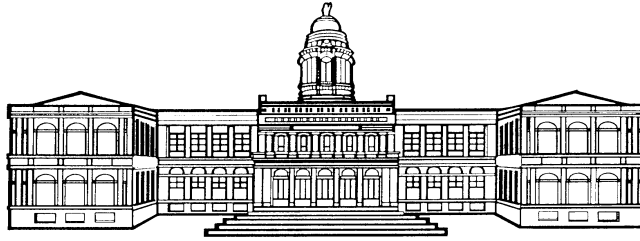


New York City Council



BUDGET REPORT

Finance Division

March 2009

***Analysis of the
Fiscal 2010 Preliminary Budget
and
Fiscal 2009 Preliminary Mayor's Management Report
for the
Department of Emergency Management
Tuesday, March 31, 2009***

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin, Chair
Committee on Finance

Hon. Peter F. Vallone Jr., Chair
Committee on Public Safety

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

Andy Grossman, Deputy Director

Lionel Francois, Legislative Financial
Analyst

PREFACE

On March 31, 2009, at 12 pm., the Committee on Public Safety, chaired by the Hon. Peter F. Vallone Jr., will hold a hearing on the Mayor's Fiscal 2010 Preliminary Budget and Fiscal 2009 Preliminary Mayor's Management Report for the Department of Emergency Management.

Section 236 of the New York City Charter requires the Mayor to submit by January 16th a preliminary budget for the upcoming fiscal year.^a In addition, under section 12 of the City Charter, the Mayor must make public and submit to the Council by January 30th the Preliminary Mayor's Management Report (PMMR) for the current fiscal year.^b Among other things, the PMMR must contain "proposed program performance goals and measures for the next fiscal year reflecting budgetary decisions made as of the date of submission of the preliminary budget."^c The Charter also requires the Council to hold hearings on the preliminary budget and to submit recommendations to the Mayor by March 25th.^d This year, the Council will hold joint hearings on the Fiscal 2010 Preliminary Budget and the Fiscal 2009 Preliminary Mayor's Management Report.

Beginning with the Fiscal Year 2008 Adopted Budget, the Council and the Mayor's Office of Management and Budget agreed to an additional budget presentation, referred to by OMB as the budget function analysis, and by the Council as the program budget. Two agencies were initially presented in the program budget form. Beginning with the January 2008 Financial Plan (Fiscal 2009 Preliminary Budget), a total of 16 agencies are now in program budget form. The Department of Emergency Management is not a program budget agency.

This report was prepared by Lionel Francois, Legislative Financial Analyst, under the supervision of Deputy Director Andy Grossman.

^a The Charter prescribes specific actions that are required as part of the annual budget submission process during a fiscal year. The Charter allows for changes, via local law, in the dates in the submission of the PMMR, as well as an extension for subsequent steps in the budget process. This year, Local Law 03 of 2009 changed the date for the submission of the Preliminary Budget to January 30th, and the date for the Council's Response to the Preliminary Budget to April 8th.

^b Local Law 03 of 2009 changed the date of submission of the PMMR to February 13, 2009.

^c New York City Charter, §12(b)(2).

^d *See id.* at §247.

Department of Emergency Management (017)

The Department of Emergency Management (DEM) provides emergency preparedness to the citizens of New York City. Working as inter-agency coordinators in partnership with local, State, Federal, and private entities, DEM seeks to provide comprehensive emergency response, hazard planning, and disaster mitigation to New York City.

PROGRAM TO ELIMINATE THE GAP

Since the Fiscal 2009 Budget was adopted in June, the Office of Management and Budget has twice asked agency heads to submit Program to Eliminate the Gap (PEG) proposals. In the first round, in September, OMB sought PEG submissions equal to five percent of agency City tax-levy budgets for Fiscal 2010, with a further seven percent sought in December.

PEGs reduce the City's budget gap either by reducing an agency's City tax-levy Expense Budget spending, or by increasing City revenues. The chart below indicates the proposed PEG amounts for the DEM based on the Fiscal 2010 forecast at the time the Fiscal 2009 Budget was adopted (June 2008).

