

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Ben Kallos
Chair, Committee on Governmental Operations



Hearing on the Fiscal 2015 Preliminary Budget & the Fiscal 2014 Preliminary Mayor's Management Report

Financial Information Services Agency (FISA)

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Table of Contents

Financial Information Services Agency (FISA) Overview	1
Fiscal 2013 Preliminary Plan Highlights.....	1
FISA Financial Summary	2
Citywide Information Technology Systems	2
CityTime.....	3
New York City Automated Payroll System (NYCAPS)	3
Financial Management System (FMS)	3
FISA Lump Sum Capital Project Line	4
Appendix A: Budget Actions in the November and Preliminary Plans	5
Appendix B: Contract Budget	6

Financial Information Services Agency (FISA) Overview

FISA controls and coordinates data processing functions and operations for the City's payroll, accounting and purchasing systems; manages the citywide financial management system (FMS); generates and distributes reports for accounting and budget oversight; and provides on-line access to budgetary or related data for use by city managers and others. FISA also maintains the operational integrity of the payroll management system (PMS) and the integrated comprehensive contracts information system (ICCIS). FISA is jointly controlled by the Mayor and the Comptroller, as defined by the City Charter.

This report provides a review of the Fiscal 2015 Preliminary Budget of FISA. In the first section the highlights of the Preliminary Plan are presented. The report then presents FISA's financial summary and discusses actions included in the November and Preliminary Financial Plans. Finally, the report provides a review of citywide IT systems maintained and operated by the Agency and a review of FISA's contract budget.

Fiscal 2013 Preliminary Plan Highlights

- **FISA Budget Surplus.** Last year, FISA identified a mid-year budget surplus of \$9.1 million and a year-end surplus of \$3.4 million for Fiscal 2013. During the Fiscal 2014 Preliminary Budget hearing, FISA's director testified that it was likely to see a surplus for Fiscal 2014. However, a surplus for Fiscal 2014 has yet to be recognized in the Financial Plan.
- **Alternate Data Center Funding.** The Preliminary Plan includes new funding of \$7.8 million in Fiscal 2015 for the development of a back-up data center in the event of failure of FISA's main Data Center.
- **Funding for Additional NYCAPS Staff.** The November Plan includes baselined funding totaling \$475,000 beginning in Fiscal 2014 for four new positions dedicated to NYCAPS. Two positions will be for human resources support for the Department of Education, and two other positions will support the City's E-Hire project, which will digitize job application materials and transmit them to hiring managers and human resources personnel.
- **FISA's Contract Budget.** Contractual services account for 32.4 percent of FISA's Fiscal 2015 budget, much of which goes toward the maintenance of several citywide IT systems.

FISA Financial Summary

<i>Dollars in Thousands</i>	2012 Actual	2013 Actual	2014 Adopted	2014 Prelim. Plan	2015 Prelim. Plan	*Difference 2014 - 2015
Spending						
Personal Services	\$31,948	\$36,226	\$42,294	\$42,380	\$45,089	\$2,795
Full-Time Salaried	30,814	35,079	41,608	41,693	44,403	2,795
Other Salaried & Unsalaries	102	86	113	113	113	0
Additional Gross Pay	904	905	406	406	406	0
Overtime	128	156	168	168	168	0
Other Than Personal Services	\$51,252	\$46,828	\$49,469	\$52,225	\$53,653	\$4,184
Supplies and Materials	2,034	2,030	2,374	4,517	10,163	7,789
Property and Equipment	34	34	114	98	114	0
Other Services and Charges	10,719	11,332	11,344	11,357	11,337	(7)
Contractual Services	38,460	33,429	35,638	36,252	32,039	(3,599)
Fixed and Misc. Charges	4	3	0	2	0	0
TOTAL	\$83,199	\$83,053	\$91,763	\$94,605	\$98,742	\$6,979
Funding						
City Funds			\$91,710	\$94,552	\$98,742	\$7,032
Intra-City			53	53	0	(53)
TOTAL	\$83,199	\$83,053	\$91,763	\$94,605	\$98,742	\$6,979
Positions						
Full-Time Positions	383	438	432	432	456	24

**The difference of Fiscal 2014 Adopted compared to Fiscal 2015 Preliminary Plan funding.*

FISA's proposed budget for Fiscal 2015 totals \$98.7 million, including Personal Services funding of \$45.1 million to support 456 full-time positions. The Agency relies almost entirely on City tax-levy funding.

The Agency's Fiscal 2015 Preliminary Budget increases by \$6.9 million when compared to the Fiscal 2014 Adopted Budget, a net result of multiple budget actions, most notably the identification of \$8.3 million in new needs. (See page 7 for details). FISA ended Fiscal 2012 and 2013 with significant budget surpluses.

The increase of 24 budgeted positions in Fiscal 2015 compared to Fiscal 2014 can be attributed to the City's plan to convert outside consulting contracts operating CityTime, the City's timekeeping system, to City positions.

