,876	(18,629)
Unsalaries & Other Salaried	4,872	4,771	5,954	7,514	5,954	0
Overtime & P.S. Other	349	1,813	2,131	2,296	2,131	0
SUBTOTAL	\$154,565	\$148,040	\$163,862	\$148,840	\$145,233	(\$18,629)
Other Than Personal Services						
Contractual Services	\$67,904	\$71,533	\$71,906	\$71,687	\$32,336	(\$39,570)
Fixed & Misc. Charges	1	39	18	133	18	0
Other Services & Charges	36,729	40,037	41,932	47,430	41,256	(676)
Property & Equipment	3,020	4,031	984	2,620	984	0
Supplies & Materials	870	966	1,250	951	1,070	(180)
SUBTOTAL	\$108,525	\$116,605	\$116,090	\$122,821	\$75,664	(\$40,426)
TOTAL	\$263,090	\$264,645	\$279,952	\$271,661	\$220,897	(\$59,055)
Funding						
City Funds			\$271,496	\$260,475	\$212,449	(\$59,047)
Other Categorical			417	617	417	0
Capital-IFA			4,065	4,065	4,065	0
State			0	137	0	0
Intra-city			3,974	6,367	3,966	(8)
TOTAL			\$279,952	\$271,661	\$220,897	(\$59,055)
Budgeted Headcount						
Full-Time Positions - Civilian	1,621	1,438	1,704	1,527	1,523	(181)

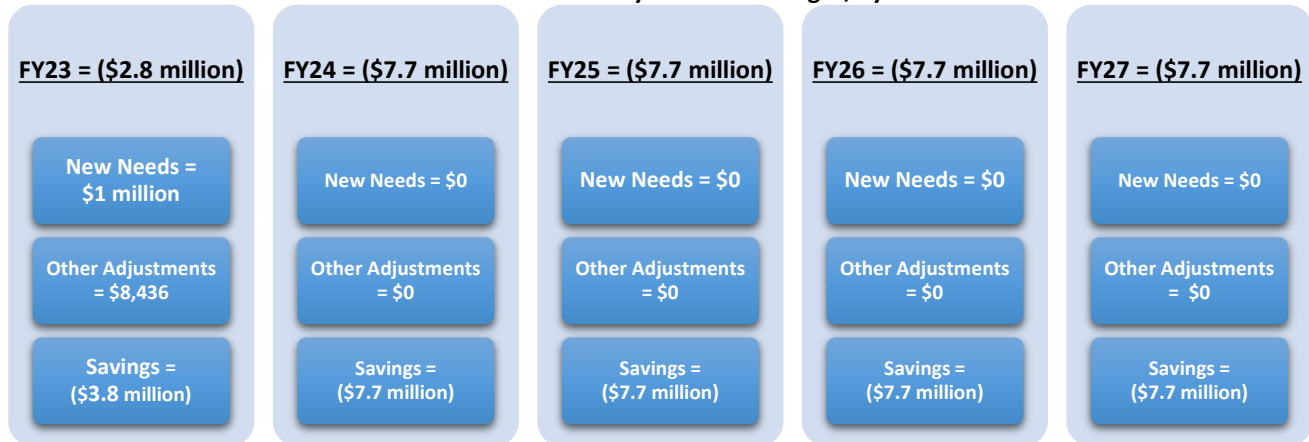
*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Preliminary Budget.

Source: New York City Office of Management and Budget

The Law Department's Fiscal 2024 Preliminary Budget totals \$220.9 million, a decrease of \$59.1 million, or 21.1 percent, when compared to its Fiscal 2023 Adopted Budget. The budget for Fiscal 2023 has decreased by \$8.3 million, or three percent since Adoption. This decrease is largely due to the vacancy reductions reflected in both the November 2022 Financial Plan (November Plan) and the Preliminary Plan. The Fiscal 2024 Preliminary Budget is \$50.8 million, or 18.7 percent, smaller than the Fiscal 2023 current modified budget. This is due to a combination of the vacancy reductions taken in the November and Preliminary Plans and the contract budget, which does not yet reflect the Department's typical annual expenditures for Fiscal 2024.

