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**Report to the Committee on Finance and the
Committee on Criminal Justice on the Fiscal
2024 Executive Plan and the Fiscal 2024
Executive Capital Commitment for the**

Department of Correction

May 19, 2023

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Department of Correction Budget Overview

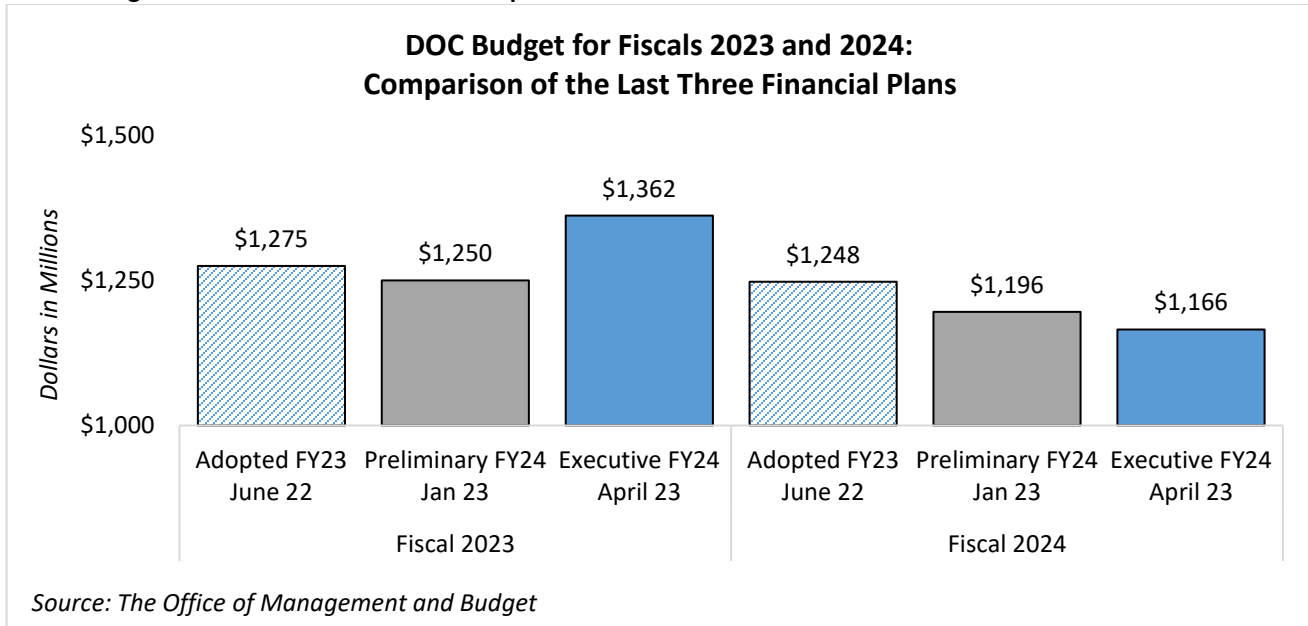
On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) which includes a proposed Fiscal 2024 budget of \$106.7 billion. This report offers a review of the Department of Correction’s (the Department or DOC) Fiscal 2024 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DOC’s Preliminary Budget, please refer to the Fiscal 2024 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/DOC-1.pdf>.

The Department’s projected Fiscal 2024 budget of \$1.17 billion represents approximately one percent of the City’s proposed Fiscal 2024 budget in the Executive Plan.

DOC’s Fiscal 2024 budget decreased by \$30 million (2.5 percent), from the \$1.20 billion budgeted in the Fiscal 2024 Preliminary Financial Plan (Preliminary Plan) presented in January. The decrease is the result of a number of actions taken, most significant of which are: the insourcing of contracted services of \$17.02 million, less than anticipated Personal Services (PS) spending of \$30.4 million, and a uniform overtime reduction of \$30 million.

DOC’s current Fiscal 2023 budget is \$1.36 billion, approximately 4.5 percent larger than the agency’s Fiscal 2023 Adopted Budget (\$1.28 billion) and \$110 million (8.8 percent) larger than the budget presented in the Preliminary Plan.

