

THE COUNCIL OF THE CITY OF NEW YORK



Hon. Christine C. Quinn
Speaker of the Council

Hon. Domenic M. Recchia, Jr.
Chair, Committee on Finance

Hearing on the Fiscal 2014 Preliminary Budget & the Fiscal 2013 Preliminary Mayor's Management Report

Department of Finance

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Nathan Toth, Deputy Director
Amy Stokes, Legislative Financial Analyst

Finance Division
Preston Niblack, Director
Jeffrey Rodus, First Deputy Director

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Department of Finance Agency Overview

The Department of Finance (DOF) is charged with collecting tax and other revenues, valuing approximately one million properties each year, administering tax audit and enforcement action to promote compliance, conducting hearings on parking tickets each year and maintaining property records.

Fiscal 2014 Preliminary Plan Highlights

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Personal Services	\$128,903	\$140,994	\$140,206	\$141,979	\$984
Other Than Personal Services	92,444	87,376	91,464	82,628	(4,748)
Agency Total	\$221,346	\$228,370	\$231,670	\$224,606	(\$3,764)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan funding.*

The Department of Finance’s (DOF) Fiscal 2014 Preliminary Budget is \$224.6 million, which is \$3.8 million less than the \$228.4 million Fiscal 2013 Adopted Budget. Since the Fiscal 2013 budget adoption, the agency has implemented a plan to generate revenue for the City through greater tax enforcement initiatives which will result in increased tax collections of \$16.7 million in the current fiscal year and \$19.1 million in Fiscal 2014. The overall net number of full-time positions within the agency will increase by 22 from 1,870 budgeted full-time positions to 1,892 in Fiscal 2014. This headcount increase takes into account the hiring of four employees to the Property Assessment Defense Unit, four employees to the Tax Warrant Unit, and 14 new Deputy Sheriffs. The new class of Deputy Sheriffs is needed in relation to DOF’s booting program, a new tool to recover outstanding judgment parking debt.

REVENUE INITIATIVES

Revenue Actions <i>Dollars in Thousands</i>	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016
Exemptions Verifications	\$12,500	\$13,455	\$14,462	\$15,522
Increase Collection of ECB Fines	2,650	2,650	2,650	2,650
Increase in Correspondence Audits	1,500	3,000	3,000	3,000
TOTAL	\$16,650	\$19,105	\$20,112	\$21,172

- Exemption Renewal and Verification.** DOF will review and give greater scrutiny to new and renewal exemption applications for the Industrial and Commercial Incentive Program (ICIP), Industrial and Commercial Abatement Program (ICAP), Commercial Revitalization Program (CRP), Commercial Expansion Program (CEP), Not-for-Profit (NFP) Exemptions, and Parsonage. This has been a multi-year effort for the agency to identify properties receiving these exemptions, determine if eligibility requirements are still being met, and that benefits

are accurately being applied. DOF expects that this will result in the revocation or reduction of benefits that will result in savings of approximately \$12.5 million in Fiscal 13 and \$13.5 million in Fiscal 14. The agency will be mailing renewal applications to exemption program participants where the benefit is subject to annual renewal on proof of continued qualification.

- **Increasing Collection of ECB Fines.** DOF will increase collection of Environmental Control Board (ECB) debt in judgment through the use of outside collection agencies. This will result in savings of \$2.7 million in Fiscal 13 and Fiscal 14. These savings are the result of the agency's review of base collection of ECB fines and adjusting revenue to more accurately reflect actual collections.
- **Increasing Correspondence Audits.** DOF will expand its correspondence auditing capabilities by using third-party data sources, more advanced data mining capabilities with advanced technology, and enhanced correspondence process. This will result in savings of \$1.5 million in Fiscal 13 and \$3.0 million in Fiscal 14.

