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

Mayor's Office of Contract Services

March 21, 2023

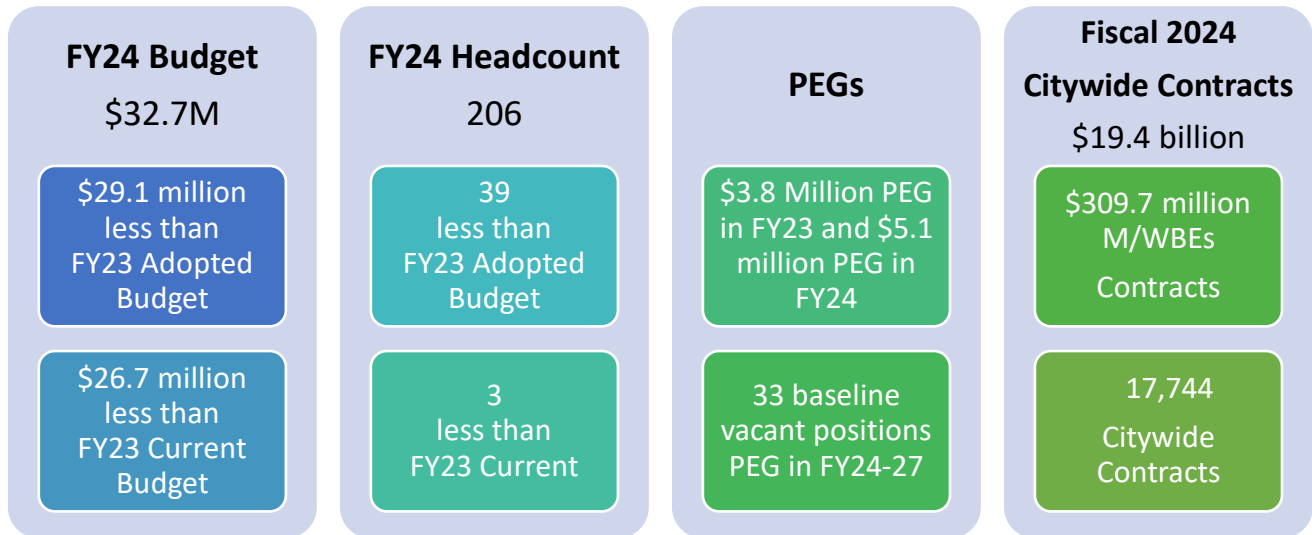
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Mayor’s Office of Contract Services (MOCS) Fiscal 2024 Budget Snapshot



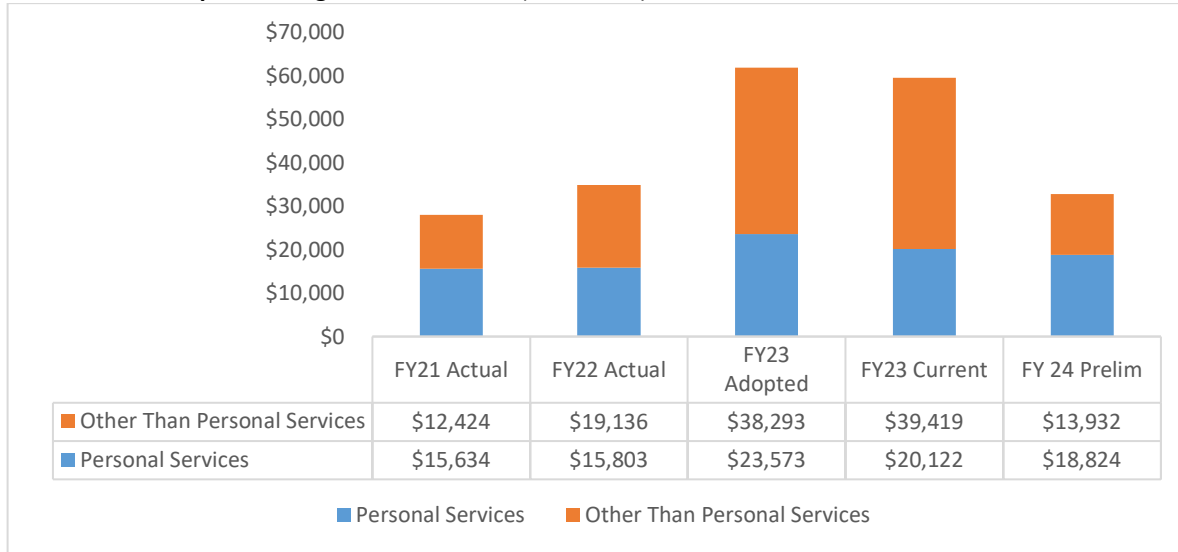
Mayor’s Office of Contract Services Overview

