



**NEW YORK CITY COUNCIL
FINANCE DIVISION**

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Report on the Fiscal 2023
Preliminary Plan and the Fiscal 2022
Mayor's Management Report for the
**Department of Consumer
and Worker Protection**

March 15, 2022

(Report prepared by Florentine Kabore)

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Department of Consumer and Worker Protection

The Department of Consumer and Worker Protection (DCWP or the Department) ensures that New York City's consumers, businesses, and workers benefit from a fair and vibrant marketplace. The Department of Consumer and Worker Protection is a revenue-generating agency with the majority of revenue coming from licenses, permits, franchise fees, and fines.

Program Areas

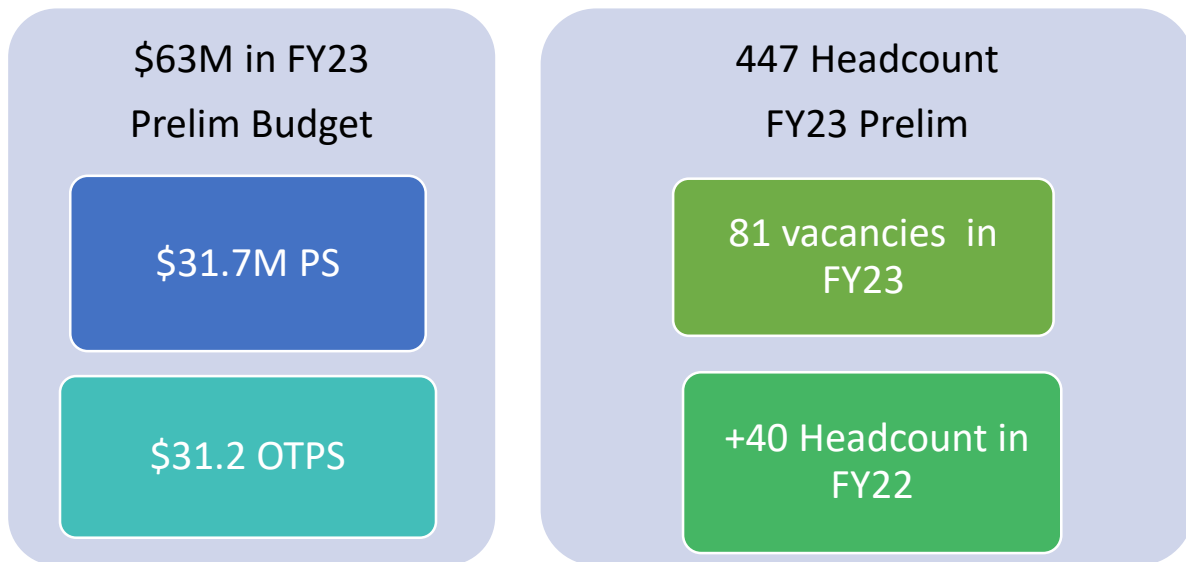


The Department's activities include:

- Issuing more than 59,000 licenses in more than 50 business categories and performing onsite inspections to ensure compliance with license regulations, weights and measures regulations, and the New York City Consumer Protection Law;
- Mediating and resolving individual consumer complaints, obtaining restitution for consumers, and bringing litigation and enforcement actions against repeat violators to halt deceptive advertising and trade practices;
- Educating the public and businesses about their rights and responsibilities through press releases and press conferences, public awareness campaigns, community outreach, public hearings, the 311 Customer Service Center, its website, and publications;
- Providing free, one-on-one financial counseling through its network of more than 20 Financial Empowerment Centers, improving access to income-boosting tax credits, connecting individuals to safe and affordable banking and asset-building products and services, and enforcing and improving consumer protections to enhance financial stability.

Department of Consumer and Worker Protection Fiscal 2023 Budget Snapshot

The Department's Fiscal 2023 Preliminary Budget totals \$63 million, including \$31.7 million in Personal Services (PS) funding to support 447 full-time positions, and \$31.2 million in Other Than Personal Services (OTPS). PS costs refer to funds intended to pay for salaries and benefits for employees of the agency, while the OTPS category accounts for funding used for all other general operating costs of the agency. Of the total OTPS funding in Fiscal 2023, approximately \$22.6 million, or 72 percent, is allocated to the Office of Financial Empowerment (OFE), which provides low-income New Yorkers with services to increase access to high-quality, low-cost financial education and counseling, safe and affordable financial inclusion, and access to income-boosting tax credits and savings.