Chart 1: Budget for Fiscals 2023 and 2024: Comparison of the Last Three Financial Plans



Personal Services and Headcount

DOC’s Executive Plan includes funding for 8,791 full-time positions in the current year, decreasing to 8,790 in Fiscal 2024. This breaks down to 7,060 uniform positions and 1,730 civilian positions budgeted for Fiscal 2024. The current planned headcount for Fiscal 2024 is 244 less than the Department’s Fiscal 2023 budgeted headcount at adoption.

In the Executive Plan, funding for DOC’s PS (all agency staffing related expenses) comprises \$1.1 billion or 84.6 percent of the agency’s total Fiscal 2023 plan. This decreases to \$982.9 million or 89.4 percent in Fiscal 2024.

Table 1: DOC Spending and Budgeted Headcount Summary						
<i>Dollars in Thousands</i>	2021 Actual	2022 Actual	2023 Adopted	Executive Plan		*Difference 2024 - 2023
				2023	2024	
Spending						
Personal Services	\$1,091,919	\$1,174,170	\$1,061,205	\$1,131,652	\$982,903	(\$78,302)
Other Than Personal Services	167,398	217,658	214,153	230,371	182,792	(31,361)
TOTAL	\$1,259,317	\$1,391,828	\$1,275,358	\$1,362,023	\$1,165,695	(\$109,663)
Budgeted Headcount						
Full-Time Positions - Uniform	8,388	7,068	7,060	7,060	7,060	0
Full-Time Positions - Civilian	1,603	1,496	1,974	1,731	1,730	(244)
TOTAL	2,992	1,496	9,034	8,791	8,790	(244)

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

Source: The Office of Management and Budget

Funding Sources

DOC’s budget is supported almost entirely by City funds. The Department’s Fiscal 2024 Executive Budget includes minimal State and federal funding. In the current financial plan, 99 percent (\$1.35 billion) of DOC’s total funding in the current fiscal year is from City tax-levy. This percentage remains unchanged across Fiscal 2023 and Fiscal 2024.

The major changes between Fiscal 2023 and Fiscal 2024 include:

City Funding

City funding increases by \$85 million in Fiscal 2023 and decreases by \$109.6 million in Fiscal 2024 when compared to the Fiscal 2023 Executive Plan, yet still remains the primary funding source for the Department.

Federal Funding

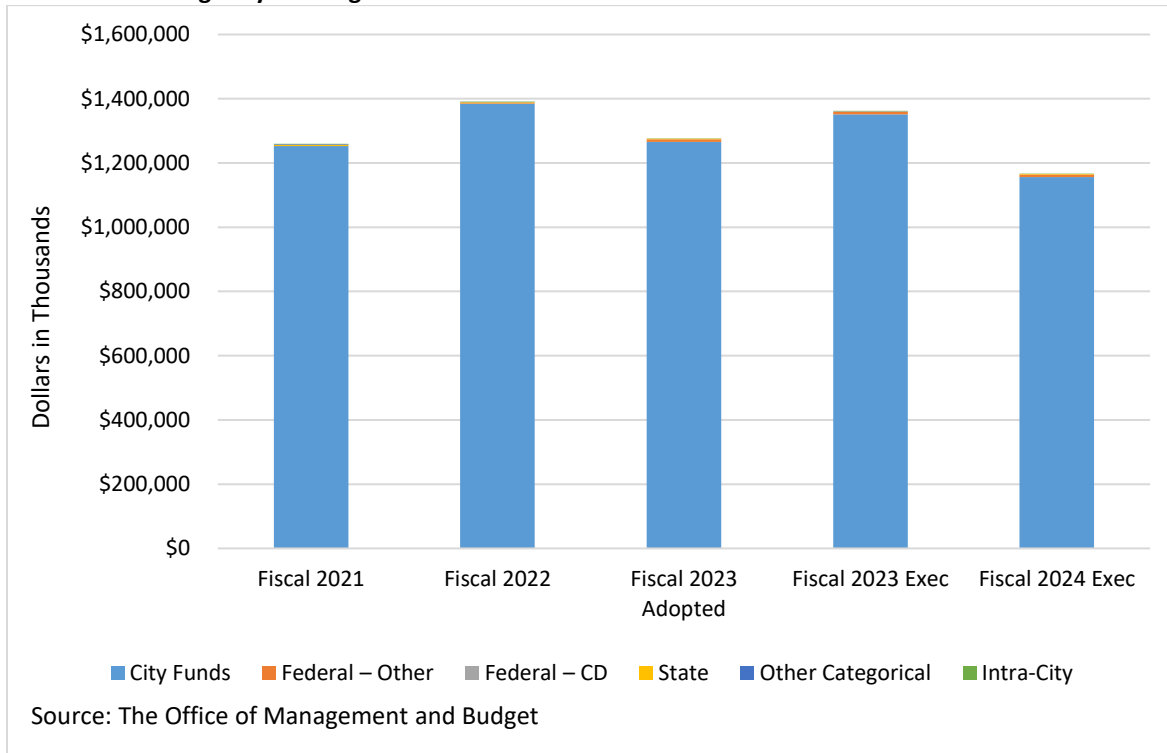
Federal funding increases by \$1,712 in Fiscal 2023 and remains the same in Fiscal 2024 when compared to the Preliminary Plan.