November and January Plan PEGs for Fiscal 2010 <i>(in 000s)</i>	
Fiscal 2010 Forecast at Fiscal 2009 Adoption (June 2008)	\$7,347
Expense PEGs	(\$856)
Revenue PEGs	\$ --
Total Fiscal 2010 PEGs	(\$856)
PEGs as a Percent of the Fiscal 2010 Forecast	11.65%

PRELIMINARY BUDGET HIGHLIGHTS

The total funding for DEM's Fiscal 2009 Adopted Budget was \$24.7 million dropping to \$8.2 million for the Fiscal 2010 Preliminary Budget. The City-funded portion of the Department's Preliminary Budget (approximately 80-percent of its Preliminary Budget) currently stands at \$6.6 million, \$16.5 million below the Department's Fiscal 2009 Adopted Budget. This change represents a reduction in planned spending of 71.43-percent. This substantial decline is driven by a combination of PEG reductions and the elimination of funding for Coastal Storm Planning emergency response initiatives. As is evident by the DEM's funding breakout, the Department's planned spending almost triples during the course of the fiscal year. This is because of non-City grant funding, which the Department receives for various initiatives. These funds are then recognized in the Department's budget as modifications to its Adopted Budget. The Department's headcount drops by 14 City-funded positions during the same period. Unlike most other City agencies which contain the main portion of their funding in Personal Services (PS), most of DEM's budget is contained within the Department's Other Than Personal Services (OTPS) appropriation (approximately 53-percent of the Department's Fiscal 2010 Preliminary Budget).

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	\$23,142,140	\$23,142,140	\$6,612,604
Other Categorical	\$0	\$222,062	\$0
Capital IFA	\$0	\$0	\$0
State	\$0	\$1,675,298	\$0
Community Development	\$0	\$0	\$0
Federal-Other	\$1,566,676	\$40,109,639	\$1,616,455
Intra-City	\$0	\$58,810	\$0
Total	\$24,708,816	\$65,207,949	\$8,229,059

HEADCOUNT OVERVIEW

Headcount (Uniform and Civilian)	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	41	41	27
Non-City	7	64	7
Total	48	105	34

UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e. salaries, overtime, etc.) or Other Than Personal Services (i.e. supplies, contracts, etc.) for a particular program, purpose, activity or institution. The table below presents the DEM budget, comparing the Fiscal 2009 Adopted Budget to the Fiscal 2010 Preliminary Budget. The Fiscal 2009 Modified Budget reflects this year's budget at the time this financial plan was released.

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
001	Personal Services	\$4,982,959	\$21,136,168	\$3,859,331	-22.55%
002	Other Than Personal Services	\$19,725,857	\$44,071,781	\$4,369,728	-77.85%
	Total	\$24,708,816	\$65,207,949	\$8,229,059	-66.70%

FUNDING ANALYSIS

Department of Emergency Management Reconciliation of FY 2009 Adopted Budget with FY 2010 Preliminary Budget*

