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**Report on the Fiscal 2025 Preliminary Plan
and the Fiscal 2024 Preliminary Mayor's
Management Report for the**

**Mayor's Office of Contract
Services**

March 22, 2024

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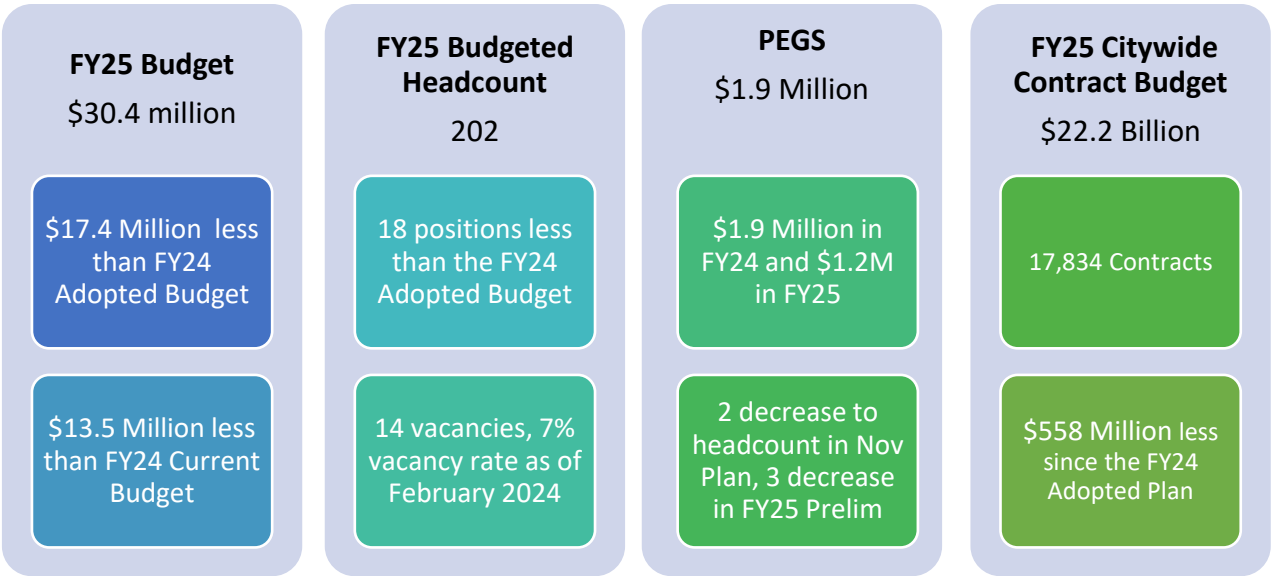
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Mayor’s Office of Contracts Services Overview