State Funding

State funding increases by \$40,000 in Fiscal 2023 and remains the same in Fiscal 2024 when compared to the Preliminary Plan.

See Appendix A for a complete list of all changes reflected in DOC’s Fiscal 2023 and 2024 budgets since adoption.

Chart 2: DOC Budget by Funding Source



Dollars in Thousands	2021 Actual	2022 Actual	2023 Adopted	Executive Plan		*Difference 2024 - 2023
				2023	2024	
Funding						
City Funds	\$1,252,765	\$1,384,465	\$1,265,690	\$1,351,033	\$1,156,008	(\$109,682)
Federal – Other	135	1,469	8,452	8,453	8,452	0
Federal – CD	0	0	0	0	0	0
State	3,604	3,376	1,109	1,149	1,109	0
Other Categorical	1,939	1,291	0	920	0	0
Intra-City	157	516	108	468	127	19
TOTAL	\$1,258,600	\$1,391,117	\$1,275,358	\$1,362,023	\$1,165,695	(\$109,663)

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

Source: The Office of Management and Budget

Program Area Budgets

To provide for better transparency within agency budgets, in 2007 at the behest of the City Council, the Administration began providing agency budgets broken down by program areas for fifteen of the City’s agencies. The programmatic budgets summarize planned spending in each functional area of an agency. Table 3 provides actual expenditures for Fiscals 2021 and 2022, the Adopted Budget for Fiscal 2023, and planned spending for Fiscals 2023 and 2024 as of the Executive Plan.

Table 3: Budget by Program Area

Dollars in Thousands

	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Budget by Program Area						
Administration-Academy and Training	\$16,001	\$15,049	\$18,146	\$17,273	\$18,183	\$37
Administration-Management & Administration	101,387	116,680	117,339	133,159	52,771	(64,568)
Health and Programs	48,513	51,342	61,521	53,490	69,078	7,557
Jail Operations	924,795	1,014,293	945,705	1,033,703	916,074	(29,631)
Operations-Hospital Prison Ward	24,216	28,575	14,967	14,967	14,967	0
Operations-Infrastructure & Environmental Health	72,958	88,619	77,787	70,390	59,479	(18,309)
Operations-Rikers Security & Ops	71,446	77,269	39,892	39,040	35,143	(4,750)
TOTAL	\$1,259,317	\$1,391,828	\$1,275,358	\$1,362,023	\$1,165,695	(\$109,663)

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

Source: The Office of Management and Budget

DOC’s program budget includes seven program areas. Below is a discussion of the most significant program area funding changes in the Executive Plan.

- **Administration- Management & Administration:** The Executive Plan includes \$52.8 million in Fiscal 2024, \$64.6 million less than the Fiscal 2023 Budget at adoption.
- **Jail Operations:** The Jail Operations program area includes \$916.1 million in Fiscal 2024 in the Executive Plan, \$29.6 million less than the Fiscal 2023 Budget at adoption.
- **Operations- Infrastructure, and Environmental Health:** The Executive Plan includes \$59.4 million in Fiscal 2024 for this program area, \$18.3 million less than the Fiscal 2023 Budget at adoption.

Executive Plan Changes

Each financial plan is comprised of changes to an agency’s budget from the prior plan. These changes are comprised of new needs that have not previously been included in the agency’s budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans.