EXPENSE INITIATIVE HIGHLIGHTS

- **Sheriff Pilot Boot Program.** The pilot booting program began in the summer of 2012 in order to test booting as a tool to recover outstanding judgment parking debt. Working with a vendor, PayLock, which was chosen through a competitive procurement process, Deputy Sheriffs booted 4,277 vehicles between June 25, 2012 and December 13, 2012, recouping \$1.9 million from scofflaws and earning an additional \$103,000 in poundage fees. Prior to the booting program, towing was the primary enforcement tool for recovering judgment debt. The agency's goals for the pilot was to assess the potential for improving the customer experience for redeeming seized vehicles, heighten the visibility of parking enforcement activity to serve as a deterrent to delinquency, and allow for better tracking and efficiency in the identification of scofflaw vehicles. The fees collected by the Office of the Sheriff associated with the implementation of a pilot booting program will be subsequently paid to the vendor for services rendered at a cost of \$500,000 for Fiscal 13. In order to expand the booting program and bring it to scale, the agency will hire 14 new Deputy Sheriffs at a cost of \$260,000 in Fiscal 13 and \$574,000 in Fiscal 14. Additionally, four new employees will be hired to the Tax Warrant Unit in order to assist with the collections and legal work associated with the booting program and other department needs. This will cost \$199,000 in Fiscal 13 and Fiscal 14.
- **DOF DoITT STARS Transfer.** As part of a Memorandum of Understanding (MOU), the Department of Information Technology and Telecommunications (DoITT) provides technical support of the Summons Tracking and Accounts Receivable System (STARS). This was implemented in an effort to consolidate information technology (IT) infrastructure and related operations and services in order to provide a Citywide shared services IT environment. DOF will transfer funding to DoITT in order to support these services at a cost of \$1.2 million in Fiscal 14.
- **Property tax system upgrades.** The Real Property Assessment Division (RPAD) and Fairtax applications are key systems critical to the annual collection of over \$20 billion in City property, business and other taxes and charges. Since properties in New York City are assessed at a percent of value and are subject to other complex rules, the RPAD system is programmed with legally mandated formulas to arrive at assessments used for tax purposes.

RPAD also is the repository for property sales dating back to the 1970s. In addition, RPAD is used to calculate exemption and abatement values. The system also maintains information about assessment protests filed with the Tax Commission. The systems were written and deployed more than 30 years ago and have seen extensive modifications through the years as tax and DOF business needs have changed. The age and obsolescence of the current system makes it difficult and time consuming for DOF to respond to changes in tax policy. The agency must replace these systems because some of the components are no longer supported and many of the long time DOF employees who are knowledgeable about the systems have retired or are planning to retire. In addition, these systems need to change in order to facilitate and match more efficient and effective revenue collection and business processes. A request for proposals (RFP) was issued for a modernized integrated property tax system (MIPTS) and proposals were received from potential vendors in November 2012. In Fiscal 2012 DOF spent \$484,870 for Gartner PM/QA consulting services for the new system and currently have \$98,200 budgeted in Fiscal 2013 for similar services. DOF also has three full-time employees working on this project at a total annual cost of \$357,500.

Department of Finance Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Budget by Program Area					
Administration	\$49,734	\$50,710	\$48,663	\$49,637	(\$1,073)
Audit	14,606	16,715	16,215	16,500	(215)
Civil Enforcement	21,995	19,619	23,041	21,888	2,269
Collections	13,509	16,548	18,167	14,805	(1,743)
Communications & Governmental Services	2,229	2,219	2,305	2,305	86
Customer Relations	-	469	469	469	(0)
Financial Plan Savings	-	(447)	-	-	447
FIT (Finance Information Technology)	36,583	37,328	36,106	36,131	(1,197)
Legal & Adjudications	16,018	16,170	16,281	16,281	110
NYCSERV Contract Funding	5,334	2,013	5,657	1,156	(857)
Payment Ops & Application Processing	21,652	21,141	21,118	19,613	(1,528)
Property Records	4,670	5,527	5,773	5,384	(143)
Treasury	21,294	25,410	23,022	25,522	112
Valuing Property	13,722	14,948	14,853	14,917	(32)
TOTAL	\$221,346	\$228,370	\$231,670	\$224,606	(3,764)
Funding					
City Funds		\$223,614	\$226,700	\$219,850	(\$3,764)
State		438	438	438	-
Intra City		4,319	4,533	4,319	-
TOTAL		\$228,370	\$231,670	\$224,606	(3,764)
Positions					
TOTAL	1750	1870	1892	1892	22
TOTAL	1750	1870	1892	1892	22

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan funding.

Program Areas

Administration

This program area includes funding for the Executive Division, the Employee Services Division which provides support services to Finance employees in accordance with City rules and regulation, and the Tax Policy division which provides information and analysis to help decision makers improve the City's tax system and public understanding of the revenue system.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$10,722	\$13,377	\$12,477	\$13,377	-
Other Salaried & Unsalared	5	175	175	175	-
Additional Gross Pay	329	428	428	428	-
Amounts to be Scheduled	0	1	1	1	-
Overtime-Civilian	13	9	9	9	-
Fringe Benefits	3	4	4	4	-
P.S Other	16	0	0	0	-
Personal Services Subtotal	\$11,088	\$13,993	\$13,093	\$13,993	\$0
Other Than Personal Services					
Supplies and Materials	\$5,616	\$1,138	\$824	\$958	(\$180)
Fixed and Misc Charges	6.66	21.95	12.10	14.85	-7
Property and Equipment	549.23	139.20	875.09	564.50	425
Other Services and Charges	31,685.90	34,918.83	33,021.56	33,468.55	-1450
Contractual Services	787.60	498.62	836.74	637.43	139
Other Than Personal Services Subtotal	\$38,645	\$36,717	\$35,570	\$35,644	(\$1,073)
TOTAL	\$49,734	\$50,710	\$48,663	\$49,637	(\$1,073)
Funding					
City Funds		\$50,710	\$48,561	\$49,637	(\$1,073)
Intra-City Funds		0	101	0	0
TOTAL		\$50,710	\$48,663	\$49,637	(\$1,073)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

