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**Report to the Committee on Finance on the
Fiscal 2024 Executive Plan for the
Department of Finance**

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Department of Finance Budget Overview

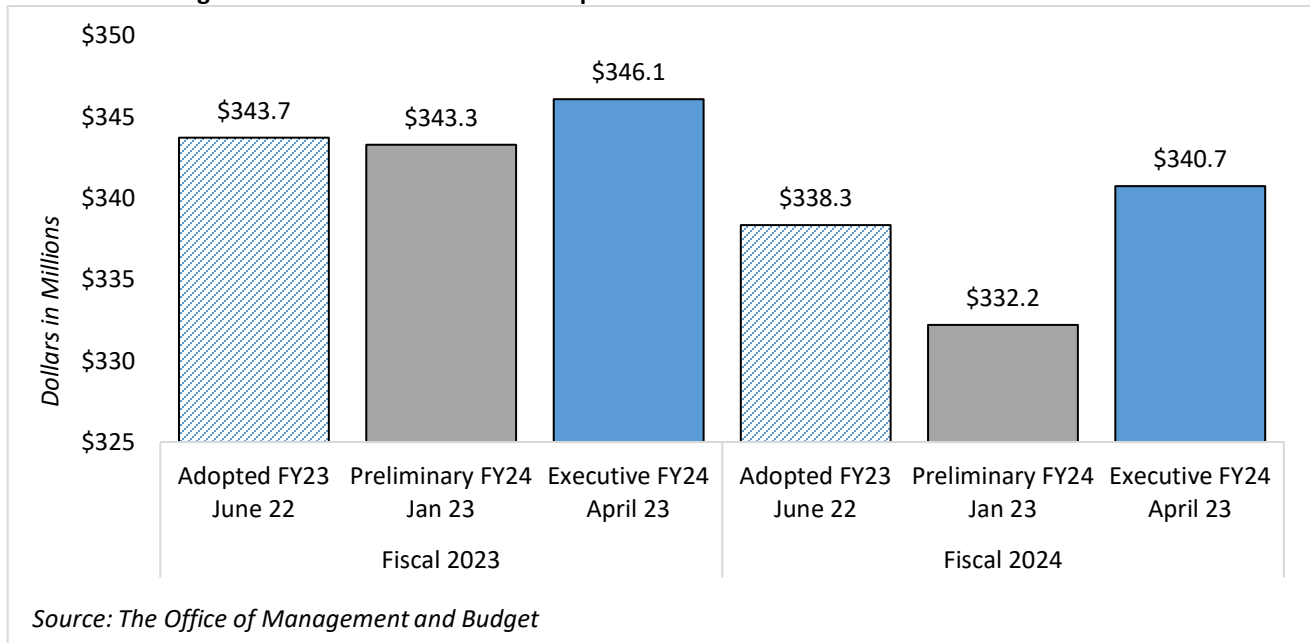
On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) which includes a proposed Fiscal 2024 budget of \$106.7 billion. This report offers a review of the Department of Finance’s (the Department or DOF) Fiscal 2024 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DOF’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/DOF-2.pdf>

The Department’s projected Fiscal 2024 budget of \$340.7 million represents less than one percent of the City’s proposed Fiscal 2024 budget in the Executive Plan.

DOF’s Fiscal 2024 budget increased by \$8.5 million (2.6 percent), from the \$332.2 million budgeted in the Fiscal 2024 Preliminary Financial Plan (Preliminary Plan) presented in January. The increase is the result of a number of actions taken, most significant of which are: the expansion of the Sheriff Road Unit (\$1.5 million in Fiscal 2024) and the DC37 collective bargaining agreement (\$7.1 million in Fiscal 2023 and \$6.7 million in Fiscal 2024).

DOF’s current Fiscal 2023 budget is \$2.4 million (0.7 percent) larger than the agency’s Fiscal 2023 Adopted Budget (\$343.7 million) and \$2.8 million (0.8 percent), larger than the budget presented in the Preliminary Plan.