A summary of all changes made to Department of Correction’s financial plan since adoption can be found in Appendix A.

New Needs

DOC’s Executive Plan includes three new needs, totaling \$114.4 million in Fiscal 2023 and \$5 million in Fiscal 2024, and \$2.4 million in the outyears.

- **Fire Safety Upgrades** (\$2.6 million in Fiscal 2024). The Executive Plan includes one-time funding of \$2.6 million in Fiscal 2024 in order to adhere to the Benjamin Consent Decree, addressing ventilation issues and mandating conditions of confinement in the City's jails in accordance with constitutional standards. . This funding will provide safety improvements within facilities such as compartmentation, sprinkler systems, and smoke detection.

- **Uniform Overtime Adjustment** (\$112 million in Fiscal 2023). The Executive Plan includes an additional one-time funding of \$112 million in City Funds in Fiscal 2023 to cover the Department's PS deficit as a result of increased uniformed overtime spending.
- **Phone Call Costs** (\$2.4 million in Fiscal 2023 and the outyears). The Executive Plan includes baseline funding of \$2.4 million beginning in Fiscal 2023 to fund the cost associated with phone use by people in the City's jails. Pursuant to Local Law 144 of 2018 the City is required to provide telephone services to incarcerated individuals at no cost to them or their families. Since the enactment of this legislation, the Department was able to support the cost of phone calls with existing resources. However, as costs have gone up, the Department claims that this is no longer possible.

Other Adjustments

DOC's Executive Plan includes a decrease of \$2.7 million in other adjustments in Fiscal 2023 and an increase of \$12 million in Fiscal 2024. Some of the major adjustments include the following.

- **Uniform Overtime Cost Avoidance Offset** (\$30 million increase in Fiscal 2026 and Fiscal 2027). The Executive Plan includes three budget actions associated with uniform overtime cost. Together the Uniform Overtime Reduction PEG listed below is a reduction of \$30 million due to the Department's projection that it will be closer to its budgeted uniform headcount in Fiscal 2026, therefore reducing uniformed overtime costs. The Uniformed Overtime Cost Avoidance Offset initiative provides funding for overtime costs in the outyears, as this is a cost avoidance, not a direct savings.
- **DC 37 Collective Bargaining Adjustment** (\$5 million in Fiscal 2023, \$4.5 million in Fiscal 2024, \$6 million in Fiscal 2025). The Executive Plan includes baseline funding to cover the costs associated with the DC 37 collective bargaining agreement. The Plan includes \$4.5 million in Fiscal 2023 growing to \$7.6 million in the outyears.
- **Energy Demand Response** (\$71,000 increase in Fiscal 2023). The Executive Plan includes a one-time adjustment for Fiscal 2023 of \$71,000. This is a budget modification for the Energy Demand Response grant, to fund Fiscal 2023 costs related to earning financial incentives by reducing energy usage during specified demand response events.
- **Healthcare Bonus Payment** (\$40,000 increase in state funding in Fiscal 2023). The Executive Plan includes a one-time adjustment for Fiscal 2023 of state funding to support the Health Care Bonus Payment Program. The program allows for the payment of bonuses to "recruit, retain, and reward health care and mental hygiene workers" meeting certain eligibility requirements.
- **Heat Light and Power** (\$7.8 million decrease in Fiscal 2023, \$7.3 million increase in Fiscal 2024). The Executive Plan includes a reduction in the current year and additional baseline funding of \$7.3 million in each of the outyears for utility costs of heat, light, and power.
- **Heating Fuel Adjustment** (\$83,000 increase in Fiscal 2023 and \$127,000 decrease in Fiscal 2024). The Executive Plan includes an increase of \$83,000 in Fiscal 2023, followed by a baseline reduction of \$127,000 beginning in Fiscal 2024 for the additional estimated cost of heating fuel.
- **Lease Adjustment** (\$267,000 increase in Fiscal 2024 and in the outyears). The Executive Plan includes a baseline funding of \$267,000 in the outyears due to a re-estimate of overall lease costs for the Department.

- **Motor Fuel** (\$77,000 decrease in Fiscal 2023 and \$142,000 increase in Fiscal 2024 and the outyears). The Executive Plan includes a reduction of \$77,000 in Fiscal 2023, followed by a baseline increase of \$142,000 beginning in Fiscal 2024.