The \$1.5 million decrease in Other Services and Charges is due to reforecasting DOF's rental needs by the Office of Management and Budget and reallocating funds into the correct budget structure to support actual expenditures.

Audit

This program area includes DOF employees who conduct in-depth audits of business and personal income, excise and other tax returns. The Audit Division identifies non-filing and delinquent businesses, and, when appropriate, assesses additional taxes and/or seeks civil penalties.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$12,109	\$13,081	\$12,581	\$13,081	-
Full Time Salaried - Petagogical	0	0	0	0	0
Other Salaried & Unsalariied	0	60	60	60	0
Additional Gross Pay	1,749	2,747	2,747	2,747	0
Overtime-Civilian	1	0	0	0	0
P.S Other	(17)	0	0	0	0
Personal Services Subtotal	\$13,843	\$15,888	\$15,388	\$15,888	\$0
Other Than Personal Services					
Supplies and Materials	\$559	\$357	\$398	\$163	(\$194)
Fixed and Misc Charges	0.00	0.85	0.00	0.00	(1)
Property and Equipment	167.51	367.48	262.60	162.60	(205)
Other Services and Charges	37.00	98.60	92.32	212.47	114
Contractual Services	0.00	3.00	73.70	73.70	71
Other Than Personal Services Subtotal	\$763	\$827	\$827	\$612	(\$215)
TOTAL	\$14,606	\$16,715	\$16,215	\$16,500	(\$215)
Funding					
City Funds		\$16,715	\$16,215	\$16,500	(\$215)
Intra-City Funds		0	0	0	0
TOTAL		\$16,715	\$16,215	\$16,500	(\$215)

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.

Performance Measures

	FY10 Actual	FY11 Actual	FY12 Actual	FY12 4-Month Actual	FY13 4-Month Actual
Increase in tax liability as a result of audits (%)	19%	27%	11%	12%	13%
Audits closed within one year (%)	33%	36%	34%	35%	39%
Amount collected from a closed audit (\$000)	\$68	\$90	\$130	\$73	\$84
Average turnaround time for audits (days)	598	612	684	655	611

DOF’s introduction of a modeling committee improved the audit selection and management process significantly by strategically identifying cases for audits. The percent of audits closed within a year rose four percentage points from a year ago this time to 39%. The agency also

collected about \$84,000 in Fiscal 13, or 15% more in taxes over what was originally filed than from the Fiscal 12.

Civil Enforcement

This program area includes funding for the Tax Enforcement Division which attempts to ensure that all taxpayers pay their fair share and provides enforcement against those who intentionally do not. This program area also includes funding for the Sheriff's Division which promotes public safety and enforces court orders, including those for the collection of judgment debt.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$17,762	\$15,416	\$17,469	\$17,685	\$2,269
Other Salaried & Unsalariied	0	83	83	83	0
Additional Gross Pay	1,950	1,692	1,692	1,692	0
Overtime-Civilian	318	307	307	307	0
Fringe Benefits	0	11	11	11	0
Personal Services Subtotal	\$20,030	\$17,510	\$19,563	\$19,779	\$2,269
Other Than Personal Services					
Supplies and Materials	\$265	\$190	\$213	\$186	-\$4
Fixed and Misc Charges	0	3	7	9	6
Property and Equipment	515	158	423	158	0
Other Services and Charges	705	1,333	742	1,332	(1)
Contractual Services	480	425	2,094	424	(1)
Other Than Personal Services Subtotal	\$1,965	\$2,109	\$3,479	\$2,109	\$0
TOTAL	\$21,995	\$19,619	\$23,041	\$21,888	\$2,269
Funding					
City Funds		\$15,300	\$18,610	\$17,569	\$2,269
Intra-City Funds		4,319	4,431	4,319	0
TOTAL		\$19,619	\$23,041	\$21,888	\$2,269

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.

The Civil Enforcement program area will increase approximately \$2.3 million, from \$19.6 million in Fiscal 2013 to \$21.9 million in the Fiscal 14 Preliminary Plan. This is primarily due to an increase in personal costs associated with hiring 14 new Deputy Sheriffs for the booting program.