Fiscal 2024 Preliminary Budget Changes

Chart 2: Fiscal 2024 Preliminary Plan Net Changes, by Fiscal Year



As previously stated, the Law Department’s Fiscal 2024 budget, as of the Preliminary Plan, is \$59.1 million less than the Fiscal 2023 Adopted Budget. All budget actions reflected in the November and Preliminary Plans are listed in Appendix A. The major actions reflected in the Preliminary Plan are detailed in the next section. The net of all changes, including new needs, other adjustments, and savings, included in the Preliminary Plan reduces the Department’s Fiscal 2023 Budget by \$2.8 million, and the budgets in Fiscal 2024 and in the outyears by \$7.7 million each year, as shown in the preceding graphic. Other adjustments included in the Preliminary Plan are very small and technical in nature.

New Needs

- Hurricane Sandy Contractor Payment.** The Preliminary Plan includes an additional \$1 million in City funds in Fiscal 2023 only for expenditures relating to litigation between the City and a Hurricane Sandy construction contractor. This funding is for a third-party consultant that was hired to provide analysis to assist in the resolution of the case. This is a one-time expense for a matter that is expected to be resolved by the end of the fiscal year, and will not be reoccurring.

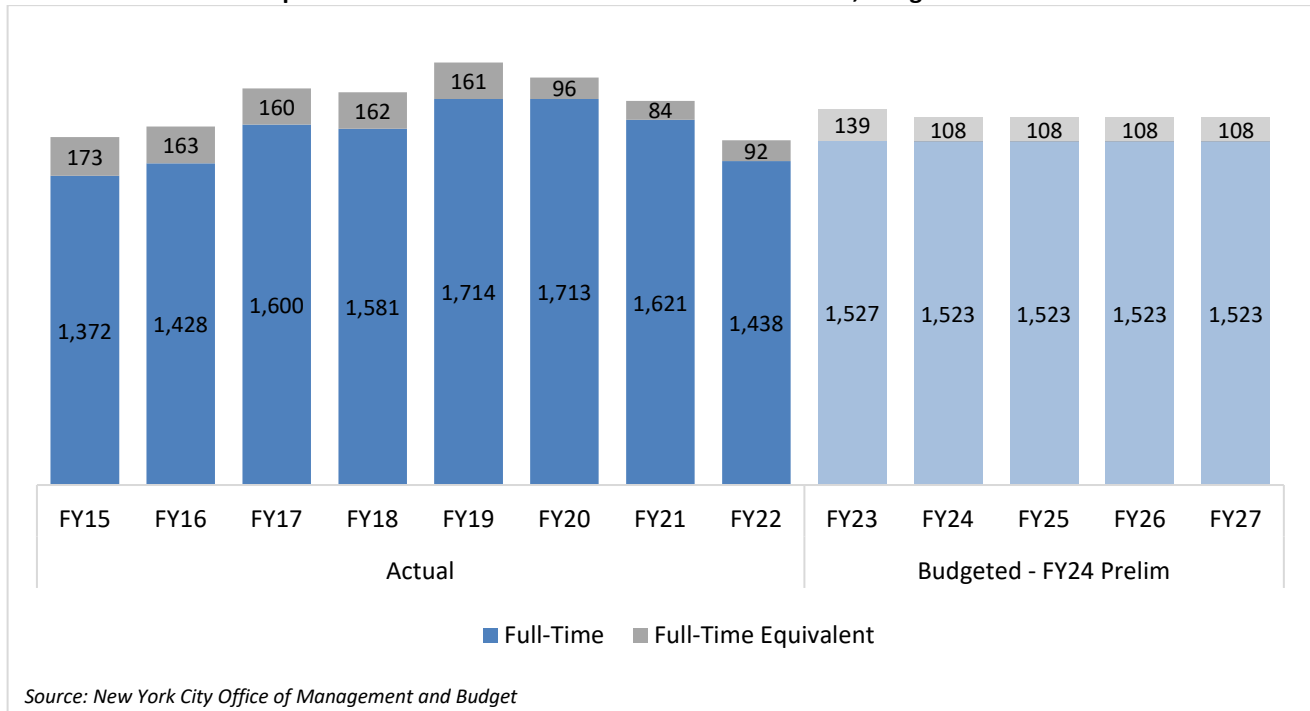
Program to Eliminate the Gap (PEG)