Program to Eliminate the Gap (PEG)

DOC’s Executive Plan includes \$47.5 million of additional resources as part of the citywide PEG. The agency was able to locate savings in three initiatives, including:

- **Insourcing of Contracted Services** (\$17 million reduction in Fiscal 2024 and the outyears). The Executive Plan includes a baseline reduction of \$17 million in Fiscal 2024 and the outyears with the insourcing of certain DOC contracted services. To comply with the mandated four percent City Tax Levy budget reduction, DOC determined that they would achieve their PEG target through reducing their OTPS budget for contracted service providers. According to the Department, in Fiscal 2024 the Division of Programs will provide the services currently delivered by contracted providers in response to the proposed reduction, by re-assigning select staff, increasing the delivery of services in congregate areas, leveraging technology, and expanding partnerships with government entities and volunteer groups.
- **Less Than Anticipated Personal Services Spending** (\$30 million reduction in Fiscal 2024 and Fiscal 2025). The Department’s actual and projected uniformed headcount is under its authorized uniformed headcount. This PEG reflects accrual savings related to the lower headcount.
- **Uniform Overtime Reduction** (\$30 million reduction in Fiscal 2026 and Fiscal 2027). As referenced above, this is a reduction of the overtime budget due to the projected alignment of actual and budgeted uniformed headcount in the outyears.

Fiscal 2024 Preliminary Budget Response

In the City Council’s Fiscal 2024 Preliminary Budget Response (Budget Response),¹ the Council identified a number of areas of concern relating to Criminal Justice. No new funding was added in those areas highlighted by the City Council in its response to the Mayor’s Preliminary Fiscal 2024 Financial Plan.

Table 4: FY24 Budget Response Items

#	Response Priorities	Amount Requested	Amount in the Exec Budget
1	Supportive Housing for Individuals involved with the Justice System	\$57.8 M	\$0
2	Renewing the Commitment to Close Rikers by Investing in Critical Services	Call to Action	\$0
3	Enhancing proven community safety investments	Call to Action	\$0

- **Supportive Housing for Individuals involved with the Justice System**
 In 2019, the Council negotiated a Points of Agreement to close Rikers Island that included funding to expand the Justice Impaired Supportive Housing (JISH) program. It remains a priority of this Council to expand and improve programs that help people transition from the justice system to stable housing and employment opportunities. These programs are proven to reduce recidivism

¹ The full response can be found at: <http://council.nyc.gov/wp-content/uploads/2023/04/Fiscal-2024-Preliminary-Budget-Response.pdf>

and provide wrap-around services that address basic needs, as well as pathways to success. The Department's Fiscal 2023 Budget included \$28 million for this program. The Council called on the Administration to provide an additional \$57.8 million to expand this as well as similar programs. This funding will keep existing housing units viable, make new units viable, and ensure that the 15/15 supportive housing units are adequately funded.

- **Renewing the Commitment to Close Rikers by Investing in Critical Services**

In the Budget Response the Council called on the Administration to invest in additional resources for opportunity programs and social services in communities where the new borough-based jails are located to improve safety and reduce recidivism as well as provide funding for additional training of decision makers in the legal system. The Executive Plan does not include additional funding for these programs.

- **Enhancing Proven Community Safety Investments**

In the Budget Response the Council called on the Administration to advocate and invest in prevention and proven safety solutions that expand our public safety infrastructure for more appropriate responses, while holding all city agencies accountable for their role in achieving equitable safety outcomes. The Executive Plan does not include any additional funding for these initiatives.