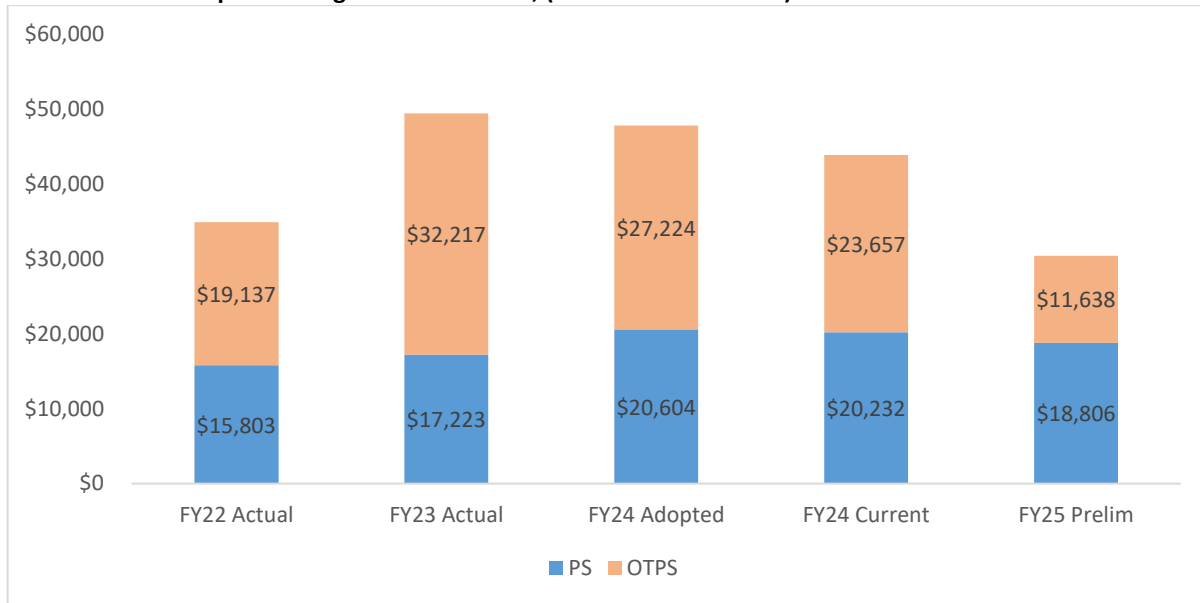
The Mayor’s Office of Contract Service (MOCS, the Office) is responsible for overseeing, supporting and promoting the City’s procurement system by discharging the Mayor’s contracting responsibilities under the City Charter, Procurement Policy Board (PPB) rules and applicable local laws. MOCS establishes 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 is not a City agency, its budget resides within the budget for Mayoralty.

MOCS Fiscal 2025 Budget Snapshot



Mayor’s Office of Contracts Financial Plan Overview

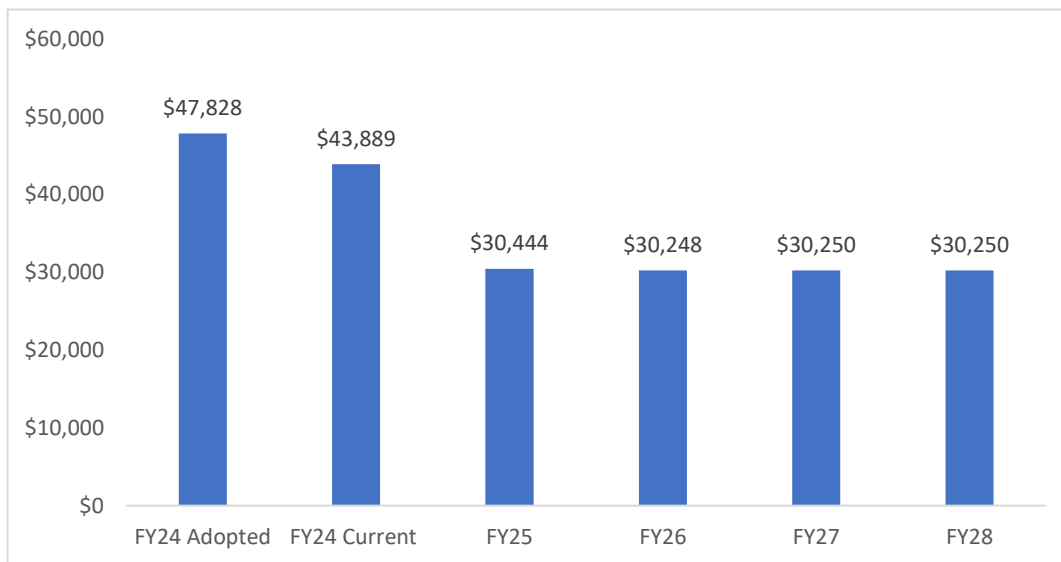
MOCS’ Fiscal 2024 – 2028 Preliminary Financial Plan (Preliminary Plan) includes a budget of \$30.4 million in Fiscal 2025, which represents less than one percent of the City’s \$109.4 billion Fiscal 2025 budget. MOCS Fiscal 2025 Budget includes \$18.8 million for Personal Services (PS) to support 202 full-time positions. The Office’s Other Than Personal Services (OTPS) funding totals \$11.6 million of which \$8.2 million is allocated to contractual services mainly for the Procurement and Sourcing Solutions Portal system (PASSPort) and the Health and Human Service Accelerator (HHSA) which are the City’s procurement and payment systems that MOCS manages.