The Mayor’s Office of Contract Service (MOCS, the Office) 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. MOCS establishes policies, procedures and guidelines for the implementation of PPB rules and local laws. MOCS is authorized to perform pre- and post-audit reviews and to provide all necessary determinations, approvals and certifications related to agency procurement actions. MOCS is also responsible for maintaining the City’s central contract registry.

MOCS Financial Plan Overview

On January 12, 2023, the Administration released the city’s Fiscal 2024 Preliminary Financial Plan (Preliminary Plan), which reflects a \$102.7 billion budget for Fiscal 2024. MOCS’s budget for Fiscal 2024 represents less than one percent of the city’s budget. This report provides a review of MOCS’ Fiscal 2024 Preliminary Budget, its funding structure, headcount, contract budget and reporting on specific City Council mandated reports. The report also includes analysis of the City’s Preliminary Contract Budget for Fiscal 2024.

Chart 1: MOCS Expense Budget – PS and OTPS (\$’s in 000s)



Financial Summary

MOCS’ Fiscal 2024 budget includes \$18.8 million in Personal Services (PS) funding to support 206 full-time positions. MOCS Fiscal 2024 Budget includes \$13.9 million in Other Than Personal Services (OTPS), the majority of which is allocated for contractual information technology services most notably the Procurement and Sourcing Solutions Portal system (PASSPort). MOCS is not a City agency, its budget exists within the budget for Mayoralty.

Table 1: MOCS Financial Summary

Financial Summary						
<i>Dollars in Thousands</i>						
	FY21	FY22	FY23	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY23	FY24	FY23-FY24
Spending						
Personal Services	\$15,634	\$15,803	\$23,573	\$20,122	\$18,824	(\$4,749)
Other Than Personal Services	12,424	19,136	38,293	39,418	13,932	(24,361)
TOTAL	\$28,058	\$34,939	\$61,866	\$59,541	\$32,756	(\$29,110)
Funding						
City Funds			\$51,874	\$49,127	\$25,034	(\$26,840)
Federal - Other			2,269	2,410	0	(2,269)
Intra City			5,198	5,481	5,199	1
Capital - IFA			2,523	2,523	2,523	0
TOTAL	\$28,058	\$34,939	\$61,866	\$59,541	\$32,756	(\$29,110)
Budgeted Headcount						
Full-Time Positions	161	164	245	209	206	(39)
TOTAL	161	164	245	209	206	(39)

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

- Spending.** For Fiscal 2024, MOCS’ OTPS spending accounts for 43 percent of its budget, while PS spending accounts for 57 percent. Since the Adoption of the Fiscal 2023 Budget, MOCS’ budget has decreased by \$29.1 million (47.1 percent) from \$61.9 million in Fiscal 2023 to \$32.8 million in Fiscal 2024. This decrease is primarily the result of the \$11 million of one-time funding for the implementation of PASSPort system that was included in MOCS’s Fiscal 2023 budget and the \$2.2 million in federal funding for COVID-19 recovery and relief, which is not reflected in the Fiscal 2024 Plan.

- Funding.** MOCS’ Fiscal 2024 Budget is funded by primarily by city funds (76 percent), the remaining funds are Intra-City (16 percent) and Capital Inter-fund agreements (IFA) funds (8 percent). Intra-City fund are funded by other City agencies for services provided by MOCS. Capital-IFA funding supports staff positions that work solely on capital projects and can therefore be paid for through the capital budget.

Fiscal 2024 Preliminary Budget Changes

Budget actions in the November and Preliminary Financial Plans include the following:

New Needs. The Preliminary Plan includes an additional City funding of \$1 million in Fiscal 2023 and a baseline funding of \$1 million in Fiscal 2024 and in the out-years.