DCWP Financial Summary

Below is a summary of DCWP's Financial Plan by program area, funding source and headcount compared to its Fiscal 2022 Adopted Budget.

Table 1: DCWP Financial Summary

DCWP Financial Summary						
<i>Dollars in Thousands</i>	FY20 Actual	FY21 Actual	FY22 Adopted	Preliminary Plan		*Difference FY22-FY23
				FY22	FY23	
Spending						
Personal Services	\$28,108	\$26,439	\$29,730	\$27,701	\$31,740	\$2,010
Other Than Personal Services	\$13,428	\$16,077	\$16,853	\$33,433	\$31,201	\$14,348
TOTAL	\$41,536	\$42,516	\$46,583	\$61,134	\$62,941	\$16,358
Budget By Program Area						
Administration	\$13,489	\$13,014	\$14,576	\$14,087	\$16,283	\$1,707
Licensing/Enforcement	\$14,619	\$13,425	\$15,154	\$13,613	\$15,457	\$303
Other Than Personal Services	\$13,428	\$16,077	\$16,853	\$33,434	\$31,201	\$14,348
TOTAL	\$41,536	\$42,516	\$46,583	\$61,134	\$62,941	\$16,358
Funding						
City Funds			\$40,105	\$54,615	\$59,059	\$18,954
Federal - Other			\$2,596	\$2,596	0	(\$2,596)
Intra City			\$1,950	\$1,991	\$1,950	0
State			\$1,932	\$1,932	\$1,932	0
TOTAL	\$41,536	\$42,516	\$46,583	\$61,134	\$62,941	\$16,358
Budgeted Headcount						
Administration - Full Time	164	156	208	211	191	(17)
Licensing/Enforcement - Full time	226	210	240	236	256	16
TOTAL	390	366	448	447	447	(1)

**The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.*

The Department of Consumer and Worker Protection's (DCWP) expense budget for Fiscal 2023 totals \$63 million, of which \$59 million, or 94 percent, is City funded.

Compared to the Department's Fiscal 2022 Adopted Budget, DCWP's Fiscal 2023 Preliminary Budget has increased by approximately \$16.3 million due to additional funding of \$16 million introduced in the November 2021 Financial Plan for the Universal College Expansion Savings also known as the Baby Bonds program. The Baby Bonds program is a citywide expansion of the community-driven NYC Kids RISE Save for College Program. The Department of Education, in partnership with NYC Kids Rise, will oversee programming and operations. The funding supports the expansion of the baby bonds 529 college savings program to every kindergarten public school (D1-D84) child in New York City.

In Fiscal 2022, DCWP recognized \$2.6 million in COVID-19 relief federal funding from the American Relief Act for pandemic recovery efforts. For additional information on budgetary actions that occurred since the Fiscal 2022 Adopted Budget, please refer to Appendix A.

Headcount

In the Fiscal 2023 Preliminary Plan, DCWP headcount totals 447 full-time positions across the Administration and Licensing and Enforcement program areas. This reflects an increase in headcount of 40 new general vendor enforcement staff that was included in Fiscal 2022, in response to local law 18 of 2021 to expand the availability of food vendor permits, create an office of street vendor enforcement, and establish a street vendor advisory board.

The Licensing and Enforcement program area has the largest headcount, totaling 256 full time budgeted positions and comprises 57 percent of the DCWP's entire staff for Fiscal 2023.

As of December 2021, the Department had a Full Time (FT) vacancy rate of 18 percent, equivalent to 81 vacant FT positions.

Fiscal 2023 Preliminary Budget Changes

Budget actions in the Preliminary Plan decrease DCWP's budget by \$1.2 million in Fiscal 2023, when compared to the November 2021 Financial Plan, and introduce minor changes in the Department's budget for Fiscal 2023 and the outyears. In the Preliminary Plan, the Department anticipates savings of \$1.3 million in Fiscal 2023 due to a vacancy reduction of 26 positions across the Department.

Figure 1 below provides a summary of DCWP spending changes from the November 2021 Financial Plan to the Fiscal 2023 Preliminary Financial Plan.