Citywide Information Technology Systems

In coordination with several City agencies, FISA plays a significant role in the planning, maintenance and management of upgrades of many of the City's large scale IT systems, most notably NYCAPS, the City's Financial Management System and CityTime. Because these systems are part of the City's infrastructure, costs associated with system development and upgrades are funded through the capital budget. Funding for these projects is in the Citywide Equipment (PU) Capital Program. The Preliminary Capital Commitment Plan includes \$121.5 million in Fiscal 2014-2017 for FISA-managed capital projects (including City and Non-City funds).

In an effort to track the budgets of large-scale capital projects, the Council passed Introduction No. 707-A on March 14, 2012, requiring the City to notify the Council when a capital contract over \$10 million is modified and increases in cost by 20 percent. The bill was signed into law on March 26, 2012 as Local Law 18.

Prompt notification to the Council about such cost overruns would allow the Council to exercise its oversight function to determine whether continued funding for a project is appropriate, or whether changes need to be made to ensure that a project's costs does not continue to increase.

CityTime

CityTime is the web-based citywide municipal employee timekeeping system that serves over 80 City agencies. The project, which was originally projected to cost \$63 million, increased to over \$700 million and was the subject of a federal fraud investigation.

In March of 2012, SAIC, the main contractor of CityTime, agreed to pay back \$500 million in restitution and penalties for "defrauding the City into significantly overpaying" for services. CityTime's final cost is estimated to be between \$134 million and \$186 million.

In June of 2011, an agreement was reached between the Comptroller and the Mayor's Office, which called for a gradual transfer of the management of the system from outside consultants to City employees. In all, 83 consultant positions will be phased out and replaced by City employees. The conversion, which is expected to be completed by Fiscal 2015, is expected to save the City \$20 million annually.

FISA's proposed expense budget for Fiscal 2015 includes \$36.1 million for the CityTime system including Personal Services funding of \$25.6 million to support 79 positions. Additional resources for the operation of CityTime, are included in the budget of the Office of Payroll Administration.

New York City Automated Payroll System (NYCAPS)

NYCAPS is the City's employee self-service system that allows instant access to human resources, payroll, tax and benefits data. The initial projected cost of the project was estimated at \$66 million in 2002, and has increased significantly to its current projected cost of \$335 million. The Administration sites the project's expanded scope as the reason for the increase, while critics point to lack of leadership and mismanagement contributing significantly to rising costs and delays.

Funding for maintenance of the NYCAPS system included in FISA's OTPS budget totals \$5.3 million, and the Preliminary Capital Plan includes planned commitments totaling approximately \$12.5 million for NYCAPS in Fiscal 2014.

Financial Management System (FMS)

FMS is the City's computerized accounting and financial data management system. The City continuously upgrades the system's wide ranging functions and the Preliminary Capital Plan includes planned commitments totaling approximately \$7.6 million for FMS.

FISA Lump Sum Capital Project Line

The Capital Plan also includes FISA Electronic Data Processing (EDP) equipment lump sum project lines (current year, outyears) that operate as holding codes. Funding is transferred from these lines as needs are identified. In the Fiscal 2014-2017 Preliminary Capital Plan, planned commitments totaling approximately \$73.6 million are allocated for FISA EDP equipment and infrastructure.

Appendix A: Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of FY 2014 Adopted Plan	\$91,710	\$53	\$91,763	\$90,425	\$0	\$90,425
New Needs						
FISA Data Center	2,367		2,367	7,842		7,842
DOE HR Support	245		245	245		245
E-Hire Support	230		230	230		230
TOTAL, New Needs	\$2,842	\$0	\$2,842	\$8,317	\$0	\$8,317
TOTAL, All Changes	\$2,842	\$0	\$2,842	\$8,317	\$0	\$8,317
Agency Budget as of FY 2015 Prelim. Plan	\$94,552	\$53	\$94,605	\$98,742	\$0	\$98,742

Appendix B: Contract Budget

Category	Number	Budgeted	Pct of (xxx) Total	Pct of City Total by Cat
Maint & Repair, General	1	\$29,200	0.09%	0.01%
Data Processing Equipment	58	\$28,903,704	90.21%	13.18%
Temporary Services	1	\$2,500	0.01%	0.01%
Training Programs for City Employees	1	\$50,000	0.16%	0.31%
Professional Services: Computer Services	3	\$3,053,882	9.53%	2.98%
Fiscal 2015 Preliminary Budget	64	\$32,039,286	100%	0.27%

FISA's Fiscal 2015 Contract Budget totals \$32 million for 64 contracts which accounts for 32.4 percent of the Agency's total budget. Because the Agency is responsible for maintaining several citywide IT systems, contracts for data processing services comprises 90.2 percent of its total contract budget and 13.2 percent of all data processing contracts citywide.