Collections

This program area is responsible for resolving outstanding debt in a timely manner and Marshal Enforcement which helps people pay the right amount on time.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$6,535	\$9,767	\$9,859	\$9,859	\$92
Other Salaried & Unsalared	0	49	49	49	0
Additional Gross Pay	415	866	866	866	0
Overtime-Civilian	61	87	87	87	0
Fringe Benefits	291	2,020	325	325	(1,695)
Personal Services Subtotal	\$7,302	\$12,789	\$11,186	\$11,186	(\$1,603)
Other Than Personal Services					
Supplies and Materials	\$540	\$428	\$17	\$16	(\$412)
Property and Equipment	599	123	724	721	598
Other Services and Charges	95	729	177	247	(482)
Contractual Services	4,974	2,480	6,063	2,636	155
Other Than Personal Services Subtotal	\$6,207	\$3,760	\$6,981	\$3,620	(\$140)
TOTAL	\$13,509	\$16,548	\$18,167	\$14,805	(\$1,743)
Funding					
City Funds		\$16,548	\$18,167	\$14,805	(\$1,743)
Intra-City Funds		0	0	0	0
TOTAL		\$16,548	\$18,167	\$14,805	(\$1,743)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

Four new employees will be hired for the Tax Warrant Unit this at a cost of \$459,000 in Fiscal 2013 and \$773,000 in Fiscal 2014 to assist with the booting program and as another tool to encourage payment by debtors who owe city taxes. Two employees are being allocated into this program budget.

Performance Measures

	FY10 Actual	FY11 Actual	FY12 Actual	FY12 4-Month Actual	FY13 4-Month Actual
Average time to issue property tax refund (days)	19	22	26	20	20
Average time to issue business tax refund (days)	39	39	32	31	29

The average number of days to issue business tax refunds declined 2 days, from 31 days in Fiscal 2012 to 29 days for the same period in Fiscal 2013. This is primarily due to organizational and

programmatic changes the agency has implemented recently to expedite refunds more efficiently. However, property tax refunds have remained at 20 days for Fiscal 2012 and Fiscal 2013.

Customer Relations

This program area ensures that DOF responds to inquiries quickly and accurately, keeps the public well informed, and resolves customer issues.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$0	\$302	\$302	\$302	\$0
Other Salaried & Unsalariad	0	34	34	34	0
Additional Gross Pay	0	130	130	130	0
Overtime-Civilian	0	2	2	2	0
Personal Services Subtotal	\$0	\$469	\$469	\$469	\$0
Other Than Personal Services					
Other Services and Charges	\$0	\$0	\$0	\$0	\$0
Other Than Personal Services Subtotal	\$0	\$0	\$0	\$0	\$0
TOTAL	\$0	\$469	\$469	\$469	\$0
Funding					
City Funds		\$469	\$469	\$469	(\$0)
Intra-City Funds		\$0	\$0	\$0	\$0
TOTAL		\$469	\$469	\$469	(\$0)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

Performance Measures

	FY 10 Actual	FY 11 Actual	FY 12 Actual	FY12 4-Month Actual	FY13 4-Month Actual
Emails responded to in 14 days (%)	92%	78%	75%	71%	93%
Letters responded to in 14 days (%)	97%	77%	61%	66%	93%

Customer service in the agency has dramatically improved for both email and mail responses. The percentage of emails responded to in 14 days increased 22%, from 71% in Fiscal 2012 to 93% for the same period in Fiscal 2013. Additionally, the percentage of letters responded to in 14 days increased 27%, from 66% in Fiscal 2012 to 93% in Fiscal 2013.

Finance Information Technology

This program area includes funding to ensure the development and delivery of information and technology solutions that aid the agency in achieving its goals.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$23,271	\$24,616	\$24,616	\$24,616	\$0
Other Salaried & Unsalariated	49	74	74	74	0
Additional Gross Pay	892	751	751	751	0
Overtime-Civilian	79	95	95	95	0
Personal Services Subtotal	\$24,292	\$25,535	\$25,535	\$25,535	\$0
Other Than Personal Services					
Supplies and Materials	\$2,899	\$987	\$239	\$93	(\$895)
Fixed and Misc Charges	9	0	0	0	0
Property and Equipment	14	3	4	18	15
Other Services and Charges	1,554	582	1,999	3,085	2,503
Contractual Services	7,816	10,220	8,329	7,400	(2,821)
Other Than Personal Services Subtotal	\$12,291	\$11,792	\$10,571	\$10,595	(\$1,197)
TOTAL	\$36,583	\$37,328	\$36,106	\$36,131	(\$1,197)
Funding					
City Funds		\$37,328	\$36,106	\$36,131	(\$1,197)
Intra-City Funds		0	0	0	0
TOTAL		\$37,328	\$36,106	\$36,131	(\$1,197)

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.