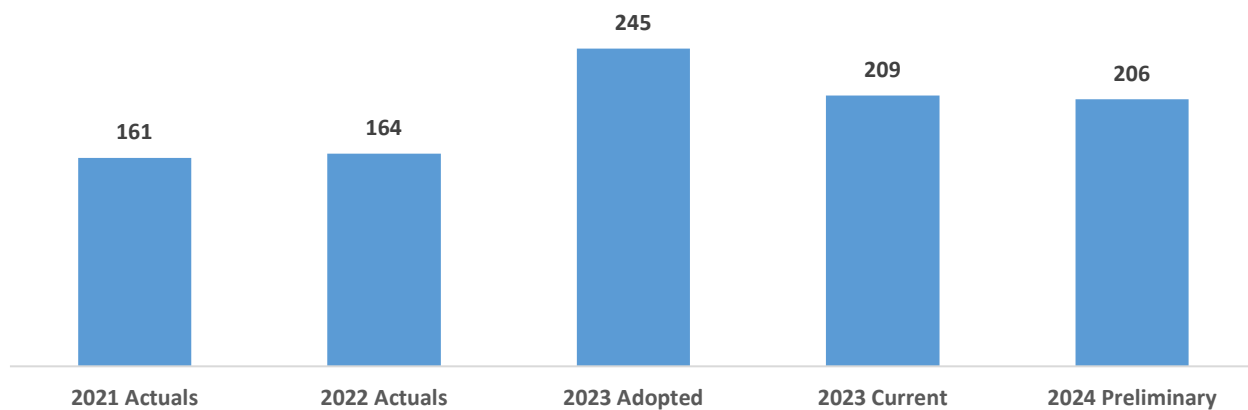
Other Adjustments. The Preliminary Plan includes a one-time funding of \$544,000 in Fiscal 2023 for MOCS CECMS.

Program to Eliminate the Gap (PEG). The Preliminary Plan includes a PEG that reduces MOCS’ budget by \$3.8 million in Fiscal 2023, \$5.1 million in Fiscal 2024 and in the outyears, through the elimination of 33 full-time vacant positions. MOCS collaborated with OMB and agency partners to meet the Administration’s PEG target. This action would represent a 19 percent reduction from its current headcount.

Headcount

MOCS’ Fiscal 2024 Preliminary Budget provides for 206 full-time budgeted positions, 39 fewer than the funded headcount for Fiscal 2023 at Adoption. The decrease in MOCS’s headcount when compared to its current headcount is the result of the citywide vacancy reduction plan, which eliminates 33 vacant positions.

Chart 2: MOCS Headcount – Fiscal 2021-2024



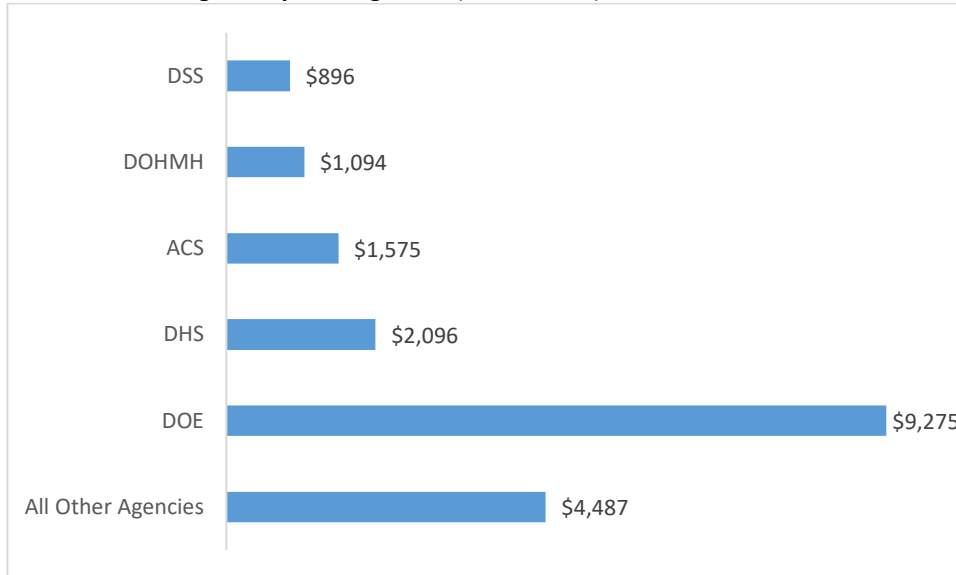
Citywide Contract Budget

Five agencies, (the Department of Education (DOE), the Department of Homeless Services (DHS), the Administration for Children’s Services (ACS), the Department of Health and Mental Hygiene (DOHMH), and the Department of Social Services (DSS)/Human Resources Administration (HRA)), account for the majority of the City’s total contract budget for Fiscal 2024. This demonstrates the City’s reliance on outsourcing to deliver these critical resources to the public. Collectively, the

contract budgets for these agencies total nearly 78 percent of the total contract budget for Fiscal 2024.