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



Personal Services and Headcount

DOF’s Executive Plan includes funding for a total of 1,897 full-time positions in the current year, decreasing to 1,878 in Fiscal 2024. The current plan represents a reduction in agency headcount of 95 in Fiscal 2023 since adoption. The Fiscal 2024 budgeted headcount is 114 lower than the headcount in Fiscal 2023 at adoption.

In the Executive Plan, funding for DOF’s personal services (all agency staffing related expenses) comprise \$168.9 million or 48.8 percent of the agency’s total Fiscal 2023 plan. This increases to \$181.0 million or 53.1 percent in Fiscal 2024.

Table 1: DOF Spending and Budgeted Headcount Summary

<i>Dollars in Thousands</i>	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Spending						
Personal Services	\$172,710	\$164,739	\$182,668	\$168,891	\$180,980	(\$1,688)
Other Than Personal Services	128,356	136,474	161,056	177,207	159,760	(1,296)
TOTAL	\$301,066	\$301,213	\$343,724	\$346,098	\$340,740	(\$2,984)
Budgeted Headcount						
Full-Time Positions - Civilian	1,906	1,685	1,992	1,897	1,878	(114)
TOTAL	1,906	1,685	1,992	1,897	1,878	(114)

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

Source: The Office of Management and Budget

Funding Sources

DOF’s budget is financed by city funds as well as federal funds, as is illustrated in Chart 2 and Table 2. In the current financial plan, the Department’s primary funding source is City funds. City funding comprises 98.1 percent (\$339.7 million) of DOF’s total funding in the current fiscal year, down from 98.4 percent (\$338.2 million) of the Department’s budget financed by City funding at adoption. City funding comprises 90.9 percent (\$309.6 million) of the Department’s Executive Plan for Fiscal 2024.

The \$2.8 million increase in DOF’s Fiscal 2023 and \$8.5 million increase in its Fiscal 2024 budget between the 2024 Preliminary Budget and the 2024 Executive Plan is primarily the result of the DC37 collective bargaining agreement. These changes include:

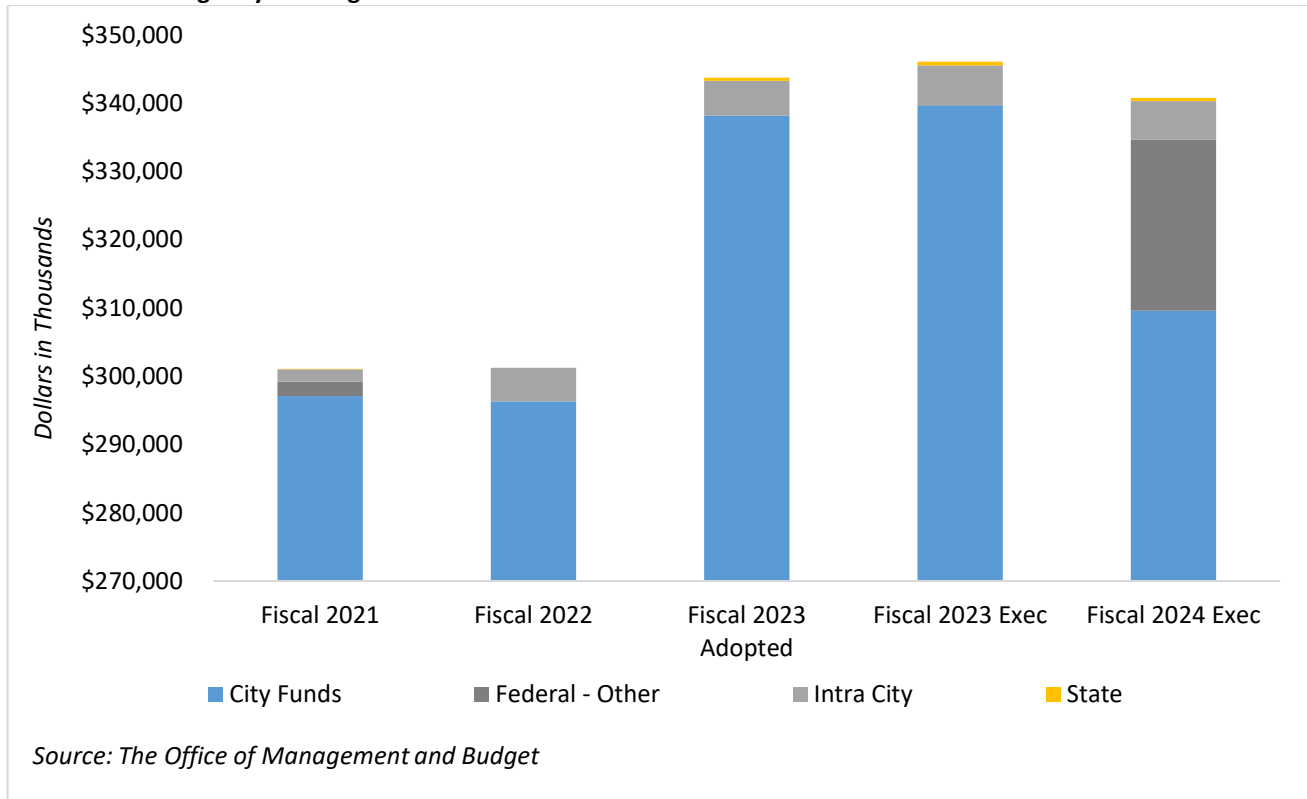
City Funding

City funding increases by \$2.2 million in Fiscal 2023 and \$7.9 million in Fiscal 2024 when compared to the Preliminary Plan.

- **DC37 Collective Bargaining Agreement.** The DC37 collective bargaining agreement adds \$7.1 million in City funds in Fiscal 2023 and \$6.7 million in Fiscal 2024.
- **PS Savings.** As part of the Fiscal 2024 Executive Budget, there are savings of \$5 million in Fiscal 2023 related to Personal Services (PS) due to attrition savings. Additional information can be found in the Executive Plan Changes section.

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

Chart 2: DOF Budget by Funding Source



Dollars in Thousands	2021 Actual	2022 Actual	2023 Adopted	Executive Plan		*Difference 2024 - 2023
				2023	2024	
Funding						
City Funds	\$297,089	\$296,291	\$338,171	\$339,662	\$309,619	(\$28,552)
Federal - Other	2,118	0	0	154	25,000	25,000
Intra City	1,785	4,922	5,115	5,694	5,683	568
State	75	0	438	588	438	0
TOTAL	\$301,067	\$301,213	\$343,724	\$346,098	\$340,740	(\$2,984)

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

Source: The Office of Management and Budget

Program Area Budgets

In order 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 provide a summary of 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 by program area.

<i>Dollars in Thousands</i>	2021	2022	2023	Executive Plan		*Difference
	Actual	Actual	Adopted	2023	2024	2024 - 2023
Budget by Program Area						
Administration	\$73,170	\$67,974	\$74,389	\$79,363	\$100,222	\$25,833
Audit	22,920	21,041	23,412	22,464	24,817	1,405
Civil Enforcement	30,020	37,242	47,387	49,970	50,860	3,472
Collections	16,490	18,342	22,411	22,505	22,625	214
Communications & Governmental Services	3,812	3,476	3,821	3,944	3,896	75
Financial Plan Savings	0	0	3,109	(20,615)	(35,884)	(38,992)
FIT(Finance Information Technology)	59,467	55,087	63,338	80,064	65,713	2,375
Legal & Adjudications	15,283	15,557	18,760	18,286	18,909	150
NYCSERV Contract Funding	1,708	4,522	3,498	4,109	3,337	(161)
Payment Ops & Application Processing	17,139	17,415	19,269	20,149	19,891	622
Property Records	6,133	5,674	5,734	6,119	5,853	119
Treasury	26,950	27,110	27,290	27,298	27,323	33
Valuing Property	27,975	27,774	31,305	32,441	33,177	1,872
TOTAL	\$301,066	\$301,213	\$343,724	\$346,098	\$340,740	(\$2,984)