As part of a Memorandum of Understanding (MOU), the Department of Information Technology and Telecommunications (DoITT) provides technical support of the Summons Tracking and Accounts Receivable System (STARS). This was implemented in an effort to consolidate information technology (IT) infrastructure and related operations and services in order to provide a Citywide shared services IT environment. DOF will transfer \$1.2M in funding to DOITT to provide mainframe-hosting support, technical and engineering support for DOF's STARS and CACS applications. Additionally, the FIT program area is charged with maintaining the NYC Serv system, which serves as the payment and adjudications engine for most/some debts, collections, licensing, and permits to the City of New York. The cost to maintain this system was approximately \$2.3 million in Fiscal 2013.

The \$2.8 million decrease in Contractual Services is due to the transfer to DoITT and funding reallocated to the NYC Serv Program Unit to support contractual services.

Legal & Adjudications

This program area includes funding for the Legal Affairs Division which ensures that laws, rules and regulations are clear, easy to understand and fairly applied to the public, and that DOF has adequate legal support. This program area also funds the Adjudication Division which provides a forum for motorists to challenge their parking or red light tickets.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$8,578	\$9,151	\$9,258	\$9,258	\$107
Other Salaried & Unsalariied	4,518	4,357	4,357	4,357	0
Additional Gross Pay	727	570	570	570	0
Overtime-Civilian	0	9	9	9	0
Personal Services Subtotal	\$13,823	\$14,085	\$14,193	\$14,193	\$107
Other Than Personal Services					
Supplies and Materials	\$1,131	\$564	\$21	\$21	(\$543)
Fixed and Misc Charges	0	0	1	1	1
Property and Equipment	56	54	67	66	12
Other Services and Charges	32	55	41	42	(13)
Contractual Services	976	1,412	1,958	1,958	547
Other Than Personal Services Subtotal	\$2,195	\$2,085	\$2,088	\$2,088	\$3
TOTAL	\$16,018	\$16,170	\$16,281	\$16,281	\$110
Funding					
City Funds		\$16,170	\$16,281	\$16,281	\$110
Intra-City Funds		0	0	0	0
TOTAL		\$16,170	\$16,281	\$16,281	\$110

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

Four new employees will be hired for the Tax Warrant Unit this at a cost of \$459,000 in Fiscal 2013 and \$773,000 in Fiscal 2014 to assist with the booting program and as another tool to encourage payment by debtors who owe city taxes. Two employees are being allocated into this program budget.

Performance Measures

	FY10 Actual	FY11 Actual	FY12 Actual	FY12 4-Month Actual	FY13 4-Month Actual
Parking tickets issued that are paid within 90 days (%)	61%	63%	65%	65%	63%
Average turnaround time for in-person parking ticket hearings (min)	25	23	18	19	19
Average turnaround time to issue decision for parking ticket hearing-by-web (days)	NA	7.0	6.5	4.5	2.5
Average turnaround time to issue decision for parking ticket hearing-by-mail (days)	NA	27.3	23.2	31.5	3.0
Parking ticket appeals granted a reversal (%)	15%	16%	12%	11%	9%
Parking tickets issued that were dismissed within 90 days (%)	14%	13%	13%	12%	14%

The number of in-person hearings continued to trend downward in favor of hearings by mail and web. Average turnaround times for in-person hearings held steady at 19 minutes, decreased two days for online hearings, and decreased approximately 90% for hearings-by-mail. Payments of parking tickets issued within 90 days decreased two percentage points, from 65% in Fiscal 2012 to 63% for the same period in Fiscal 2013.

NYCServ Contract Funding

This program area includes funding for Other than Personal Services expenses of the NYCServ Contract. NYCServ is the payment and adjudications engine for all debts, collections, licensing, and permits to the City of New York. It enables customers to pay taxes and fines or dispute parking tickets and violations in a single location while improving customer service.

<i>Dollars in Thousands</i>	2012	2013	2013	2014	*Difference
	Actual	Adopted	Jan. Plan	Jan. Plan	2013 - 2014
Spending					
Other Than Personal Services					
Supplies and Materials	\$1	\$0	\$0	\$0	\$0
Property and Equipment	1	0	37	0	0
Other Services and Charges	302	25	34	125	100
Contractual Services	5,030	1,988	5,586	1,031	(957)
Other Than Personal Services Subtotal	\$5,334	\$2,013	\$5,657	\$1,156	(\$857)
TOTAL	\$5,334	\$2,013	\$5,657	\$1,156	(\$857)
Funding					
City Funds		\$2,013	\$5,657	\$1,156	(\$857)
Intra-City Funds		0	0	0	0
TOTAL		\$2,013	\$5,657	\$1,156	(\$857)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

Spending in this program area will cost approximately \$857,000 less from Fiscal 13 Adopted to the Fiscal 14 Preliminary budget. This is primarily due to insourcing many functions that were being performed by outside contractors. Specifically, contractual services will have cost savings of approximately \$957,000 from Fiscal 13 to Fiscal 14.