The Fiscal 2024 Preliminary Contract Budget totals \$19.4 billion and represents 19 percent of the City’s \$102.7 billion Budget.

Chart 3: Fiscal 2024 Contract Budget - Top Five Agencies (\$ in Millions)



Over 47 percent of the City’s total Fiscal 2024 Contract Budget is allocated for the provision of DOE services, the largest proportion of funding by agency. Of the \$9.2 billion in the Department of Education contracts, over two-thirds are allocated in three major areas: Charter Schools (\$2.9 billion), Pupil Transportation (\$1.6 billion), and Services for Special Needs Students (\$2.1 billion).

The Department of Homeless Services Fiscal 2024 Contract Budget includes \$1 billion for services for homeless families with children and \$1 billion for services for homeless single adults. These contracts include the cost for shelters and social services.

The Administration for Children’s Services has \$1.5 billion in contracts of which approximately \$524.6 million (33.3 percent) is allocated for Children’s Charitable Institutions, \$458 million (30 percent) is for the cost of the provision of day care services, and \$421.8 million (26.7 percent) is for Childcare Welfare Services contracts.

Contract Expenses by Category

The City’s Fiscal 2024 Contract Budget is categorized into five program areas. These five program areas are:

- **Youth and Student Related Services.** Includes **\$8.9 billion** primarily comprised of contracts for Transportation of Pupils and Payments to Contract Schools.
- **Social Service and Health Services.** Contracts in this program area total **\$5.9 billion**, providing for home care, child welfare, employment services, Public Assistance, Day Care, Family Service, Homeless Programs, and Health, Mental Hygiene & Prison Health among others.

- **Professional Services.** Contracts in this area include **\$1.8 billion** for professional services such as accounting, auditing, education investment analysis, legal, engineering and architectural, and system development & management analysis.
- **Maintenance of Equipment & Operation of Infrastructure.** Contracts in this area include **\$1.6 billion** for the maintenance and operation of lighting, street repair, buildings, parks, water supply, sewage and waste disposal, data processing, office equipment, and telecommunications.
- **Administration Services.** Contracts in this program area total **\$1.2 billion**, and include contracts for the following services: custodial security, secretarial, cultural related, employee related, economic development, transportation, municipal waste exporting.

Budget Issues and Concerns

Contract Budget Transparency. The Contractual General Services object code (600) includes \$1 billion in funding in the Fiscal 2024 Preliminary Budget; however, details for the type of contracts included in this budget code are limited. Additionally, the available budget documents do not include the sources of funds (City, State, and Federal) that support the City's Contract Budget.

City Council Discretionary Funding

In Fiscal 2023, the City Council allocated approximately \$536.2 million in discretionary awards. Discretionary awards are designated by the City Council to particular community-based organizations and non-profits. Any non-profit that applies for funding undergoes a rigorous review by both the City Council and MOCS as part of the pre-qualification threshold. Awards are detailed in Schedule C of the budget, and subsequent transparency resolutions passed by the Council (details can be found on <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2022/06/Fiscal-2023-Schedule-C-Merge-6.13.22-Final-1.pdf>). Of the \$536.2 million allocated by the City Council in Fiscal 2023, \$293.6 million or roughly 55 percent was cleared by MOCS as of January 2023. For Fiscal 2023, of the cleared MOCS contracts, the Department of Youth and Community Development (DYCD) registered \$79.5 million, representing the largest sum of awards by a single agency.

Minority and Women Owned Business Enterprises (M/WBE)

In 2005, the Council passed Local Law 129, which re-established the City's M/WBE program. Local Law 129 set aspirational goals for City agencies to increase their contracting with MWBEs, set target percentages for categories of contracts, and established an M/WBE certification program. The certification program provides greater access to information about contracting opportunities through classes, networking events, targeted solicitations, and includes an online directory for certified businesses within the City that promotes M/WBE businesses to purchasers.