Table 2: DCWP spending Changes from Fiscal November 2021 Plan to Fiscal 2023 Preliminary Plan

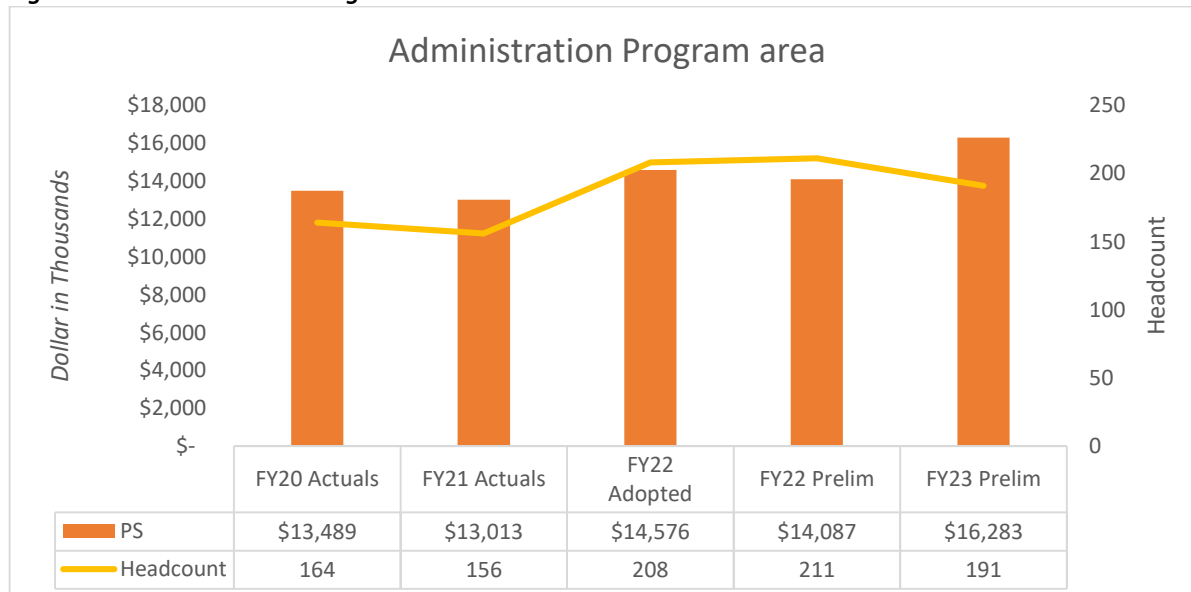
Changes in DCWP Budget				
(Dollars in Thousands)	FY22	FY23	FY24	FY25
November 2021 Plan	\$62,291	\$64,169	\$62,994	\$62,994
<i>New Needs</i>	\$66	\$130	\$130	\$130
<i>Other Adjustments</i>	-	-	-	-
<i>Savings</i>	(\$1,223)	(\$1,358)	(\$1,323)	(\$1,323)
Total Change	(\$1,157)	(\$1,228)	(\$1,193)	(\$1,193)
Fiscal 2023 Prelim Budget	\$61,134	\$62,941	\$61,801	\$61,801

DCWP Program Budget

Administration

Administration program area includes spending for operations, staffing, budgeting, materials management, and other internal administrative services. It includes Executive Staff, Data Analysis & Planning, Human Resources, Agency Services, Finance, General Services, General Counsel, Consumer Services, External Affairs, Communication & Marketing, and Information Technology.