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.
Source: The Office of Management and Budget*

DOF’s program budget includes 13 program areas. The Executive Plan includes changes to DOF’s budget in Fiscal 2024 that impact on a number of program areas. Below is a discussion of the most significant program area funding changes in the Executive Plan:

- **Administration:** The Executive Plan includes \$100.2 million for the Administration program area, \$25.8 million greater than in the Fiscal 2023 Budget at adoption. This increase is largely due to the budget for Personal Services costs increasing from \$15.6 million in the Fiscal 2023 Budget at adoption to \$40.9 million in the Executive Plan .

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 DOF’s financial plan since adoption can be found in Appendix A.

New Needs

DOF’s Executive Plan includes no new needs.

Other Adjustments

DOF’s Executive Plan includes \$2.0 million in other adjustments in Fiscal 2023, \$7.0 million in Fiscal 2024, \$8.7 million in Fiscal 2025, and \$10.8 million in Fiscal 2026 and Fiscal 2027. Some of the major adjustments include the following.

- **DC 37 Collective Bargaining Adjustment (\$7.1 million in Fiscal 2023, \$6.7 million in Fiscal 2024, \$8.8 in Fiscal 2025, and \$10.9 million in Fiscal 2026 and Fiscal 2027).** The Executive Plan includes an additional \$7.1 million in Fiscal 2023, \$6.7 million in Fiscal 2024, \$8.8 million

in Fiscal 2025 and \$10.9 million in Fiscals 2026 and 2027 for the five-plus year's collective bargaining agreement contract with District Council 37 (DC 37). Based on the contract agreement, DC 37 members will receive compounded and retroactive wage increases, representing a 16.2 percent increase across the life of the contract.

- **PS Savings (\$5 million reduction in Fiscal 2023 only).** The Executive Plan includes City funding reduction of \$5 million in Fiscal 2023 only related to Personal Service savings. This reduction is due to attrition savings from vacant positions.

Program to Eliminate the Gap (PEG)

DOF's Executive Plan includes \$12.5 million of additional resources in Fiscal 2023 and \$12.8 million in Fiscal 2024 offset by \$841,000 of additional costs as part of the Citywide Program to Eliminate the Gap (PEG). The agency was able to locate additional resources in two initiatives, including:

- **Expansion of Sheriff Road Unit (\$5.5 million of revenue in Fiscal 2024 increasing to \$5.7 million in Fiscal 2027)).** The Executive Plan includes \$1.5 million in Fiscal 2024, \$1.2 million in Fiscal 2025, and \$1.3 million in Fiscal 2026 and in the outyears for costs related to the installation of License Plate Reader (LPR) technology in 75 Sheriff vehicles. The purpose of the LPR technology is to catch offenders with outstanding Commercial Motor Vehicle Tax (CMVT) and to ensure payment. DOF has estimated that this initiative will increase collections by \$5.5 million annually (net of installation costs) beginning in Fiscal 2024, increasing to \$5.7 million by Fiscal 2027.
- **Abatement Compliance (\$7.0 million of revenue in Fiscal 2024 and the outyears).** The Executive Plan includes A \$7.0 million increase in property tax revenue collection. This increase is the result of DOF removing ineligible coop / condo abatement recipients from the rolls by verifying their primary residency.

Federal and State Budget Risks

There are no assumed Federal or State Budget risks at this time.