Chart 1: MOCS's Expense Budget – PS and OTPS, (Dollars in Thousands)

Source: New York City Office of Management and Budget

MOCS Financial Summary

The Preliminary Plan includes a \$30.4 million budget for MOCS in Fiscal 2025 and decreasing slightly to \$30.2 million by the end of the Plan period (Fiscal 2028) mainly due to a decrease in OTPS funding for contractual services.

Chart 2: MOCS' Financial Plan Fiscal 2024-2027 (Dollars in Thousands)


Source: New York City Office of Management and Budget

MOCS Fiscal 2025 Budget of \$30.4 million is funded primarily by City tax-levy funds, \$23.5 million or 62.0 percent. The second largest source of funding for MOCS is Intra-City funds which represents 15.0 percent or \$4.4 million, and the remaining \$2.6 million is Capital IFA funding to support positions that work on capital projects.

Table 1 displays a breakdown by spending area, source of funding, and headcount information actuals for Fiscal 2022 and Fiscal 2023, the Fiscal 2024 Adopted Budget and planned spending for Fiscal 2024 and Fiscal 2025 as of the Preliminary Plan. This information is broken down by program area, funding, and headcount.

Table 1: MOCS Financial Summary Fiscal 2022-2025 (Dollars in Thousands)

<i>Dollars in Thousands</i>	FY22	FY23	FY24	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY24	FY25	FY25-FY24
Spending Area						
Personal Services	\$15,803	\$17,223	\$20,604	\$20,232	\$18,806	(\$1,798)
Other Than Personal Services	19,137	32,217	27,224	23,657	11,638	(5,586)
TOTAL	\$34,940	\$49,440	\$47,828	\$43,889	\$30,444	(\$17,384)
Source of Funding						
City Funds			\$40,065	\$36,126	\$23,467	(\$16,598)
Capital IFA			2,535	2,535	2,539	4
Intra-City Funds			5,228	5,228	4,438	(790)
TOTAL	\$34,940	\$49,440	\$47,828	\$43,889	\$30,444	(\$17,384)
Budgeted Headcount						
Full-Time Positions - Civilian	164	182	220	213	202	(18)
TOTAL	164	182	220	213	202	(18)

*The difference of Fiscal 2024 Adopted Budget compared to Fiscal 2025 Preliminary Budget. 

Source: New York City Office of Management and Budget

MOCS's Fiscal 2025 budget in the Preliminary Plan is \$17.4 million, or 36.0 percent, less than its \$47.8 million Fiscal 2024 Adopted Budget. The difference is due to \$13.2 million of OTPS funding for contractual services including \$7.2 million for PASSPort and HHSA included in the Fiscal 2024 Adopted Budget but not included in the Fiscal 2025 Preliminary Plan

Fiscal 2025 Preliminary Budget Changes

Budget actions in the Preliminary Plan decreased MOCS's budget by \$1.9 million in Fiscal 2024 and \$1.4 million in Fiscal 2025 when compared to the November Plan. There were no new needs included in the Preliminary Plan. The Plan includes a reduction of nearly \$20,000 in Fiscal 2024 and just under \$208,000 in Fiscal 2025 and in the outyears for Other Adjustments. The PEG savings totaled \$1.9 million in Fiscal 2024, \$1.2 million in Fiscal 2025 and in the outyears.

Chart 3 provides a summary of MOCS spending changes from the November Financial Plan to the Preliminary Financial Plan.