Figure 1: Administration – Budget and Headcount

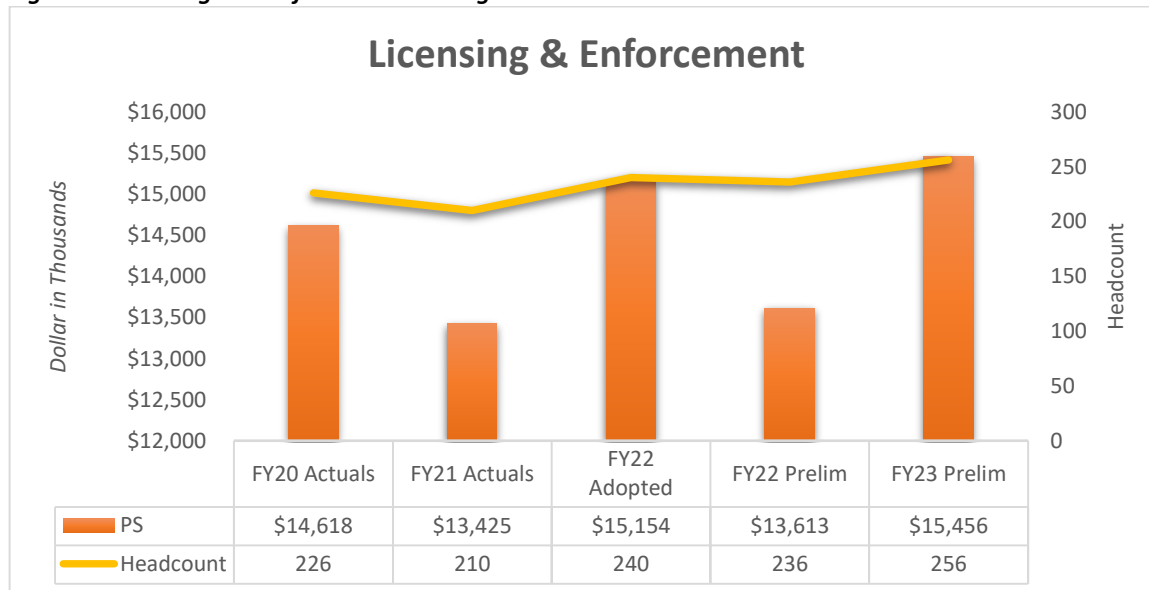


The Administration Division budget in Fiscal 2023 totals \$16.3 million, all of which is PS funding, to support 191 full-time positions.

Licensing and Enforcement

DCWP's Licensing & Enforcement Unit (LEU) oversees the Department's licensing enforcement and consumer services operations. The LEU issues licenses and provides regulatory and statutory enforcement of over 50 different license categories designed to maintain fairness and integrity across the City's various marketplaces. The LEU includes divisions such as the Licensing Division, Enforcement Division, The Office of Labor Policy and Standards, Computer Services, Auditing & Accounting, and Legal & Consumer Services.

Figure 2: Licensing and Enforcement – Budget and Headcount

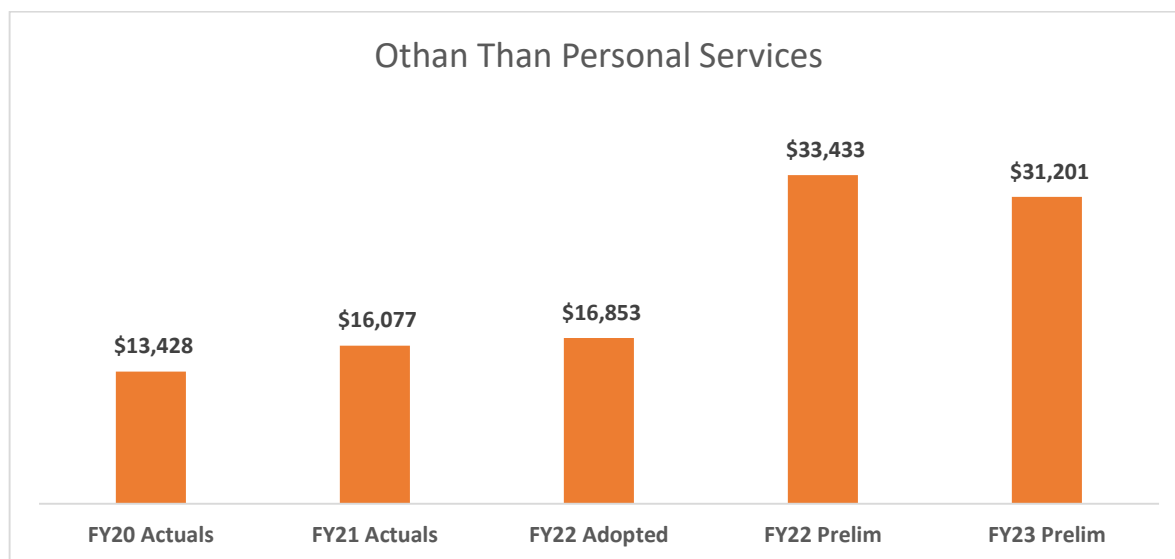


The Licensing and Enforcement's Unit proposed budget for Fiscal 2023 totals \$15.4 million in PS funding, to support 256 budgeted full-time positions. The LEU is the Department's largest division, accounting for 57.2 percent of the Department's budgeted positions and 49 percent of the Department's PS budget for Fiscal 2023. Of the total headcount of 256 allocated to this program area, the Licensing Division's total headcount totals 79 full-time positions. The Enforcement Division headcount totals 117 full-time positions.