Capital Plan Overview

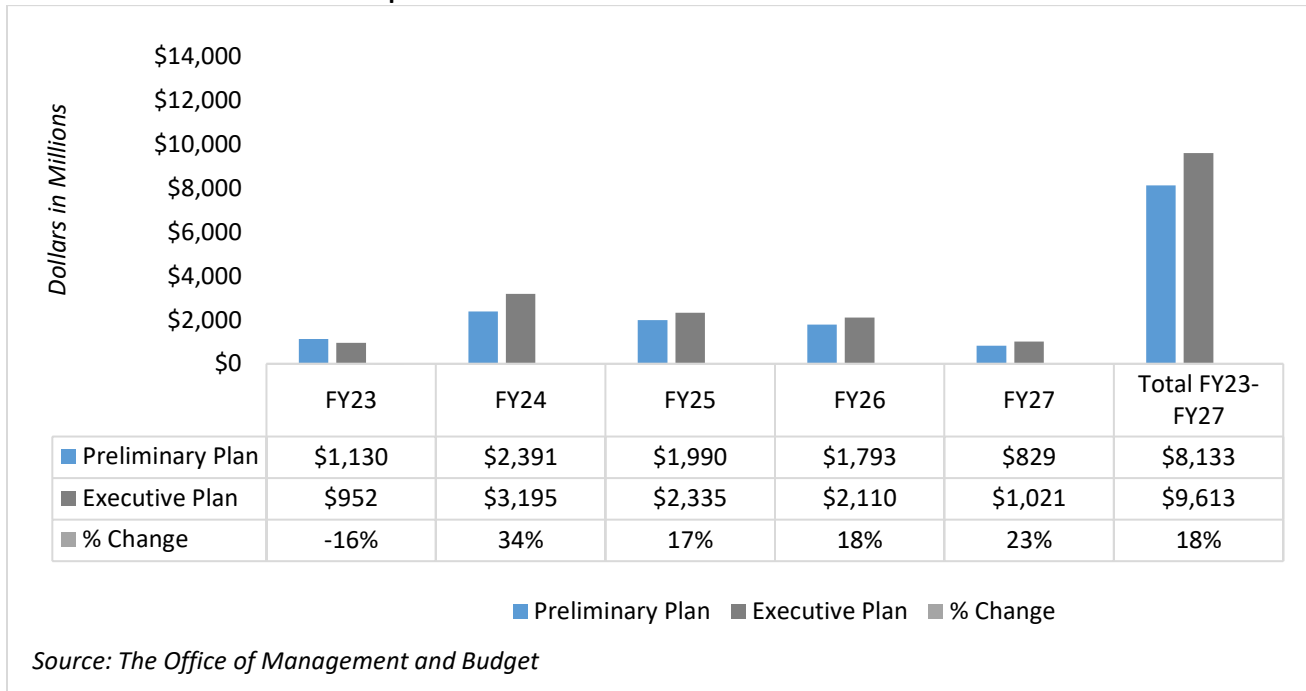
On April 26, 2023, Mayor Eric Adams released the Executive Capital Commitment Plan for Fiscal 2023-2027 (the Commitment Plan), the Fiscal 2024-2027 Executive Capital Budget (the Capital Budget) and the Fiscal 2024-2033 Ten-Year Capital Strategy (the Strategy).

This section will provide an overview of the Capital Budget, the Commitment Plan, and the Strategy for the Department of Correction.

Fiscal 2023-2027 Capital Commitment Plan

DOC's commitments for Fiscal 2023 through 2027 as presented in the Fiscal 2024 Capital Commitment Plan totals \$9.6 billion, 18 percent less than the total for the same period presented in the Preliminary Capital Commitment Plan released in January. The Department's planned commitment comprises 5.8 percent of the City's total \$164.8 billion Fiscal 2023 through 2027 plan.

Chart 3: DOC’s Fiscal 2023-2027 Capital Commitment Plan



The amount of commitments planned for each year of the plan period is relatively uniform, with 9.9 percent of the entire planned expenditure in the current year, 33.2 percent in Fiscal 2024, and 24.3, 22, and 10.6 percent in Fiscals 2025, 2026, and 2027, respectively.