<u>Plan</u>	<u>Item</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>Change</u>
		<u>FY 2009 Adopted Budget</u>	<u>\$</u>	<u>23,142,140</u>
<i>FY 2010 Preliminary</i>	CWA Collective Bargaining Adjustment	\$ 441	\$ 600	\$ 159
<i>FY 2010 Preliminary</i>	DC 37 Collective Bargaining Adjustment	\$ 19,002	\$ 28,905	\$ 9,903
<i>FY 2010 Preliminary</i>	Fringe Benefit Offset	\$ -	\$ 79,300	\$ 79,300
<i>FY 2010 Preliminary</i>	Federal Funding Swap	\$ -	\$ (490,000)	\$ (490,000)
<i>FY 2009 November Plan</i>	Headcount Reduction Offset	\$ 13,638	\$ 14,228	\$ 590
<i>FY 2009 November Plan</i>	Coastal Storm Planning Adjustment	\$ (357,080)	\$ -	\$ 357,080
<i>FY 2009 November Plan</i>	OTPS Reductions	\$ (159,420)	\$ (304,500)	\$ (145,080)
<i>FY 2009 Adopted</i>	Coastal Storm Planning Funding Transfer	\$ 1,659,212	\$ -	\$ (1,659,212)
<i>FY 2009 Adopted</i>	Coastal Storm Planning Roll	\$ 7,762,946	\$ -	\$ (7,762,946)
<i>FY 2009 Adopted</i>	Emergency Preparedness Planning	\$ 500,000	\$ -	\$ (500,000)
<i>FY 2009 Adopted</i>	Local Initiatives	\$ 17,000	\$ -	\$ (17,000)
<i>FY 2009 Adopted</i>	Vehicle Funding Roll	\$ 37,000	\$ -	\$ (37,000)
<i>FY 2009 Executive</i>	Logistics Planner Staffing	\$ 603,000	\$ -	\$ (603,000)
<i>FY 2009 Executive</i>	Telecomm Budget Reduction	\$ -	\$ (214,417)	\$ (214,417)
<i>FY 2009 Executive</i>	Coastal Storm Planning Adjustment	\$ (376,000)	\$ -	\$ 376,000
<i>FY 2009 Preliminary</i>	Hiring Freeze Vacancy Reduction	\$ (268,000)	\$ (409,000)	\$ (141,000)
<i>FY 2009 Preliminary</i>	Coastal Storm Planning Technical Adjustment	\$ 5,327,054	\$ -	\$ (5,327,054)
<i>Prior Year Financial Plans</i>	Prior Year Plan Changes	n/a	n/a	\$ (455,859)
		Total Changes Across Financial Plans		\$ (16,529,536)
		FY 2010 Preliminary Budget		\$ 6,612,604

*City funds only.

Personal Services (PS) - U/A 001

As stated previously in the Preliminary Budget Highlights, The DEM's City-funded Preliminary Budget currently stands at about \$6.6 million, \$16.5 million below the Department's Fiscal 2009 Adopted Budget. This change represents a reduction in planned spending of 71.43-percent. As illustrated in the above chart, the reduction in Coastal Storm Planning initiatives represents more than 70-percent of the Department's reduction in planned spending between the Fiscal 2009 Adopted Budget and the Fiscal 2010 Preliminary Budget.

The Department's Personal Services area represents about 47-percent of the Department's Fiscal 2010 Preliminary Budget. As pointed-out previously, this is a little unusual in that, for most agencies, the Department's PS budget represents the bulk of its spending. Because of the large number of contracts and intra-City agreements in DEM's budget (both of which are contained within the OTPS budget), however, the Department's OTPS appropriation represents most of the Department's planned spending and an even larger share of the Department's Current Modified Budget. Their Fiscal 2009 Current Modified PS versus OTPS breakout comes to 32-percent for PS and 68-percent for OTPS. Also unusual is the fact that the Department's Current Modified headcount is majority non-City funded while for most other agencies, the latter rarely represents more than a small portion of the overall headcount. Likewise, the Department's headcount fluctuates heavily between the Department's Adopted and Current Modified conditions. For Fiscal 2009, the Department's overall Current Modified headcount comes to 105 while the Department's Fiscal 2010 Preliminary Budget headcount will be 34. Their Fiscal 2009 Adopted headcount was 48. These represent swings between the Adopted Budget and Current Modified of +119-percent and between the Current Modified and Fiscal 2010 Preliminary Budget of 54-percent.

PEGs

- **PS Shift to Federal Funding.** The Department will be given PEG credit for shifting funds for four positions from City to Federal funds. The federal grant in this instance refers to the Local Emergency Management Performance Grant (LEMPG) which is fairly flexible in its requirements. The funds will be used for four administrative positions beginning in Fiscal 2010, with an annual baselined value of \$490,000.