- Vacancy Reduction.** The Law Department’s budget reflects a baseline decrease of 84 positions starting in Fiscal 2023, as part of the citywide mandate to reduce vacant headcount in the Preliminary Plan. This decrease is accompanied by a \$3.8 million City funds decrease in Fiscal 2023 and a baseline City funds decrease of \$7.7 million starting in Fiscal 2024. The amount of savings reflected in Fiscal 2023 is lower than in the outyears because it is the prorated savings for half a year. The Law Department had a large number of vacant positions due to ongoing attrition and recruiting issues.

Headcount

The following graph presents the Department’s actual headcount since Fiscal 2015 and the budgeted headcount across the Preliminary Plan. The budgeted headcount for full-time civilian positions in the Preliminary Plan is 1,527 for Fiscal 2023 and 1,523 for Fiscal 2024 and the outyears. In addition, the budget includes funding for 139 full-time equivalent (FTE) positions in Fiscal 2023 and 108 FTE positions in Fiscal 2024 and the outyears.

Chart 3: Law Department Headcount: Actuals for Fiscal 2015 – 2022, Budgeted for Fiscal 2023 - 2027



The Law Department’s year-end actual headcount peaked in Fiscals 2019 and 2020, when it was over 1,700. The budgeted headcount in all years of the Preliminary Plan is approximately 200 positions below the Department’s recent actual headcount peak. During the pandemic, the Department experienced considerable attrition and was subject to the citywide hiring freeze and hiring restrictions. The actual headcount as of January 2023 was 1,389, which was more than 300 positions below the pre-pandemic peak. The Department’s vacancy rate is nine percent, or 138 positions, comparing the number of positions budgeted for Fiscal 2023 to the number of positions filled as of January 2023.

As part of the citywide vacancy mandate, the Department eliminated any open positions where they were not actively pursuing candidates. In addition to the 84 positions removed in the Preliminary Plan, there were 93 positions removed in the November Plan, for a total of 177 baselined positions eliminated since the Adopted Plan. The Law Department is actively hiring for all remaining vacant positions and has indicated if it fills all positions and requires additional resources; it will work with the New York City Office of Management and Budget (OMB) to adjust its budgeted headcount.

Expenditures on overtime in Fiscal 2021 were \$354,770 and \$1.8 million in Fiscal 2022. The Preliminary Plan budgets \$2.3 million in Fiscal 2023 and \$2.1 million in Fiscal 2024 for overtime costs. The Department is anticipating an increase in workload for its support staff, who are eligible for overtime (lawyers are not), mostly related to large cases with a lot of paralegal work. Additionally, some of the increased overtime that is expected is due to the lower staffing levels. Notably, overtime expenses were lower than usual in Fiscal 2021 because of a pandemic-related decrease in activity. The resumption in court activity, as pandemic restrictions have ended, is largely driving the anticipated increase in overtime expenditures.

Fiscal 2023 Preliminary Mayor's Management Report

The Preliminary Mayor's Management Report (PMMR) for Fiscal 2023¹ reports on three service areas and five goals for the Law Department. Noteworthy metrics that were reported are detailed below.