This represents an additional headcount of 26 positions when compared to the Fiscal 2022 Adopted Budget, and is primarily due to legislations related to Street Food Vendor and Third-Party Delivery Platforms the Council passed in 2021.

Other Than Personal Services (OTPS)

The OTPS Unit of Appropriation includes all other non-Personal Service funding within the Department of Consumer Affairs. It houses OTPS costs associated with both the Licensing and Enforcement Division, the Administration Division and funding for the Universal College Savings Expansion program.



DCWP's OTPS budget in Fiscal 2023 totals \$31.2 million, including \$15 million for the Universal College Savings Expansion, to expand NYC Baby Bonds 529-college savings program to every kindergarten public school (D1-D84) child in the city. DCWP negotiates the funding agreement with NYC Kids RISE. DCWP is a financial pass through for this program and the Department of Education (DOE), in partnership with NYC Kids Rise, will oversee programming and operations.

Fiscal 2023 Preliminary Mayor's Management Report

The Department of Consumer and Worker Protection (DCWP) licenses and regulates more than 59,000 businesses in more than 50 industries. DCWP services and goals include:

- Protect and advocate for consumers
- Assist and educate businesses and promote a fair marketplace
- Educate and empower New Yorkers with low incomes
- Protect and advocate for workers

Below are findings describing DCWP's performance over the past year.

Office of Financial Empowerment (OFE)

The Office of Financial Empowerment (OFE) saw a six percent increase in the number of clients served by financial counseling programs compared to the first four months of Fiscal 2021, rising from 2,727 to 2,884.

Office of Labor Policy & Standards (OLPS)

The Office of Labor Policy & Standards closed 100 Paid Safe and Sick Leave investigations during the first four months of Fiscal 2022. The average time to resolve these investigations was 322 days. Compared to the same period last year, the number of investigations closed increased and the number of fines doubled. These positive trends in fines and restitution are due to the increased number of enforcement during the period and the large number of employees covered by the settlements.

Total Inspections

The number of inspections conducted during the first four months of Fiscal 2022 increased by 55 percent while the number of summonses increased by 37 percent. Compared to the first four months

of Fiscal 2021, the compliance rate for the license requirement decreased from 98 percent to 93 percent, in part due to the expiration of the Executive Order that waived the requirement to renew licenses.

Compliance with licensing regulations increased by 16 percentage points to 94 percent while consumer protection law compliance decreased from 94 percent to 88 percent.

Freelance Workers

In the first four months of Fiscal 2022, the number of inquiries received by freelance workers decreased by 20 percent, from 88 to 70, while the number of complaints received and addressed decreased by 30 percent.

License Applications

The average days to process basic license applications increased to 13 days from 7 days during the first four months of Fiscal 2022 due to DCWP accepting incomplete applications so that businesses could comply with the deadline to submit their license renewal applications after the Executive Order extending their license expiration date has ended.

The percent of license applications received online decreased by 10 percentage points due in part to the more readily available in-person services at the Licensing Center in Manhattan and the Small Business Services Center in Queens. The average wait time at the licensing centers decreased to five minutes compared to 14 minutes, largely due to a streamlined appointment system that allows DCWP to guide applicants before they appear for their appointment.

Docket Complaints

The number of docketed complaints decreased, from 836 to 639, and the corresponding number of resolved consumer complaints decreased from 794 to 630, over the first four months of the fiscal year. DCWP processed 50 percent of docketed complaints within 28 days compared to 47 percent during the same four-month period last year, while all complaints continue to be processed within 90 days. The median time to resolve a complaint is 28 days.