Other Adjustments

- **Federal Fiscal Year (FFY) 2008 State Homeland Security Block Grant (SHSG).** This item represents the FFY 2008 SHSG Federal grant award to the Department. The total dollar value of the award is \$11.8 million (\$7.5 million for PS and \$4.3 million for OTPS) for City Fiscal Year (CFY) 2009.
- **Interoperable Communications.** This item represents federal funding for Fiscal 2009 to develop compatible communications solutions which will allow first responders to communicate across agencies and formats. The total value of this one-year action is \$764,000.
- **Fringe Benefit Offset Reduction.** In order to give the agency PEG credit, the PEG action described above includes fringe benefit savings that should be properly accounted for not in the Department's budget, but in the City's Miscellaneous Budget. To reflect the neutral impact on the Department's budget that would result from these fringe benefit savings, an offsetting sum totaling \$79,300 in Fiscal 2010, increasing to \$89,276 in Fiscal 2013, is being added back to the Department's budget as an adjustment.
- **Budget Headcount Modifications.** The January Plan includes modifications to recognize 36 additional positions funded with Federal grants during Fiscal 2009. As described earlier, the Department receives annual Federal and State grants that are not part of its baseline budget but appear as part of the Department's Current Modified condition since neither the funds nor the positions supported by these funds recurs from year-to-year.
- **Urban Search & Rescue - RNC.** The January Plan includes a Federal grant totaling \$14,000 in Fiscal 2009 associated with mobilizing the Urban Search and Rescue (US&R) team to St. Paul, Minnesota where it was activated for the Republican National Convention (RNC).
- **Collective Bargaining Adjustments.** Funds totaling \$50,214 in Fiscal 2009, \$79,284 in Fiscal 2010, and \$80,586 in Fiscal 2011 and the outyears are being transferred from the Labor Reserve in the Miscellaneous Budget to the Department's PS budget to cover the costs associated with recent collective bargaining settlements with the Communications Workers of America (CWA), District Council 37 (DC 37) and the public information titles.

Other Than Personal Services (OTPS) - U/A 002

The Department's Fiscal 2010 Preliminary Budget for OTPS is \$4.4 million, a \$15.5 million reduction (77.9-percent) from the Department's Fiscal 2009 Adopted Budget appropriation. As in the PS budget, the bulk of these reductions are related to reductions in planned spending on Coastal Storm Planning (see above reconciliation). As stated in the above description of the PS budget, because so much of DEM's budget is given over to an especially large number of state and federally-funded contracts, OTPS represents a greater-than-average share of the Department's budget, in this instance, about 53-percent.

Other Adjustments

- **Continuity of Operations Program.** Funds totaling \$49,140 are being transferred from the Department of Information and Telecommunications Technology (DoITT) to DEM via an intra-City agreement to support the Department's Continuity of Operations Program. This transfer is only for Fiscal 2009.

PRELIMINARY BUDGET ACTIONS (in 000s)

The following table is a summary of the Preliminary Plan actions for Fiscal 2009 and Fiscal 2010 that are described in the Program Budget section above. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes for the DEM.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the November Plan	\$22,577	\$29,441	\$52,018	\$6,994	\$1,566	\$8,560
January Plan Programs to Eliminate the Gap (PEGs)						
PS Shift to Federal Funding	\$0	\$0	\$0	(\$490)	\$0	(\$490)
Total PEGs	\$0	\$0	\$0	(\$490)	\$0	(\$490)
January Plan New Needs						
	\$0	\$0	\$0	\$0	\$0	\$0
Total New Needs	\$0	\$0	\$0	\$0	\$0	\$0
January Plan Other Adjustments						
90 OptiPlex	\$0	\$49	\$49	\$0	\$0	\$0
CWA 1180 RIP CBA	\$0	\$0	\$0	\$1	\$0	\$1
DC 37 CBA	\$19	\$27	\$46	\$29	\$42	\$71
Fringe Benefit Offset	\$0	\$0	\$0	\$79	\$0	\$79
Public Info. Titles CBA	\$0	\$3	\$3	\$0	\$8	\$8
Interoperable Communications	\$0	\$764	\$764	\$0	\$0	\$0
UP BC 1050 US & R RNC	\$0	\$14	\$14	\$0	\$0	\$0
2008 SHSG Grant - PS	\$0	\$7,520	\$7,520	\$0	\$0	\$0
2008 SHSG Grant - OTPS	\$0	\$4,278	\$4,278	\$0	\$0	\$0
Total Other Adjustments	\$19	\$12,656	\$12,676	\$109	\$50	\$159
Total January Plan Budget Changes	\$19	\$12,656	\$12,676	(\$381)	\$50	(\$331)
Agency Budget as per the January Plan	\$22,596	\$42,097	\$64,694	\$6,613	\$1,616	\$8,229