- **Payout for Judgements and Claims.** According to the PMMR, the payouts made in Fiscal 2022 were \$794.7 million, increasing from \$623.2 million in Fiscal 2020 and \$576 million in Fiscal 2021. The Law Department indicated this increase was due to the court system's return to routine operations after the pandemic-related pauses in court activity and the settlement of multiple longstanding cases.
- **Cases Pending in State Court.** According to the PMMR, the number of cases pending in State Court in Fiscal 2020 was 21,858, increasing in Fiscal 2021 to 25,723, and again in Fiscal 2022 to 26,732. In the first four months of Fiscal 2023, it has further increased to 27,737. The Law Department indicated this was due to the resumption of court activity. Additionally, there were two major laws passed that opened up the statute of limitations for sexual misconduct, which permitted a new group of cases to be filled.
- **Cases Pending on Trial Calendar.** According to the PMMR, the number of cases pending on trial calendar was 2,059 in Fiscal 2020, increasing to 3,978 in Fiscal 2021, and then dropping to 2,442 in Fiscal 2022. In the first four months of Fiscal 2023, the number of cases pending on the trial calendar further decreased to 2,274. The PMMR indicated that was in part due to a targeted effort to resolve meritorious trial ready cases.
- **Families Entitled to Child Support Orders.** According to the PMMR, the percentage of families entitled to a support order that received a support order in Fiscal 2020 was 66 percent, in Fiscal 2021 it increased to 81 percent, and in Fiscal 2022, it decreased to 62 percent. In the first four months of Fiscal 2023, the percentage of families entitled to a support order that received a support order rebounded to 86 percent. The PMMR indicated that this was primarily due to an increase in the number of cases in which personal jurisdiction over the non-custodial parents was obtained. The Law Department indicated that it has been working on ways to improve its ability to get jurisdiction and expect the percentage of cases with support orders could continue to rise in the future.

Budget Issues and Concerns

- **Hiring, Retention, and Attrition.** As previously detailed in the headcount section of the report, the Department's actual headcount has significantly decreased since the onset of the pandemic. In addition to the citywide hiring freeze and restrictions, there was also significant attrition of staff to positions in the private sector. It is thought that the higher salaries and more flexible work arrangements in the private sector contributed to much of this decrease. The work of the Law Department is typically well-suited to a remote or hybrid work arrangement and if the Department were able to offer such flexibility, it could help with its hiring and retention issues. The agency is currently working with OMB on its salary structure so it can be more competitive, with similar public sector work. The Department's ability to hire and retain adequate staff, especially lawyers, is a budget concern as it may have a direct impact on its ability to manage cases efficiently and cost effectively.

¹ The City of New York, "Preliminary Mayor's Management Report", January 2023, pages 203-209, see: https://www.nyc.gov/assets/operations/downloads/pdf/pmmr2023/2023_pmmr.pdf.

