

The Council of the City of New York

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Operations



Latonia McKinney, Acting Director
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Report on the Fiscal Year 2015 Executive Budget for the

Law Department

May 30, 2014

Executive Budget Highlights

- **Law Department Fiscal 2015 Budget.** The Law Department's proposed budget for Fiscal 2015 totals \$167.9 million, including \$109.7 million to support 1,353 budgeted positions across the Department's 17 legal divisions and three support divisions. Since Adoption, the Department's budget for Fiscal 2014 and 2015 increases significantly due to several budget actions, including the transfer of Law Department funding formerly in the City's Miscellaneous Budget and the identification of new needs.
- **Additional Litigation Needs.** Since Adoption, the 2015 Financial Plan includes additional funding totaling \$5.1 million in Fiscal 2014 and \$7.2 million in Fiscal 2015 for temporary staff to perform litigation-related discovery due to a high volume of cases.
- **Judgment and Claims (J&C).** The Judgment and Claims Budget is included in the City's Miscellaneous Budget and totals \$674 million in Fiscal 2014 and is projected to reach \$782 million by Fiscal 2018.
- **Bronx Police Unit.** The Preliminary Plan included funding to create a Bronx Police Unit, specifically \$1.7 million in Fiscal 2014 and baselined funding totaling \$3.5 million beginning in Fiscal 2015 for 45 new positions to address the increase in civil rights cases brought against the Police Department in State Court.
- **Special Federal Litigation Division Continuation.** The Executive Plan for the Law Department includes baseline funding \$3.6 million beginning in Fiscal 2016 to continue the Special Federal Litigation Division which specializes in defending the City and its officials in civil rights cases brought in federal court. These are cases in which police, District Attorney, or correction officer misconduct is claimed. Prior to being baselined, the funding for this division was budgeted on a year to year basis.

Law Department Overview

This report provides an overview of the Law Department's Fiscal 2015 Budget, and review of the significant initiatives included in the Executive Budget. Appendix 1 reports the changes made to the Fiscal 2014 and Fiscal 2015 Budget since adoption of the Fiscal 2014 Budget. Appendix 2 breaks down the Department's Personal Service spending by division. For additional information on the Department's Budget and its various programs, please refer to the "Law Department Fiscal 2015 Preliminary Report" available on the Council's website.

Law Department Financial Summary

<i>Dollars in Thousands</i>	FY12 Actual	FY13 Actual	FY14 Adopted	FY14 as of FY15 Exec. Budget	FY15 Exec. Budget	*Change FY14 - FY15
Spending						
Personal Services	\$98,285	\$100,011	\$107,767	\$106,074	\$109,672	\$1,906
Full-Time Salaried – Civilian	91,226	92,227	104,761	103,068	106,666	1,906
Other Salaried & Unsalaries	4,245	4,434	2,722	2,722	2,722	0
Additional Gross Pay	1,845	1,974	282	282	282	0
Overtime - Civilian	969	1,376	1	1	1	0
Other Than Personal Services	\$39,150	\$43,841	\$39,666	\$64,664	\$58,237	\$18,570
Supplies and Materials	1,088	1,176	1,206	1,156	1,149	(57)
Property and Equipment	711	918	674	2,833	674	0
Other Services and Charges	20,057	22,842	20,140	19,626	19,699	(441)
Contractual Services	17,263	18,870	17,629	40,996	36,697	19,068
Fixed and Misc. Charges	30	36	18	53	18	0
Total	\$137,435	\$143,852	\$147,433	\$170,738	\$167,909	\$20,476
Funding						
City Funds			\$140,457	\$159,083	\$160,932	\$20,476
Other Categorical			417	831	417	0
Capital- IFA			3,335	3,335	3,335	0
Federal - Other			0	53	0	0
Intra City			3,225	7,435	3,225	0
Total	\$137,435	\$143,852	\$147,433	\$170,738	\$167,909	\$20,476
Budgeted Headcount						
Full-Time Positions - Civilian	1,249	1,382	1,370	1,380	1,380	10

*Change from Fiscal 2014 Adopted to Fiscal 2015 Executive Budget.

The Law Department's proposed budget for Fiscal 2015 totals \$167.9 million, including \$109.7 million to support 1,353 budgeted positions across the Department's 17 legal divisions and three support divisions. Of the Fiscal 2015 total, 95.6 percent is City tax levy funding.

Since Adoption, the Department's budget for Fiscal 2014 and 2015 increases significantly due to budget actions including the transfer of Law Department funding formerly in the City's Miscellaneous Budget and the identification of new needs. The Department's headcount varies from year to year depending on case volume.

The Law Department's Fiscal 2015 Contract Budget totals \$36.7 million and accounts for approximately 21.5 percent of the Department's total operating budget. The majority of funding is allocated for consultants working on special cases, including the FDNY hiring bias case. The Department also uses temporary services which include, payments, fees and

commissions for administrative and clerical support, court reporting and transcribing to manage increases in case volume.