Due to the long-term financial stress of the pandemic, many businesses cannot satisfy consumers' complaints or, at the very least, businesses are less inclined to engage with DCWP to reach consumer-friendly resolutions. This led to an 11-percentage point decrease in the percent of mediated complaints that were resolved to the satisfaction of both the business and the consumer, from 62 percent in Fiscal 2021 to 51 percent this year.

DCWP Miscellaneous Revenue

DCWP is a revenue-generating agency, with the majority of revenue coming from licenses, permits, fines and franchise fees. Miscellaneous revenue generated by the Department contributes to the City's General Fund, and is not a dedicated funding source for the Department.

The Financial Plan projects that the Department will generate revenue totaling \$17.9 million in Fiscal 2023 including \$7.7 million from over 50 different categories of licenses. The other major revenue stream for DCWP is fines and forfeitures totaling \$6.4 million. The total amount of fines collected by DCWP resulting from enforcement activities is less than previous years, due to the COVID-19 restrictions. However, as the City reopens and the Executive Order has expired, this revenue stream will likely go back to \$9 million as per previous years. Additional information on the Department's revenue streams can be found in the table below.

Recent changes in DCWP's miscellaneous revenue include:

Fees on Sidewalk cafes. Historically, DCWP largest revenue is generated from consent fees on Sidewalk Cafes. However, in Fiscals 2021-2023 the Department's revenue did not recognize revenue from fees on Sidewalk Cafes in compliance with the legislation still requiring the waiver of payments.

Supervisory licenses. Local law 18 Of 2021 would expand the availability of food vendor permits by 4,000 in the next 10 years. It is estimated that this legislation would generate revenue of \$440,000 in the first year of implementation, increasing to approximately \$4 million annually once all 4,000 supervisory licenses are issued and when existing permits holders will need to acquire supervisory licenses. This estimate accounts for the \$1,000 cost of the supervisory license that needs to be renewed every other year, as well as the \$100 permit fee that needs to be paid annually.

For additional information related to the Department's PMMR, please go to:

<https://www1.nyc.gov/assets/operations/downloads/pdf/pmmr2022/dcwp.pdf>

DCWP Miscellaneous Revenue Fiscal 2020 Actuals – Prelim 2023

<i>Dollars in Thousands</i>						
Revenue Sources	FY20	FY21	FY22	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY22	FY23	FY22-FY23
Consumer Protection Licenses	\$8,263	\$6,158	\$9,311	\$9,311	\$7,700	(\$1,611)
Fees on side Sidewalk Cafes	12,710	0	0	0	0	0
Bingo and Games of Chance	54	10	50	50	50	0
Weights Measures Inspection Fees	819	481	801	801	743	(58)
Review/Consent Filing Fees	241	0	0	0	0	0
Photo ID and Exam Fees	147	75	187	187	123	(64)
Consumer Protection Fines	9,185	6,257	6,400	6,400	6,400	0
State Tobacco Program	667	417	800	800	800	0
Minor Sales	650	15	100	100	100	0
Gasoline Inspections	110	110	110	110	110	0
Youth Tobacco Enforcement	0	0	1,822	1,822	1,822	0
TOTAL	\$32,846	\$13,523	\$19,581	\$19,581	\$17,848	(\$1,733)

**The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.*

Appendices

A. Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY22			FY3		
	City	Non-City	Total	City	Non-City	Total
DCWP Budget as of the Fiscal 2022 Adopted Budget	\$40,105	\$6,478	\$46,583	\$40,105	\$6,478	\$46,583
New Needs – November & Prelim						
Delivery Worker Protection	956	0	\$956	1,502	0	1,502
Regulation of Third Party Delivery	545	0	\$545	1,138	0	1,138
Universal College Savings Expansion	0	0	0	15,000	0	15,000
Vaccine Incentive	0	0	0	0	0	0
Personal Services Adjustment	0	0	0	130	0	130
Subtotal – New Needs	\$1,501	0	\$1,501	\$17,770	0	\$17,770
Other Adjustments						
City Funds - Other Adjustments	\$14,148	0	\$14,148	0	0	0
Intra-City - Adjustment	0	41	41	0	0	0
Subtotal - Other Adjustments	\$14,148	\$41	\$14,189	0	0	0
Savings - Prelim						
OTPS Re-Estimate	0	0	0	(501)	0	(501)
PS Savings	(908)	0	(908)	(542)	0	(542)
Vacancy Reduction	(315)	0	9315	(315)	0	(315)
Subtotal - Savings	(1,223)	0	(1,223)	(\$1,358)	0	(\$1,358)
TOTAL - All Changes	\$14,426	\$41	\$14,467	\$16,412	0	\$16,412
DCWP Budget as of the Fiscal 2023 Preliminary Budget	\$54,615	\$6,519	\$61,134	\$59,059	\$3,882	\$62,941