Chart 3: Fiscal 2025 Preliminary Plan Net Changes, by Fiscal Year*

FY24 = (\$1.9 million)	FY25 = (\$1.4 million)	FY26 = (\$1.4 million)	FY27 = (\$1.4 million)	FY28 = (\$1.4 million)
New Needs = \$0	New Needs = \$0	New Needs = \$0	New Needs = \$0	New Needs = \$0
Other justments = (\$19,992)	Other Adjustments = (\$207,640)	Other Adjustments = (\$207,640)	Other Adjustments = (\$207,640)	Other Adjustments = (\$207,640)
Savings = (\$1.9 million)	Savings = (\$1.2 million)	Savings = (\$1.2 million)	Savings = (\$1.2 million)	Savings = (\$1.2 million)

*Savings in this chart are the sum of all expense savings, from all revenue sources, including but not limited to, City, State, and federal savings. As some agency PEGs may be revenue actions or savings from non-City sources, this number will not necessarily equal the agency's PEG value.

Table 2 summarizes MOCS Program to Eliminate the Gap (PEG) savings across the November and Preliminary Plans.

Table 2: MOCS Total Program to Eliminate the Gap (PEG)

<i>Dollars in Thousands</i>	FY24	FY25	FY26	FY27	FY28
November Plan	(\$2,003)	(\$1,311)	(\$1,299)	(\$1,299)	(\$1,299)
Preliminary Plan	(1,902)	(1,246)	(1,235)	(1,235)	(1,235)
TOTAL PEGs	(\$3,905)	(\$2,557)	(\$2,534)	(\$2,534)	(\$2,534)

Source: New York City Office of Management and Budget

Other Adjustments

MOCS's Preliminary Plan includes a funding adjustment of \$19,992 in Fiscal 2024 and \$207,640 in Fiscal 2025 related to the Office of Equal Opportunity (OEO). The adjustment includes a transfer of two positions from OEO to the Office of Technology and Innovation

Program to Eliminate the Gap (PEGs)

MOCS's Preliminary Plan includes PEG savings of \$1.9 million in Fiscal 2024 and \$1.2 million in Fiscal 2025, including:

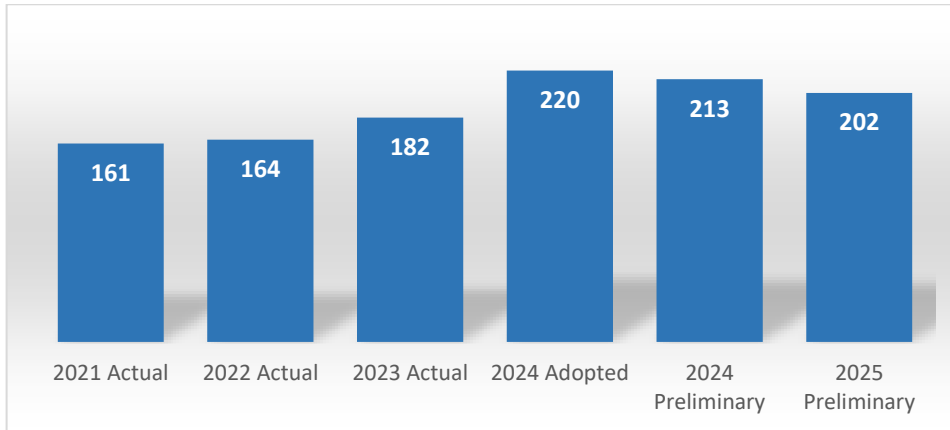
- **Hiring Freeze.** The Fiscal 2025 Preliminary Plan includes a PEG savings of \$283,000 from the reduction of three positions in Fiscal 2025 only due to the hiring freeze. According to MOCS, the reduction of these three positions is a mistake from the Office of Management and Budget (OMB) and MOCS is working with OMB to rectify.
- **Less than Anticipated OTPS Spending.** The Preliminary Plan includes a PEG savings of \$800,000 in Fiscal 2024 only due to a less than expected OTPS spending on the office space reconfiguration for MOCS. While MOCS ran out of seats for its workforce, the Office has opted not to proceed with the renovation of its space to meet its targeted savings. MOCS stated that they have found ways to fully station the workforce without going forward with the renovation.
- **OTPS Savings.** The Preliminary Plan includes PEG savings of \$921,239 in Fiscal 2024 and \$783,561 in Fiscal 2025 due to renegotiated contracts on PASSPort maintenance.
- **PS Savings at the Mayor's Office of Nonprofit Services (MONS).** The Preliminary Plan includes PEG savings of roughly \$51,000 in Fiscal 2024 and in Fiscal 2025 for a less than anticipated spending at MONS.
- **PS Savings at the Mayor's Office of Operations (MOO).** The Preliminary Plan includes PEG savings of approximately \$61,000 in Fiscal 2024 and \$59,000 in Fiscal 2025 for less than anticipated spending on personal services at MOO.