In 2013, the City passed Local Law 1, which made a number of significant changes to the City's M/WBE program, and include (i) removing the requirement that M/WBE goals only apply to contracts valued at one million dollars or less; (ii) the creation of "M/WBE stat," an accountability program that requires agency M/WBE officers to convene quarterly to discuss progress with reaching M/WBE goals; (iii) requiring M/WBE reports from MOCS on a quarterly basis instead of semi-annually (as was required under Local Law 129 of 2005); and (iv) improving and increasing education and outreach regarding the MWBE program and City contracting.

Table 2: M/WBE Sub-Contracts Awarded in the First Quarter of Fiscal 2023 (Dollars in Thousands)		
Industry	# Contracts	Value
Construction Services	118	\$73,555
Professional Services	68	\$12,083
Standardized Services	15	\$3,932
TOTAL	201	\$89,570

Table 3: M/WBE Prime Contracts Awarded in the First Quarter of Fiscal 2023 (Dollars in Thousands)		
Industry	# Contracts	Value
Construction Services	3,075	\$61,274
Goods	1,343	\$23,726
Professional Services	308	\$96,356
Standardized Services	208	\$38,934
TOTAL	4,934	\$220,292

Minority and Women-owned business enterprises were awarded about \$220.3 million in prime contracts in the first quarter of Fiscal 2023, representing 20 percent of all such awards during this reporting period. During this period, of the 378 approved subcontracts, 201 were awarded to M/WBE amounting to \$89.6 million in subcontracts.

In his recent State of the City address, Mayor Adams committed to awarding \$25 billion in contracts to M/WBE businesses by Fiscal 2026 and \$60 billion by Fiscal 2030. However, the Administration's plan for achieving these goals is unclear.

Appendices

A. Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
MOCS Budget as of the Fiscal 2023 Adopted Budget	\$51,874	\$9,992	\$61,867	\$29,185	\$7,722	\$36,907
New Needs						
PMQA - MOCS	\$1,000	\$0	\$1,000	\$0	\$0	\$0
Subtotal, New Needs	\$1,000	\$0	\$1,000	\$1,000	\$0	\$1,000
Other Adjustments						
City - Other Adjustments	\$135	\$0	\$135	\$0	\$0	\$0
Other Federal - Adjustment	0	140	140	0	0	0
Intra City - Adjustment	0	282	282	0	0	0
Subtotal, Other Adjustments	\$135	\$422	\$557	\$0	\$0	\$0
Savings						
Contract Savings	\$0	\$0	\$0	(\$350)	\$0	(\$350)
Personal Services	(2,307)	0	(2,307)	(1,670)	0	(1,670)
Telecommunication Savings	(2)	0	(2)	(7)	0	(7)
Vacancy Reduction	(1,561)	0	(1,561)	(3,123)	0	(3,123)
Subtotal, Savings	(\$3,870)	\$0	(\$3,870)	(\$5,150)	\$0	(\$5,150)
TOTAL, All Changes	(\$2,748)	\$422	(\$2,326)	(\$4,150)	\$0	(\$4,150)
MOCS Budget as of the Fiscal 2024 Preliminary Budget	\$49,126	\$10,414	\$59,541	\$25,034	\$7,722	\$32,756

B. Contract Budget

<i>Dollars in Thousands</i>	Actual	Adopted	Preliminary	Preliminary
Agency	FY22	FY23	FY23	FY24
Department of Education	\$9,946,029	\$9,443,273	\$9,736,785	\$9,274,182
Department of Homeless Services	2,529,234	2,147,970	2,764,768	2,096,158
Administration for Children's Services	1,564,147	1,650,045	1,676,099	1,575,699
Department of Health and Mental Hygiene	1,422,177	1,244,398	1,666,339	1,094,471
Department of Social Services	1,072,364	987,123	1,103,162	896,137
Administration of Children Services	1,564,147	1,650,451	1,676,099	1,575,699
All Other Agencies	4,777,313	3,650,110	4,546,094	2,911,786
Total	\$22,875,411	\$20,773,776	\$23,169,346	\$19,424,132