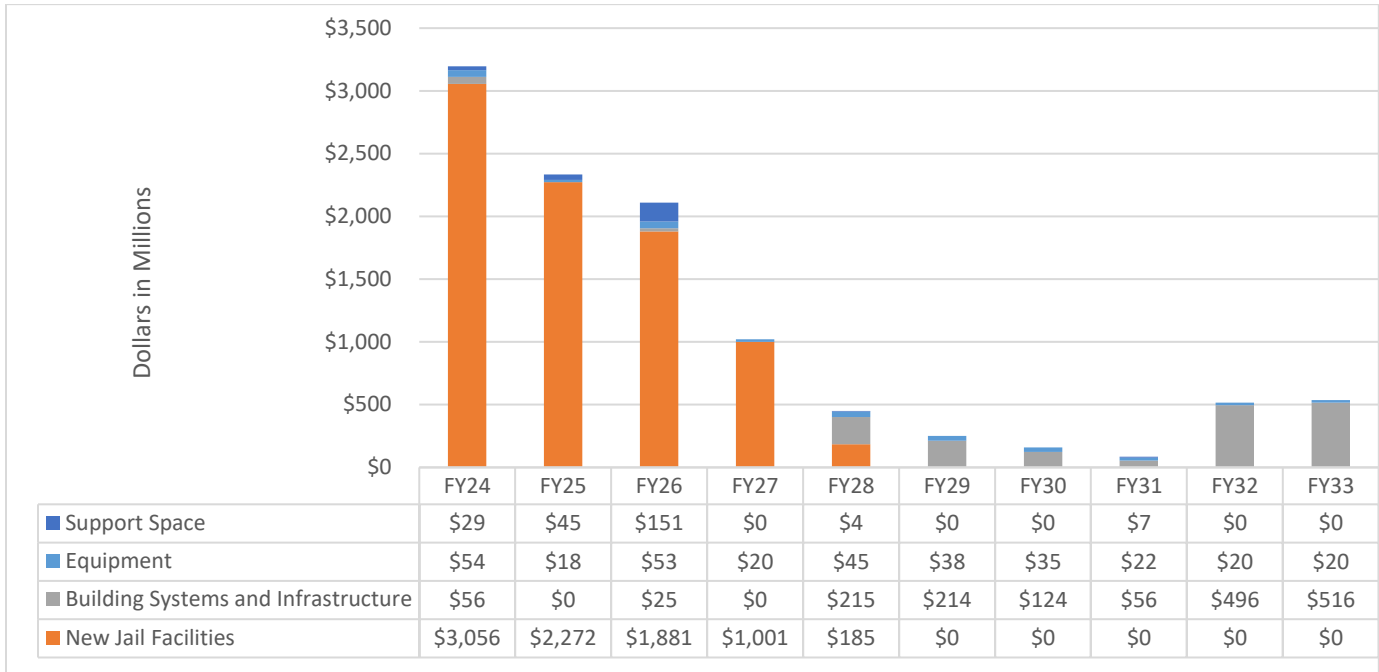
Executive Ten-Year Capital Strategy Fiscal 2024-2033

The Ten-Year Strategy is the City’s long-term capital planning document, providing a framework for capital spending by agency. The Strategy is released every two years as mandated by the City Charter.

The City’s Ten-Year Strategy totals \$164 billion (all funds). The Strategy provides information on the comprehensive infrastructure planning that the City undertakes and explains the connection between capital investment and strategic priorities. It is designed to help prioritize investment decisions across all capital agencies and communicate to the public an integrated approach to capital planning across infrastructure types, in line with the growth of the City.

The Department of Correction’s Ten-Year Strategy includes \$10.7 billion in Fiscal 2024–2033 for capital construction and reconstruction projects. The funding includes \$8.4 billion for design and construction of new jail facilities.

Chart 4: Fiscal 2024-2033 Ten-Year Capital Strategy



As illustrated in the chart above, the DOC’s Ten-Year Capital Strategy contains almost all of its planned capital spending in the first four years. The ten-year spending plan essentially cuts capital spending to almost nothing for six out of the ten years of the plan. It is very unlikely that this Ten-Year Strategy accurately reflects how the funds will be used.