Budget Actions since Fiscal 2014 Adoption

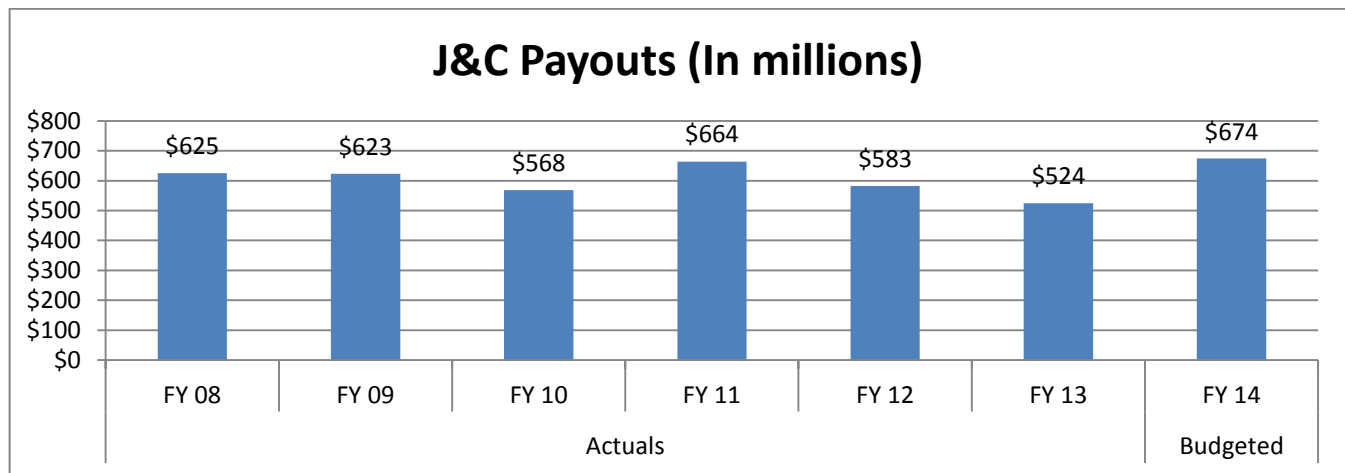
Since the Adoption of the Fiscal 2014 Budget, the Law Department has identified \$15 million in new needs and \$11.3 million in other adjustments. Significant budget actions in the November, Preliminary and Executive Plans for the Law Department are outlined below.

- **Additional Litigation Needs.** The 2015 Financial Plan includes additional funding totaling \$5.1 million in Fiscal 2014 and \$7.2 million in Fiscal 2015 for temporary staff to perform litigation-related discovery due to a high volume of cases.
- **Special Federal Litigation Division Continuation.** The Executive Plan for the Law Department includes baselined funding of \$3.6 million beginning in Fiscal 2016 to continue the Special Federal Litigation Division which specializes in defending the City and its officials in civil rights cases brought in federal court in which police, district attorney, or correction officer misconduct is claimed. Prior to being baselined, the funding for this division was budgeted on a year to year basis.
- **Additional funding for Collection Agencies.** The Executive Plan includes additional baselined funding of \$700,000 for collection agencies that pursue outstanding debt owed to the City. It is anticipated that revenue generated from these agencies will more than offset the additional cost. The Affirmative Litigation Division oversees the activities of the Department's collection contract. Attorneys in this Division represent the City as plaintiff on a wide range of cases including restitution, breach of contract and insurance cases.
- **Funding Transfer: Miscellaneous Budget to Law Department.** The November Plan included a budget action for Fiscal 2014 that transferred \$15.4 million for major cases which outside counsel may be used, from the City's Miscellaneous Budget to the Law Department's Budget
- **Bronx Police Unit.** The Preliminary Plan included funding to create a Bronx Police Unit, specifically \$1.7 million in Fiscal 2014 and baselined funding totaling \$3.5 million beginning in Fiscal 2015 for 45 new positions to address the increase in civil rights cases brought against the Police Department in State Court.
- **Funding for Additional Staff.** The Preliminary Plan included baselined funding totaling \$750,000 beginning in Fiscal 2015 for 14 new Law Department positions. Of the new positions, seven for the Worker's Compensation Division, and seven for the Labor and Employment Division.
- **Senior Counsel Program.** The November Plan included \$538,000 in Fiscal 2014 and \$1.2 million in Fiscal 2015 to more appropriately compensate senior counsels in order to retain staff with expertise and experience.
- **Continuation of the Siebel Project.** The Executive Plan includes baselined funding of \$1.5 million beginning in Fiscal 2015 for the continuation of the Siebel Project, a citywide database tracking program to ensure accurate information for pending litigation. The funding will provide for 28 positions for this project.