Payment Operations & Application Processing

This program area includes funding for Payment Operations which ensures quick and accurate processing of payments, returns exemptions and business tax refunds, while providing people with convenient options to pay and file.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$16,466	\$16,986	\$16,890	\$16,897	(\$89)
Other Salaried & Unsalared	0	142	142	142	0
Additional Gross Pay	1,082	1,258	1,258	1,258	0
Amounts to be Scheduled	0	5	5	5	0
Overtime-Civilian	54	56	56	56	0
Personal Services Subtotal	\$17,602	\$18,448	\$18,352	\$18,359	(\$89)
Other Than Personal Services					
Supplies and Materials	\$1,732	\$730	\$38	\$52	(\$678)
Fixed and Misc Charges	1	1	2	2	1
Property and Equipment	52	4	4	6	2
Other Services and Charges	74	768	46	79	(689)
Contractual Services	2,191	1,192	2,677	1,117	(76)
Other Than Personal Services Subtotal	\$4,050	\$2,693	\$2,766	\$1,254	(\$1,439)
TOTAL	\$21,652	\$21,141	\$21,118	\$19,613	(\$1,528)
Funding					
City Funds		\$21,141	\$21,118	\$19,613	(\$1,528)
Intra-City Funds		0	0	0	0
TOTAL		\$21,141	\$21,118	\$19,613	(\$1,528)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

The decrease of \$89,000 in full time salaried was a transfer to DFTA to fund the cost of two employees. The decrease of \$678,000 in Supplies and Materials is a transfer to Contractual Services to fund printing of various tax documents. The decrease of \$689,000 in Other Services and Charges is mainly due to a decrease in funding for the Citywide Payments and Receivables Services, where consultant and banking service projects are scheduled to end.

Valuing Property

The function of this program area is to determine the taxable value of parcels of NYC real estate fairly, accurately, and consistently.

<i>Dollars in Thousands</i>	2012 Actual	2013 Adopted	2013 Jan. Plan	2014 Jan. Plan	*Difference 2013 - 2014
Spending					
Personal Services					
Full Time Salaried	\$11,436	\$12,484	\$12,634	\$12,784	\$301
Other Salaried & Unsalariad	0	13	13	13	0
Additional Gross Pay	1,133	640	640	640	0
Overtime-Civilian	82	49	49	49	0
Personal Services Subtotal	\$12,650	\$13,186	\$13,336	\$13,486	\$301
Other Than Personal Services					
Supplies and Materials	\$665	\$257	\$162	\$86	(\$171)
Fixed and Misc Charges	0	2	0	0	(2)
Property and Equipment	120	477	536	111	(366)
Other Services and Charges	29	187	214	679	493
Contractual Services	257	840	605	555	(285)
Other Than Personal Services Subtotal	\$1,071	\$1,762	\$1,516	\$1,430	(\$332)
TOTAL	\$13,722	\$14,948	\$14,853	\$14,917	(\$32)
Funding					
City Funds		\$14,511	\$14,415	\$14,479	(\$32)
State Funds		438	438	438	0
TOTAL		\$14,948	\$14,853	\$14,917	(\$32)

**The difference of Fiscal 2013 Adopted compared to Fiscal 2014 January Plan Funding.*

Under this program area DOF will hire four new employees (two assessors, one manager, and one attorney) to represent the agency and provide information about properties being challenged in the Tax Commission. At present, only the property owner is represented and the Tax Commission does not always have access to the information in DOF records or the rationale for an assessment. These employees cost of \$150,000 in Fiscal 2013 and \$301,000 in Fiscal 2014 and the out years.

Revenue Summary

The Fiscal 2014 Revenue Budget for DOF is projected to be approximately \$672.7 million, an increase of about \$5 million when compared to the Fiscal 2013 Adopted Budget amount of \$667.7 million. The 0.75% increase mainly comes from fines and forfeitures resulting from a marginal increase in ticketing.