Headcount

MOCS's Preliminary Plan includes a budgeted headcount of 202 positions in Fiscal 2025, 18 less than the Fiscal 2024 Adopted Budget headcount of 220. This difference is mainly the result of a 34 position headcount reduction associated with PASSPort and HHSA operations of which, 13 is in the Administration services area and three positions are in the Mayor's Office of Minority and Women Owned Business Enterprises. MOCS's current Fiscal 2024 headcount is greater than the actual headcount in each of the last three fiscal years.

Chart 4 presents MOCS's historical headcounts from Fiscals 2021 to 2023, along with the budgeted headcount in Fiscal 2024 and 2025.

Chart 4: MOCS Headcount Fiscal 2021 – 2023 Actuals and FY24 - 25 Plan



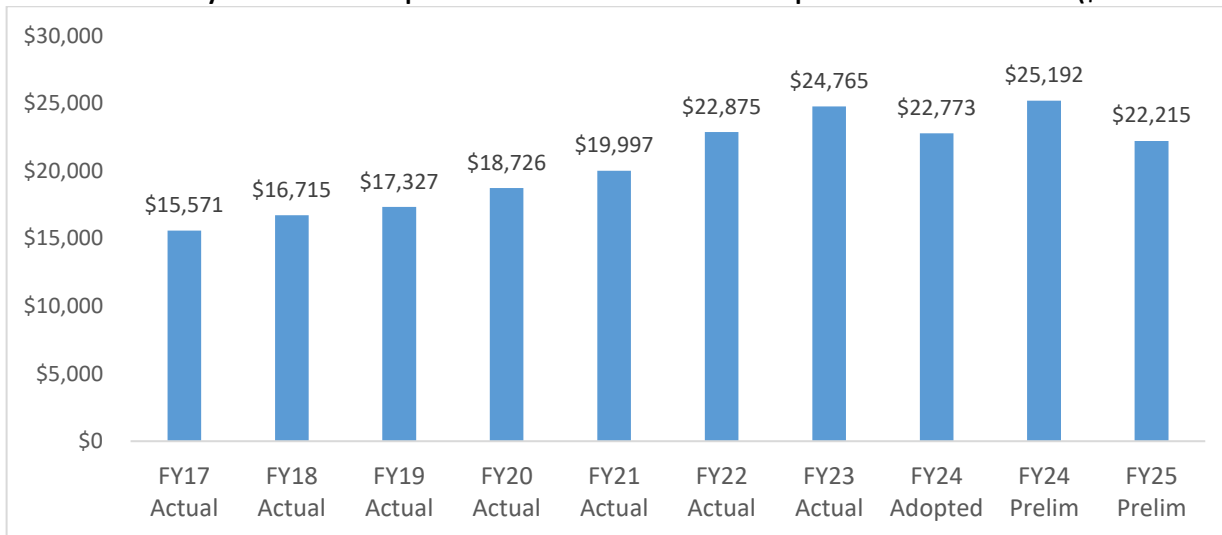
Source: New York City Office of Management and Budget

Fiscal 2025 Citywide Contract Budget

The Contract Budget is a subset of the City's OTPS budget and funds outsourced public services such as education, childcare, and employment training, as well as contractual services used to support the operation of the City government, such as information technology, cleaning, and legal services.