Appendices

A. Law Department Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
Law Department Budget as of the Adopted FY23 Budget	\$271,496	\$8,456	\$279,952	\$231,237	\$8,455	\$239,692
Changes Introduced in the November 2022 Plan						
Programs to Eliminate the Gap (PEGs)						
PS Savings	(\$8,062)	\$0	(\$8,062)	(\$10,422)	\$0	(\$10,422)
Rent Savings	0	0	0	(562)	0	(562)
RJC Less Than Anticipated OTPS Spending	(83)	0	(83)	0	0	0
Telecommunication Savings	(38)	0	(38)	(114)	0	(114)
Subtotal, PEGs	(\$8,183)	\$0	(\$8,183)	(\$11,098)	\$0	(\$11,098)
Other Adjustments						
Couch White	\$0	\$500	\$500	\$0	\$0	\$0
FY23 LGRMIF Grant	0	66	66	0	0	0
FY'23 NYC & Company Agreement	0	200	200	0	0	0
IC W/LAW-TB	0	30	30	0	0	0
Intra-City Adjustment with DoRIS	0	(8)	(8)	0	(8)	(8)
LAW- EEO ATTORNEYS	0	80	80	0	0	0
LGRMIF FY23 Add	0	71	71	0	0	0
MOCEJ-COUCH WHITE LAW MOU	0	1,700	1,700	0	0	0
Temp Legal Staff	0	91	91	0	0	0
Subtotal, Other Adjustments	\$0	\$2,730	\$2,730	\$0	(\$8)	(\$8)
TOTAL, All Changes in November 2022 Plan	(\$8,183)	\$2,730	(\$5,453)	(\$11,098)	(\$8)	(\$11,105)
Law Department Budget as of the November 2022 Plan Budget	\$263,313	\$11,186	\$274,499	\$220,140	\$8,447	\$228,588
Changes Introduced in the FY24 Preliminary Plan						
New Needs						
Sandy Contractor Payment	\$1,000	\$0	\$1,000	\$0	\$0	\$0
Subtotal, New Needs	\$1,000	\$0	\$1,000	\$0	\$0	\$0
Programs to Eliminate the Gap (PEGs)						
Vacancy Reduction	(\$3,846)	\$0	(\$3,846)	(\$7,691)	\$0	(\$7,691)
Subtotal, PEGs	(\$3,846)	\$0	(\$3,846)	(\$7,691)	\$0	(\$7,691)
Other Adjustments						
Heat, Light and Power	\$30	\$0	\$30	\$0	\$0	\$0
City Service Corps Program	(22)	0	(22)	0	0	0
Subtotal, Other Adjustments	\$8	\$0	\$8	\$0	\$0	\$0
TOTAL, All Changes in the FY24 Preliminary Plan	(\$2,838)	\$0	(\$2,838)	(\$7,691)	\$0	(\$7,691)
Law Department Budget as of the FY24 Preliminary Budget	\$260,475	\$11,186	\$271,661	\$212,449	\$8,448	\$220,897

Source: New York City Office of Management and Budget

B. Law Department Contract Budget

Law Department FY24 Preliminary Contract Budget				
<i>Dollars in Thousands</i>				
Category	FY23 Adopted	Number of Contracts	FY24 Preliminary	Number of Contracts
Cleaning Services	\$15	1	\$15	1
Contractual Services – General	440	14	440	14
Data Processing Equipment Maintenance	701	8	701	8
Maintenance and Repairs – General	1,501	17	1,501	17
Office Equipment Maintenance	160	9	160	9
Prof. Services - Accounting Services	100	1	100	1
Prof. Services - Computer Services	207	1	207	1
Prof. Services - Engineering and Architectural Services	130	28	130	28
Prof. Services - Legal Services	11,779	31	8,802	31
Prof. Services – Other	50,862	279	14,269	279
Security Services	763	1	763	1
Temporary Services	5,093	15	5,093	15
Training Program for City Employees	105	24	105	24
Transportation Services	50	1	50	1
TOTAL	\$71,906	430	\$32,336	430

Source: New York City Office of Management and Budget

C. Law Department Miscellaneous Revenue

Law Department Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	FY21	FY22	FY23	Preliminary Plan		*Difference FY23-FY24
	Actual	Actual	Adopted	FY23	FY24	
Adm. Code Violations	\$88	\$1,822	\$650	\$650	\$650	\$0
Sale of Streets	858	0	0	0	0	0
Affirmative R/E Litigation	257	1,322	250	1,200	250	0
Affirmative Litigation	61,534	4,636	6,759	6,759	6,759	0
Vending, Xerox, Subpoena Fees	30	59	75	75	75	0
Collection Agency Claims	5,091	2,732	3,300	3,300	3,300	0
Worker Compensation	8,352	7,402	7,000	7,000	7,000	0
TOTAL	\$76,210	\$17,914	\$18,034	\$18,984	\$18,034	\$0

*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Preliminary Budget.

Source: New York City Office of Management and Budget