Agency Revenue Sources <i>In Thousands</i>	FY13 Adopted Budget	FY13 Modified	FY14 Preliminary Budget
License, Permit & Franchises	\$105	\$105	\$105
Interest Income	990	990	810
Charges for Services	49,436	49,436	50,692
Fines and Foreitures	608,512	608,512	612,462
Miscellaneous	8,175	8,175	8,175
State Grants - Categorical	438	438	438
TOTAL	\$667,656	\$667,656	\$672,681

Appendix A

Budget Actions in November and January Plan

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2012 Plan	\$223,614	\$4,757	\$228,371	\$220,069	\$4,757	\$224,826
New Needs						
Deputy Sheriffs Class	\$260		\$260	\$574		\$574
Tax Warrant Unit	199		199	199		199
Property Assessment Defense	150		150	301		301
TOTAL, New Needs	\$609	\$0	\$609	\$1,074	\$0	\$1,074
Other Adjustments						
OTPS Adjustments	\$2,273		\$2,273	\$0		\$0
Sheriff Pilot Boot Program Fees	500		500	0		0
Xerox/Accenture Fee Transfer to DCAS	(1)		(1)	0		0
DOF DoITT STARS Transfer	0		0	(1,197)		(1,197)
Technical Adjustment	(96)		(96)	(96)		(96)
Lease Adjustment	(200)		(200)	0		0
Interagency Transfers		140		0		0
DOF Security		72		0		0
TOTAL, Other Adjustments	\$2,476	\$213	\$2,476	(\$1,293)	\$0	(\$1,293)
TOTAL, All Changes	\$3,085	\$213	\$3,085	(\$219)	\$0	(\$219)
Agency Budget as of January 2013 Plan	\$226,699	\$4,970	\$231,456	\$219,850	\$4,757	\$224,607

Appendix B

Contract Budget

Category	Number	Budgeted	% of DOF Total	% of City Total
Contractual Services General	17	\$3,039	7.7%	0.7%
Telecommunications Maintenance	1	353	0.9%	0.7%
Maintenance and Repair General	18	2232	5.7%	1.9%
Printing Contracts	6	2026	5.2%	6.4%
Costs Associated with Financing	3	25514	64.9%	28.5%
Security Services	3	267	0.7%	0.3%
Training Program City Employees	6	185	0.5%	1.2%
Professional Services-Accounting & Auditing	2	140	0.4%	0.5%
Professional Services-Engineer & Architect	1	13	0.0%	0.2%
Professional Services-Computer Services	3	5544	14.1%	5.6%
Preliminary Budget	60	\$39,312	100%	0.4%

**In thousands*

Appendix C

Fiscal 2013 Mayor's Management Report Performance Measures

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY14	4-Month Actual FY 12	4-Month Actual FY 13
«City debt resolved (%)	42.0%	39.6%	39.2%	*	39.0%	18.0%	18.5%
«Property taxes billed that are paid (%)	98.1%	97.0%	97.3%	*	97.0%	N/A	NA
- Paid on time (%)	95.0%	95.0%	94.4%	*	*	94.2%	94.9%
Audits closed within 1 year (%)	33.3%	35.5%	33.7%	*	*	34.5%	39.1%
Average turnaround time for audits (days)	598	612	684	*	*	655	611
Average amount collected from a closed audit (\$000)	\$68	\$90	\$130	*	*	\$73	\$84
Increase in tax liability as a result of audits (%)	18.6%	26.9%	10.5%	*	*	12.0%	13.0%
Properties receiving 90-day lien sale notice	24,963	25,462	22,111	*	*	N/A	N/A
Originally noticed properties sold in lien sale (%)	19%	20%	19%	*	*	N/A	N/A
Total revenue collected (\$000)	N/A	\$27,013,547	\$28,114,706	*	*	N/A	N/A
- Property taxes collected (\$000)	N/A	\$16,868,335	\$17,917,000	*	*	N/A	N/A
- Business taxes collected (\$000)	N/A	\$6,717,343	\$6,830,000	*	*	N/A	N/A
- Property transfer taxes collected (\$000)	N/A	\$1,229,000	\$1,441,000	*	*	N/A	N/A
- Audit and enforcement revenue collected (\$000)	N/A	\$987,949	\$740,000	*	*	N/A	N/A
- Other revenue (\$000)	N/A	\$641,420	\$618,234	*	*	N/A	N/A
Senior Citizen Rent Increase Exemption (SCRIE) - Initial applications received	N/A	N/A	N/A	*	*	N/A	2,382
SCRIE - Renewal applications received	N/A	N/A	N/A	*	*	N/A	8,059
Initial applications processed	N/A	6,958	7,880	*	*	2,134	2,916
«Average time to process initial applications (days)	N/A	NA	NA	*	ò	N/A	35.8
Renewal applications processed	N/A	17,332	25,878	*	*	6,975	6,792
«Average time to process renewal applications (days)	N/A	NA	NA	*	ò	NA	22.9
Property tax refunds and adjustments processed	50,377	40,431	49,843	*	*	15,586	14,424
«Average time to issue a property tax refund (days)	19	22	26	20	20	20	20
Business tax refunds processed	N/A	31,027	23,576	*	*	9,148	8,274
«Average time to issue a business tax refund (days)	39	39	32	45	32	31	29
«Payment method (%) - Electronic (ACH/EFT)	16.7%	16.5%	20.8%	*	35.0%	18.1%	31.8%
- Cash	5.2%	6.2%	4.4%	*	*	4.6%	3.0%
- Check/money order	56.5%	50.9%	36.8%	*	*	42.7%	40.9%
- Credit card	21.6%	26.4%	37.9%	*	*	34.6%	24.2%
Tickets paid before enforcement action (%)	N/A	N/A	N/A	*	*	N/A	48.0%
«Parking tickets issued that are paid within 90 days (%)	61.1%	63.3%	65.1%	*	65.0%	64.5%	62.6%
Parking tickets issued that are dismissed within 90 days (%)	13.8%	13.1%	12.9%	*	*	12.2%	13.9%
«Parking summons revenue (\$000)	N/A	\$569,500	\$568,472	*	*	N/A	N/A
«Parking ticket hearings - Total	N/A	1,169,864	1,235,067	*	*	418,215	377,507
- In-person hearings	N/A	499,346	371,953	*	*	154,599	78,036
- Hearings-by-mail	N/A	556,409	655,900	*	*	211,080	213,871
- Online hearings	N/A	114,109	207,214	*	*	52,536	85,600
«Average turnaround time for in-person parking ticket hearings (minutes)	25	23	18	40	40	19	19
«Average turnaround time to issue decision for parking ticket hearing-by-web (days)	N/A	7.0	6.5	*	10.0	4.5	2.5