In the Preliminary Plan, the citywide contract budget for Fiscal 2025 is \$22.2 billion, \$558.0 million less than the Fiscal 2024 Adopted contract budget of \$22.8 billion.

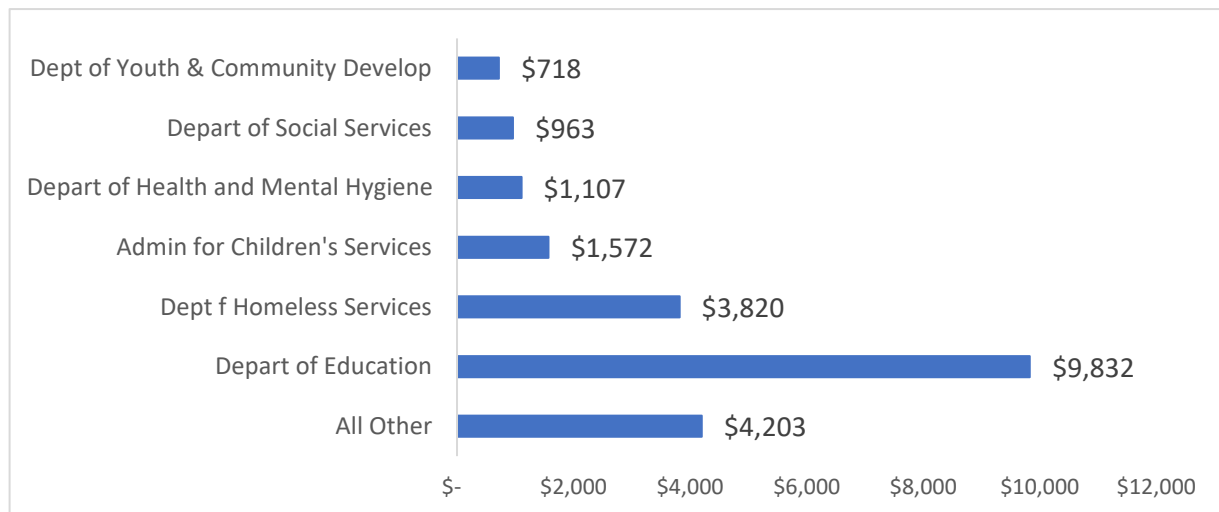
Chart 5: Actual Citywide Contract Expenditures FY17-23 and Planned Expenditure FY24 and FY25 (\$'s in Millions)



In Fiscal 2025, the City plans to issue 17,834 individual Expense Budget contracts administered through various city agencies. Over 80.0 percent of the City's total planned contract spending is within six city agencies providing health and human service or educational services, demonstrating the City's reliance on outsourcing to deliver these critical resources to the public. The six agencies contractual spending are as follow:

- **Department of Education (DOE)** contracts make up 44.0 percent of the total Fiscal 2025 Contract Budget. Of the \$9.8 billion of budgeted DOE contracts, over two-thirds are allocated in three major areas: charter schools (\$3.1 billion), pupil transportation (\$2.0 billion), and services for handicapped students (\$2.0 billion).
- **Department of Homeless Services and the Department of Social Services (DHS and DSS)** budgets contain the second largest contract budget spending. In Fiscal 2025 DHS and HRA contract budgets total roughly \$3.8 billion, with \$2.5 billion allocated for contractual services for homeless families residing in emergency or transitional settings including food, security, medical services and other miscellaneous support. The remaining \$1.3 billion in the DHS contract budget provides services to homeless individuals such as emergency housing, outreach, food, counseling, medical aid and other support as needed.
- **Administration for Children's Services (ACS)** contractual services budget totals \$1.5 billion in Fiscal 2025, mostly for daycare and foster care services, child welfare, and adoption subsidies.
- **Department of Health and Mental Hygiene (DOHMH)** Fiscal 2025 contract budget totals \$1.1 billion including \$837.6 million for providers that fulfill voluntary contractual services for outpatient and inpatient clinics, as well as psychiatric evaluation diagnosis and treatment services.
- **Department of Youth and Community Development (DYCD)** contractual services total \$718.0 million, of which \$603.6 million is allocated to providers for youth programs on educational and recreational activities