Budget Highlights in Law Department

Judgment and Claims

The Judgment and Claims (J&C) Budget is included in the City's Miscellaneous Budget and includes \$674 million in Fiscal 2014 and is projected to reach \$782 million by Fiscal 2018. These expenditures represent the City's costs for tort and contract liability. Tort expenditures cover both personal injury and property damage claims, and typically represent about 95 percent of total costs. These projections incorporate a substantial amount of claims attributed to the Health and Hospitals Corporation for which the Corporation will reimburse the City.



Miscellaneous Revenue

The Department's miscellaneous revenue sources include: fines from violations to the City's administrative code; revenues for the sale of de-mapped, small non-functional city roads; affirmative judgments and settlements in cases brought by the City; fees for OTPS costs associated with FOIL requests; and reimbursements for worker compensation pay-outs.

Revenue Sources	Actual		Planned			
	2012	2013	2014	2015	2016	2017
Admin. Code Violations	\$1,240,800	\$1,393,105	\$1,000,000	\$1,375,000	\$1,375,000	\$1,375,000
Sale of Streets	1,625,664	1,215,182	1,322,000	275,000	275,000	275,000
Affirmative R/E Litigation	209,614	13,355,911	175,000	448,000	448,000	448,000
Affirmative Litigation	13,681,857	12,587,743	9,759,000	9,759,000	9,759,000	9,759,000
Vending, XEROX Subpoena Fees	46,995	48,249	50,000	100,000	100,000	100,000
Collection Agency Claims	1,919,255	2,126,660	2,000,000	1,100,000	1,100,000	1,100,000
Worker Compensation	8,861,241	8,059,267	7,404,000	7,404,000	7,404,000	7,404,000
TOTAL	\$27,585,426	\$38,786,117	\$21,710,000	\$20,461,000	\$20,461,000	\$20,461,000

The Financial Plan projects that the Law Department will generate Miscellaneous Revenue totaling \$21.7 million in Fiscal 2014. The majority of revenue, 78 percent, is projected to be generated through affirmative litigation and reimbursements for worker compensation pay-outs.

In Fiscal 2013, the Department generated revenue totaling \$38.8 million, which included a \$13 million settlement from the owners of 25 and 45 Sutton Place (Manhattan) for failure to maintain curtain walls for which the City incurred repair expenses.

Appendix 1: Law Department Budget Actions since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
Law Dept. Budget as of Fiscal 2014 Adopted	\$140,456	\$6,977	\$147,433	\$134,665	\$6,977	\$141,642
New Needs						
Bronx Police Defense Unit			\$0	\$1,729		\$1,729
Additional Litigation Support	5,065		5,065	7,244		7,244
Senior Counsel Program	538		538	1,175		1,175
Workers Comp			0	303		303
Add. Staff for L&E	224		224	447		447
Add Funding for Collection Agencies				700		700
Special Federal Trial Initiative				1,559		1,559
Increased funding for 50-h Hearings				330		330
Siebel Project			0	1,485		1,485
TOTAL New Needs	\$5,827	\$0	\$5,827	\$14,972	\$0	\$14,972
Other Adjustments						
Funds Transfer from Misc Budget	\$15,370		\$15,370	\$8,856		\$8,856
Funding Roll: FY 14 to FY15	(2,782)		(2,782)	2,782		2,782
Technical Adjustments	(4)		(4)	(98)		(98)
Lease Adjustment	217		217	(245)		(245)
Other Categorical Grants and Adjustments		414	414			0
Federal Funding		53	53			0
Intra-City Adjustments		4,210	4,210			0
TOTAL Other Adjustments	\$12,801	\$4,677	\$17,478	\$11,295	\$0	\$11,295
TOTAL All Changes	\$18,628	\$4,677	\$23,305	\$26,267	\$0	\$26,267
Law Dept. Budget as of Fiscal 2015 Exec Plan	\$159,084	\$11,654	\$170,738	\$160,932	\$6,977	\$167,909

Appendix 2: Law Department Personal Services Funding by Division

<i>(\$ In Thousands)</i>	Fiscal 2015 PS Funding	Budgeted Positions
Administrative Law Division	\$2,442	30
Affirmative Litigation Division	2,079	28
Appeals Division	3,977	41
Commercial and Real Estate Litigation Division	5,548	70
Contracts and Real Estate Division	1,207	12
Economic Development Division	1,481	15
Environmental Law Division	1,632	18
Family Court Division	11,542	152
General Litigation Division	3,491	42
Labor and Employment Division	4,805	61
Legal Counsel Division	1,993	19
Municipal Finance Division	548	6
Pensions Division	764	8
Special Federal Litigation Division	10,017	127
Tax and Bankruptcy Division	4,922	71
Tort Division	33,293	422
Worker's Comp. Division	4,078	82
Executive Administration	3,155	30
Operations Support	2,811	58
Info Tech Support	1,799	22
Administrative Services	8,088	66
Total	\$109,672	1,380