Appendix A: Budget Actions since Fiscal 2023 Adoption

<i>Dollars in Thousands</i>	FY23			FY24		
	City	Non-City	Total	City	Non-City	Total
DOF Budget as of the Adopted FY23 Budget	\$338,171	\$5,553	\$343,724	\$332,793	\$5,553	\$338,346
New Needs						
Subtotal, New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Programs to Eliminate the Gap (PEGs)						
CACS Replacement Maintenance	\$0	\$0	\$0	(\$750)	\$0	(\$750)
Less than Anticipated OTPS Spending	(200)	0	(200)	(275)	0	(275)
Less than Anticipated PS Spending	0	0	\$0	0	0	0
Telecommunication Savings	(33)	0	(33)	(98)	0	(98)
Subtotal, PEGs	(\$233)	\$0	(\$233)	(\$1,123)	\$0	(\$1,123)
Other Adjustments						
FY23AFDOTincr	\$0	\$154	\$154	\$0	\$0	\$0
FY23LGRMIF2A	0	75	75	0	0	0
FY23LGRMIFINCR	0	75	75	0	0	0
Subtotal, Other Adjustments	\$0	\$304	\$304	\$0	\$0	\$0
TOTAL, All Changes in November 2023 Plan	(\$233)	\$304	\$71	(\$1,123)	\$0	(\$1,123)
DOF Budget as of the November 2022 Plan Budget	\$337,938	\$5,857	\$343,795	\$331,670	\$5,553	\$337,223
Changes Introduced in the FY23 Preliminary Plan						
New Needs						
Speed Camera Expansion Administrative Costs	\$4,462	\$0	\$4,462	\$4,412	\$0	\$4,412
Subtotal, New Needs	\$4,462	\$0	\$4,462	\$4,412	\$0	\$4,412
Programs to Eliminate the Gap (PEGs)						
Vacancy Reduction	(\$4,636)	\$0	(\$4,636)	(\$9,430)	\$0	(\$9,430)
Subtotal, PEGs	(\$4,636)	\$0	(\$4,636)	(\$9,430)	\$0	(\$9,430)
Other Adjustments						
ARP-SLFRF Adjustment	\$0	\$0	\$0	(\$25,000)	\$25,000	\$0
Heat, Light and Power	134	0	134	0	0	0
Lease Adjustment	(500)	0	(500)	0	0	0
OEO Funding Adjustment	35	0	35	0	0	0
Subtotal, Other Adjustments	(\$331)	\$0	(\$331)	(\$25,000)	\$25,000	\$0
TOTAL, All Changes in the FY24 Preliminary Plan	(\$505)	\$0	(\$505)	(\$30,018)	\$25,000	(\$5,018)
DOF Budget as of the FY24 Preliminary Budget	\$337,433	\$5,857	\$343,291	301,653	\$30,553	\$332,206
Changes Introduced in the FY24 Executive Plan						
New Needs						
Subtotal, New Needs	\$0	\$0	\$0	\$0	\$0	\$0
Programs to Eliminate the Gap (PEGs)						
Expansion of Sheriff Road Unit	\$0	\$0	\$0	\$1,547	\$0	\$1,547
Partial Vacancy Reduction Restoration	841	0	841	0	0	0
Subtotal, PEGs	\$841	\$0	\$841	\$1,547	\$0	\$1,547
Other Adjustments						
DC 37 CB Adjustment	\$6,516	\$0	\$6,516	\$6,151	\$0	\$6,151
DC 37 CB Adjustment (IC Funds)	0	568	568	0	568	568
Heat, Light and Power	(128)	0	(128)	(157)	0	(157)
Lease Adjustment	0	0	0	425	0	425
OTPS ADJUSTMENT	0	11	11	0	0	0
PS Savings	(5,000)	0	(5,000)	0	0	0
Subtotal, Other Adjustments	\$1,388	\$579	\$1,967	\$6,419	\$568	\$6,987
TOTAL, All Changes in the FY24 Executive Plan	\$2,229	\$579	\$2,808	\$7,966	\$568	\$8,534
DOF Budget as of the FY24 Executive Budget	\$339,662	\$6,436	\$346,099	309,618	\$31,121	\$340,739

Source: The Office of Management and Budget