Chart 6: Contract Budget by Agency - Fiscal 2025 (Dollars in Millions)



Budget Issues and Concerns

- **Contract Budget Transparency.** The Contractual General Services object code (600) does not provide details for the type of contracts included in this budget code. Additionally, the available budget documents do not include the sources of funds (City, State, and Federal) that support the City's Contract Budget.
- **Asylum Seekers Emergency Contracts.** Since the beginning of the asylum seekers crisis, New York City agencies have entered into hundreds of contracts with vendors to provide housing,

food, laundry and other services for asylum seekers. This outsourcing of such services as the provision of food, clothing, and social services as well as for other necessities were made when the City was in desperate need to procure these services quickly. Emergency contracting does not follow the same strict protocols as the City's regular contracting process, as a result emergency contracts have less oversight and an increased risk of fraud or waste of City dollars and resources. In 2023, the Council Contracts Committee jointly with the Committee on Oversight and Investigations conducted an oversight hearing ensure greater transparency on how the City is spending money on emergency contracts.

- **Minority and Women Owned Business Enterprises (M/WBE).** In 2005, the Council passed Local Law 129, which re-established participation goals for minority and women-owned businesses in City contracting. In 2013, the Council passed Local Law 1, which made a number of significant changes to the City's M/WBE program including the removal of the requirement that M/WBE goals only apply to contracts valued at one million dollars or less. In Fiscal 2023, the City registered 147,196 new prime contracts and purchase orders. Of this total, only 27,070 were registered to M/WBEs. According to the Comptroller, "the disparity within the disparity remains severe. The value of contracts with Black, Hispanic, or women-of-color owned businesses each hovers at just one percent". . In order to meaningfully support all M/WBEs, the overall share of the City's contracting portfolio going to M/WBEs must be increased.

Appendices

A. Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY24			FY25		
	City	Non-City	Total	City	Non-City	Total
MOCS Budget as of the Adopted FY24 Budget	\$7,686	\$0	7,686	\$480	\$0	\$480
Changes Introduced in the November Plan						
Programs to Eliminate the Gap (PEGs)						
Less than Anticipated PS and OTPS Spending	(\$191)	\$0	(\$191)	(\$180)	\$0	(\$180)
MOCS - Less than anticipated OTPS spending	(618)	0	(618)	(131)	0	(131)
MOCS - Less than Needed OTPS Funding	(1,187)	0	(1,187)	(1,000)	0	(1,000)
MOCS - OTPS Savings	(8)	0	(8)	0	0	0
Subtotal, PEGs	(\$2,003)	\$0	(\$2,003)	(\$1,311)	\$0	(\$1,311)
Other Adjustments						
Buyers L300 Collective Bargaining Adjustment - MOCS	\$9	\$0	\$9	\$9	\$0	\$9
City Service Corps	(23)	0	(23)	0	0	0
Subtotal, Other Adjustments	(\$14)	\$0	(\$14)	\$9	\$0	\$9
TOTAL, All Changes in November Plan	(\$2,017)	\$0	(\$2,017)	(\$1,302)	\$0	(\$1,302)
MOCS Budget as of the November Plan Budget	(\$2,017)	\$0	(\$2,017)	(\$1,302)	\$0	(\$1,302)
Changes Introduced in the Preliminary Plan						
New Needs	FY24			FY25		
	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal, New Needs						
Programs to Eliminate the Gap (PEGs)						
MOCS - Hiring Freeze	\$0	\$0	\$0	(\$283)	\$0	(\$283)
MOCS - Less than Anticipated OTPS Spending	(800)	0	(800)	0	0	0
MOCS - OTPS Savings	(921)	0	(921)	(784)	0	(784)
MONS - PS Savings	(51)	0	(51)	(51)	0	(51)
MOO - PS Savings	(61)	0	(61)	(59)	0	(59)
OM/WBE - PS Savings	(70)	0	(70)	(70)	0	(70)
Subtotal, PEGs	(\$1,902)	\$0	(\$1,902)	(\$1,246)	\$0	(\$1,246)
Other Adjustments						
OEO Adjustment	(\$80)	\$0	(\$80)	(\$208)	\$0	(\$208)
OEO Funding Adjustment	60	0	60	0	0	0
Subtotal, Other Adjustments	(\$20)	\$0	(\$20)	(\$208)	\$0	(\$208)
TOTAL, All Changes in the Preliminary Plan	(\$1,922)	\$0	(\$1,922)	(\$1,454)	\$0	(\$1,454)
MOCS Budget as of the Preliminary Plan	(\$1,922)	\$0	(\$1,922)	(\$1,454)	\$0	(\$1,454)

