

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 Financial Information Services Agency May 30, 2014

Executive Budget Highlights

- **FISA Fiscal 2015 Budget.** FISA's proposed budget for Fiscal 2015 totals \$100.4 million, including Personal Services funding of \$45.5 million to support 459 full-time positions. The Agency relies almost entirely on City tax-levy funding.
- **FISA New Needs.** Since Adoption of the Fiscal 2014 budget, the financial plan for FISA includes \$10 million in new needs for Fiscal 2015, most notably \$7.8 million for the development of a back-up data center.
- **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 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.
- **FISA's Contract Budget.** FISA's Fiscal 2015 Contract Budget totals \$33 million for 64 contracts which accounts for 33 percent of the Agency's total budget. The majority of this funding goes toward the maintenance of several citywide IT systems.
- **Mistaken City Payment of \$300 million to NYPD, FDNY Retirees.** Earlier this month, due to a computer glitch, FISA mistakenly transferred \$300 million to the accounts of 31,000 retired cops and firefighters. The 12,000 per-person supplement is normally distributed in December.

FISA Overview

This report provides a review of the Fiscal 2015 Preliminary Budget of FISA. In the first section the highlights of the Agency's budget are presented. The report then presents FISA's financial summary and discusses actions included in the Since Adoption of the Fiscal 2014 budget. Finally, the report provides a review of citywide IT systems maintained and operated by the Agency.

FISA 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	\$31,948	\$36,226	\$42,294	\$42,380	\$45,449	\$3,155
Full-Time Salaried – Civilian	\$30,814	\$35,079	\$41,608	\$41,693	\$44,762	\$3,155
Other Salaried & Unsalaries	\$102	\$86	\$113	\$113	\$113	\$0
Additional Gross Pay	\$904	\$905	\$406	\$406	\$406	\$0
Overtime - Civilian	\$128	\$156	\$168	\$168	\$168	\$0
Other Than Personal Services	\$51,252	\$46,828	\$49,469	\$52,294	\$54,994	\$5,525
Supplies and Materials	\$2,034	\$2,030	\$2,374	\$4,382	\$10,388	\$8,014
Property and Equipment	\$34	\$34	\$114	\$144	\$114	\$0
Other Services and Charges	\$10,723	\$11,335	\$11,344	\$11,476	\$11,338	(\$6)
Contractual Services	\$38,460	\$33,429	\$35,638	\$36,293	\$33,155	(\$2,483)
Total	\$83,199	\$83,053	\$91,764	\$94,674	\$100,444	\$8,680
Funding						
City Funds			\$91,710	\$94,621	\$100,444	\$8,734
Federal			53	53	0	(53)
Total	\$83,199	\$83,053	\$91,763	\$94,674	\$100,444	\$8,681
Budgeted Headcount						
Full-Time Positions	383	438	432	436	459	27

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

FISA's proposed budget for Fiscal 2015 totals \$100.4 million, including Personal Services funding of \$45.5 million to support 459 full-time positions. The Agency relies almost entirely on City tax-levy funding. FISA ended Fiscal 2012 and 2013 with significant budget surpluses.

The Agency's Fiscal 2015 Preliminary Budget increases by \$8.7 million when compared to the Fiscal 2014 Adopted Budget. This increase is a net result of multiple budget actions, most notably the identification of \$10 million in new needs (See page Appendix 1 for details).

The increase of 27 budgeted positions in Fiscal 2015 compared to Fiscal 2014 can be largely attributed to the FISA's ongoing efforts to convert outside consulting contracts to City positions.

Contractual services account for 33 percent of FISA's Fiscal 2015 budget, much of which goes toward the maintenance of several citywide IT systems.

New since Adoption

FISA's proposed Fiscal 2015 budget includes new needs of \$10 million in the November, Preliminary and Executive Financial Plans. The following are significant new needs identified since the Adoption of the 2014 budget

- **Alternate Data Center Funding.** The Preliminary Plan included new funding of \$7.8 million in Fiscal 2015 for the development of a back-up data center in the event the of failure of FISA's main Data Center.
- **Disaster Recovery.** The Executive Plan for includes \$1.1 million in Fiscal 2015 and baseline funding of \$360,000 beginning in Fiscal 2015 for additional disaster recovery provisions.
- **Funding for Additional NYCAPS Staff.** The November Plan included 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.
- **IFA Conversion to City-Tax Levy Positions.** The Executive Plan includes an action that would shift 3 positions assigned to various capital projects formerly funded through Inter Fund Agreements (IFAs) to City tax-levy positions. IFA positions are associated with specific capital projects and therefore can be charged to the capital budget. As technology systems complete their development stage, essential positions can no longer be funded through the capital budget.

Council Response to the Preliminary Budget

In response to the Mayor's Preliminary Budget, the Council made the following recommendations related to FISA.

- **Capital Budget Transparency.** The Council called on the Administration to make the Capital Commitment Plan more transparent, specifically by providing greater detail on funding included in lump sum project lines. The Capital Plan includes lump sum project lines totaling \$73.6 million for FISA Electronic Data Processing (EDP) equipment.
- **Consultant Conversion.** The Council renewed its recommendation that every agency conducts a thorough review of its current outside consultants and seek to convert those positions to city positions where feasible. FISA reports that its efforts to convert consultants to City positions have saved the City millions of dollars in cost avoidance.

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 2014-2018 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.

Resources for Citytime are included in the budgets of both FISA and the Office of Payroll Administration. Funding for maintenance of CityTime included in FISA's Fiscal 2015 OTPS budget totals \$10.7 million.

NYC 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 in Fiscal 2015

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 \$8 million for FMS.

FISA Lump sum Capital Project Lines

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 2014-2018 Preliminary Capital Plan, planned commitments totaling approximately \$73.6 million are allocated for FISA EDP equipment and infrastructure.

Appendix 1: FISA Budget Actions since Fiscal 2014 Adoption

<i>Dollars in Thousands</i>	FY 2014			FY 2015		
	City	Non-City	Total	City	Non-City	Total
FISA 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
Funding for Disaster Recovery			0	1,116		1,116
IFA conversions			0	360		360
Funding for additional Postage			0	125		125
Replacement Data Center Tapes			0	100		100
TOTAL New Needs	\$2,842	\$0	\$2,842	\$10,018	\$0	\$10,018
Other Adjustments						
Lease Adjustment	\$69	\$0	69	\$45	\$0	45
Heat Light and Power Adjustment	\$69	\$0	69	(\$45)	\$0	(45)
Subtotal Other Adjustments	\$138	\$0	\$138	\$0	\$0	\$0
TOTAL All Changes	\$2,980	\$0	\$2,980	\$10,018	\$0	\$10,018
FISA Budget as of FY 2015 Exec. Plan	\$94,690	\$53	\$94,743	\$100,443	\$0	\$100,443