	FY 10 Actual	FY 11 Actual	FY 12 Actual	Target FY 13	Target FY 14	4-Month Actual FY 12	4-Month Actual FY 13
«Average turnaround time to issue decision for parking ticket hearing-by-mail (days)	N/A	27.3	23.2	*	15.0	31.5	3.0
Parking summonses received (000)	10,709	9,845	9,823	*	*	3,232	3,291
Summonses adjudicated (000)	3,216	2,331	1,989	*	*	683	608
Parking ticket appeals granted a reversal (%)	15.1%	15.6%	12.2%	*	*	10.6%	9.4%
Average time to issue decision for parking ticket appeals (days)	11.0	11.0	11.0	15.0	15.0	11.0	11.0
«Current property tax documents available online (%)	NA	100%	100%	*	ñ	NA	NA
Average time to record and index property documents (days) - Citywide	0.8	0.8	1.9	*	*	1.6	2.4

**Continuation from previous page*

Appendix D

Reconciliation of Program Areas to Units of Appropriation

	001	002	003	004	005	007	009	011	022	033	044	055	077	099	Grand Total
Administration	\$13,993	\$0	\$0	\$0	\$0	\$0	\$0	\$35,644	\$0	\$0	\$0	\$0	\$0	\$0	\$49,637
Audit	-	-	-	15,888	-	-	-	-	-	-	612	-	-	-	16,500
Civil Enforcement	-	-	-	6,118	-	-	13,660	-	-	-	-	-	-	2,109	21,888
Collections	-	6,674	-	-	-	-	4,512	-	3,620	-	-	-	-	-	14,805
Communications & Governmental Services	2,040	-	-	-	-	-	-	265	-	-	-	-	-	-	2,305
Customer Relations	469	-	-	-	-	-	-	-	-	-	-	-	-	-	469
Financial Plan Savings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
FIT(Finance Information Technology)	23,414	-	-	2,121	-	-	-	10,595	-	-	-	-	-	-	36,131
Legal & Adjudications	-	-	-	-	5,245	8,947	-	-	-	-	-	83	2,005	-	16,281
NYCSERV Contract Funding	-	-	-	-	-	-	-	1,156	-	-	-	-	-	-	1,156
Payment Ops & Application Processing	-	18,359	-	-	-	-	-	-	1,254	-	-	-	-	-	19,613
Property Records	-	-	4,700	-	-	-	-	-	-	684	-	-	-	-	5,384
Treasury	2,352	-	-	-	-	-	-	23,170	-	-	-	-	-	-	25,522
Valuing Property	-	-	13,486	-	-	-	-	-	-	1,430	-	-	-	-	14,917
Grand Total	\$42,268	\$25,032	\$18,186	\$24,127	\$5,245	\$8,947	\$18,173	\$70,830	\$4,874	\$2,114	\$612	\$83	\$2,005	\$2,109	\$224,606