B. Contract Budget

<i>Dollars in Thousands</i>				
Category	FY22 Adopted	Number of Contracts	FY23 Preliminary	Number of Contracts
Contractual Services General	\$0	1	\$1,708	1
Professional Services - Other	59	1	59	1
Security Services	20	2	20	2
Temporary Services	6	1	6	1
Training Program for City Employees	2	1	2	1
Total	\$1,747	6	\$1,795	6

C. Program Areas

C1. Licensing/Enforcement

<i>Dollars in Thousands</i>	FY20 Actual	FY21 Actual	FY22 Adopted	Preliminary Plan		*Difference FY22-FY23
				FY22	FY23	
Spending						
Personal Services (PS)	\$14,618	\$16,064	\$15,154	\$13,613	\$15,456	\$302
TOTAL	\$14,618	\$16,064	\$15,154	\$13,613	\$15,456	\$302
Funding						
City Funds			\$11,911	\$10,370	\$12,214	\$303
State			1,729	1,729	1,729	-
Intra City			1,513	1,513	1,513	-
TOTAL			\$15,154	\$13,613	\$15,456	\$302
Budgeted Headcount						
Full-Time Positions - Civilian	226	210	240	236	256	16
TOTAL	226	210	240	236	256	16

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.

C2. Administration

<i>Dollars in Thousands</i>	FY20 Actual	FY21 Actual	FY22 Adopted	Preliminary Plan		*Difference FY22-FY23
				FY22	FY23	
Spending						
Personal Services (PS)	\$13,489	\$13,013	\$14,576	\$14,087	\$16,283	\$1,707
TOTAL	\$13,489	\$13,013	\$14,576	\$14,087	\$16,283	\$1,707
Funding						
City Funds			\$11,980	\$11,491	\$16,283	\$4,303
Federal - Other			\$2,596	\$2,596	0	(\$2,596)
TOTAL			\$14,576	\$14,087	\$16,283	\$1,707
Budgeted Headcount						
Full-Time Positions - Civilian	164	156	208	211	191	(17)
TOTAL	164	156	208	211	191	(17)

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.

C3. Other Than Other Services

<i>Dollars in Thousands</i>	FY20 Actual	FY21 Actual	FY22 Adopted	Preliminary Plan		*Difference FY22-FY23
				FY22	FY23	
Spending						
Other Than Personal Services (OTPS)	\$13,428	\$16,077	\$16,853	\$33,433	\$31,201	\$14,348
TOTAL	\$13,428	\$16,077	\$16,853	\$33,433	\$31,201	\$14,348
Funding						
City Funds			\$16,213	\$32,752	\$30,561	\$14,348
Intra City			437	437	437	0
State			202	202	202	0
TOTAL			\$16,853	\$33,433	\$31,201	\$14,348

*The difference of Fiscal 2022 Adopted Budget compared to Fiscal 2023 Preliminary Budget.

D. Fiscal 2022 Council Initiative**Financial Empowerment for NYC's Renters****\$450,000****Agency:** HPD (806)

DCWP (866)

U/A:

009 – Office of Development – OTPS

003 – DCA Other Than Personal Services

First Year Funded:

Fiscal 2017

Areas Served:

Citywide

Target Population:

New York City renters and affordable housing applicants

Scope of Service: This funding supports a financial empowerment program for New Yorkers looking to rent and apply for affordable housing. The City Council has designated the Department of Consumer and Worker Protection (DCWP) to work in collaboration with Ariva, Inc. and the New York City Department of Housing Preservation and Development (HPD) to carry out this initiative.

Designation Method: The City Council has allocated \$195,000 directly to the NYC Department of Housing Preservation and Development, \$25,000 directly to the Department of Consumer Affairs, and has designated the following provider for Fiscal 2022:

Legal Name of Organization	EIN	Amount
Ariva, Inc.	32-0028598	\$230,000