Appendix A: Budget Actions since Fiscal 2023 Adoption

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
DOC Budget as of the Adopted FY23 Budget	\$1,265,690	\$9,669	\$1,275,359	\$129,486	\$10,878	\$140,364
Changes Introduced in the November 2021 Plan						
New Needs						
Rikers Island Emergency Work	\$13,200	\$0	\$13,200	\$0	\$0	\$0
Subtotal, New Needs	\$13,200	\$0	\$13,200	\$0	\$0	\$0
Programs to Eliminate the Gap (PEGs)						
Less Than Anticipated PS Spending	(\$42,400)	\$0	(\$42,400)	(\$34,400)	\$0	(\$34,400)
Staffing Efficiencies Cost Avoidance Offset	(12,200)	0	(12,200)	(24,400)	0	(24,400)
Telecommunication Saving	(41)	0	(41)	(122)	0	(122)
Subtotal, PEGs	(\$54,641)	\$0	(\$54,641)	(\$58,922)	\$0	(\$58,922)
Other Adjustments						
EDR Advance	\$0	\$21	\$21	\$0	\$0	\$0
CCA Collective Bargaining	4,651	0	4,651	943	0	943
Energy Personnel	90	0	90	0	0	0
ExCEL Projects	251	0	251	0	0	0
FY23 EDR Rollover	0	829	829	0	0	0
Plumber Collective Bargaining	594	0	594	594	0	594
Staffing Efficiencies Cost Offset	12,200	0	12,200	24,400	0	24,400
Workforce Enhancement	190	0	190	190	0	190
FY23 OY	19	0	19	19	0	19
Subtotal, Other Adjustments	\$17,995	\$850	\$18,845	\$26,146	\$0	\$26,146
TOTAL, All Changes in November 2021 Plan	(\$23,446)	\$850	(\$22,596)	(\$32,776)	\$0	(\$32,776)
DOC Budget as of the November 2022 Plan Budget	\$1,242,244	\$10,519	\$1,252,763	\$96,710	\$10,878	\$107,588
Changes Introduced in the FY23 Preliminary Plan						
New Needs						
N/A	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal, New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Programs to Eliminate the Gap (PEGs)						
Vacancy Reduction	(\$9,707)	\$0	(\$9,707)	(\$19,415)	\$0	(\$19,415)
Subtotal, PEGs	(\$9,707)	\$0	(\$9,707)	(\$19,415)	\$0	(\$19,415)
Other Adjustments						
Heat, Light, and Power	\$7,340	\$0	\$7,340	\$0	\$0	\$0
Motor Fuel	(244)	0	(244)	0	0	0
Labor Funding: Steamfitters	212	0	212	212	0	212
Subtotal, Other Adjustments	7,308	0	7,308	212	0	212
TOTAL, All Changes in the FY24 Preliminary Plan	(\$2,399)	\$0	(\$2,399)	(\$19,203)	\$0	(\$19,203)
DOC Budget as of the FY24 Preliminary Budget	\$1,239,845	\$10,519	\$1,250,365	77,508	10,879	\$88,386
Changes Introduced in the FY24 Executive Plan						
New Needs						
Fire Safety Upgrades	\$0	\$0	\$0	\$2,571	\$0	\$2,571
Phone Call Costs	2,400	0	2,400	2,400	0	2,400
PS Adjustment	112,000	0	112,000	0	0	0
Subtotal, New Needs	\$114,400	\$0	\$114,400	\$4,971	\$0	\$4,971
Programs to Eliminate the Gap (PEGs)						
Insourcing of Contracted Services	\$0	\$0	\$0	(\$17,018)	\$0	(\$17,018)
Less Than Anticipated PS Spending	0	0	0	(30,440)	0	(30,440)
Uniform Overtime Reduction	0	0	0	0	0	0
Subtotal, PEGs	\$0	\$0	\$0	(\$47,458)	\$0	(\$47,458)

	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
<i>Dollars in Thousands</i>						
Other Adjustments						
DC 37 Collective Bargaining Adjustment	\$4,967	\$0	\$4,967	\$4,475	\$0	\$4,475
FY23EDRS22 EDR SUMMER 2022	0	71	71	0	0	0
Healthcare Bonus Payment	0	40	40	0	0	0
Heat Light and Power	(7,826)	0	(7,826)	7,276	0	7,276
Heating Fuel Adjustment	83	0	83	(127)	0	(127)
Lease Adjustment	0	0	0	276	0	276
Motor Fuel	(77)	0	(77)	142	0	142
TRANS. OJJDP REV TO EXP-REIMBU	0	2	2	0	0	0
Uniform Overtime Cost Avoidance Offset	0	0	0	0	0	0
Subtotal, Other Adjustments	(2,853)	\$113	(2,740)	\$12,042	\$0	\$12,042
TOTAL, All Changes in the FY23 Executive Plan	\$111,547	\$113	\$111,660	(\$30,445)	\$0	(\$30,445)
DOC Budget as of the FY23 Executive Budget	\$1,351,392	\$10,632	\$1,362,025	47,063	\$10,879	\$57,940

Source: The Office of Management and Budget