Source: New York City Office of Management and Budget

B. Program Areas /Unit of Appropriation

<i>Dollars in Thousands</i>						
	FY22 Actual	FY23 Actual	FY24 Adopted	Preliminary Plan		*Difference FY25-FY24
				FY24	FY25	
Spending						
Personal Services						
Additional Gross Pay	\$494	\$398	\$0	\$0	\$0	\$0
Additional Gross Pay - Labor Reserve	0	15	0	0	0	0
Full-Time Salaried - Civilian	15,295	16,792	20,557	20,185	18,759	(1,798)
Overtime - Civilian	2	0	48	48	48	0
Unsalaries	13	17	0	0	0	0
Subtotal	\$15,803	\$17,223	\$20,604	\$20,232	\$18,806	(\$1,798)
Other Than Personal Services						
Contractual Services	\$11,660	\$19,648	\$10,349	\$10,176	\$3,589	(\$6,760)
Contractual Services - Professional Services	6,924	9,893	12,490	13,604	6,059	(6,431)
Contractual Services - Waste Export	0	0	0	0	0	0
Fixed & Misc. Charges	3	21	0	0	0	0
Other Services & Charges	244	1,446	2,110	(1,562)	(226)	(2,337)
Property & Equipment	75	91	0	30	0	0
Supplies & Materials	231	1,119	2,274	1,409	2,216	(59)
Subtotal	\$19,137	\$32,217	\$27,224	\$23,657	\$11,638	(\$15,586)
TOTAL	\$34,940	\$49,440	\$47,828	\$43,889	\$30,444	(\$17,384)
Funding						
City Funds	\$0	\$0	\$40,066	\$36,126	\$23,467	(\$16,598)
Capital IFA - PARKS	0	0	372	372	372	1
Capital IFA - BRIDGES	0	0	246	246	246	0
Capital IFA - ENGINEERING DESIGN & CONSTRUCTION	0	0	356	356	356	1
Capital IFA - HIGHWAYS	0	0	238	238	238	0
Capital IFA - HPD	0	0	298	298	298	0
Capital IFA - MARINE & AVIATION	0	0	9	9	9	0
Capital IFA - MILLING MANGEMENT	0	0	30	30	30	0
Capital IFA - MISC BDGT	0	0	4	4	4	0
Capital IFA - SANITATION	0	0	39	39	39	0
Capital IFA - STRUCTURES	0	0	481	481	482	1
Capital IFA - TRAFFIC	0	0	106	106	106	0
Capital IFA - WASTEWATER TREATMENT	0	0	85	85	85	0
Capital IFA - WATER SUPPLY & SEWER	0	0	272	272	273	0
Other Services/ Fees	0	0	5,228	5,228	4,438	(790)
TOTAL	\$34,940	\$49,440	\$47,828	\$43,889	\$30,444	(\$17,384)
Budgeted Headcount						
Full-Time Positions - Civilian	164	182	220	213	202	(18)
TOTAL	164	182	220	213	202	(18)

*The difference of Fiscal 2025 Preliminary Budget compared to Fiscal 2024 Adopted Budget.

Source: New York City Office of Management and Budget