

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Benjamin Kallos
Chair, Committee on Governmental Operations



Report on the Fiscal 2017 Preliminary Budget and the Fiscal 2016 Preliminary Mayor's Management Report Financial Information Services Agency

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Financial Information Services Agency Overview

The Financial Information Services Agency (FISA or the Agency) 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.

Fiscal 2017 Preliminary Plan Highlights

- **FISA Fiscal 2017 Preliminary Budget.** FISA's proposed budget for Fiscal 2017 totals \$105 million, including personnel services funding of \$50.1 million to support 460 full-time positions. FISA relies entirely on City tax-levy funding.
- **FISA New Need.** Included in the Fiscal 2017 Preliminary Plan is a new need of \$115,000 baselined for an additional Debt Management System Analyst.
- **FISA's Contract Budget.** FISA's Fiscal 2017 Contract Budget totals \$31 million which accounts for 29.6 percent of its total budget. Because FISA is responsible for maintaining several citywide IT systems, contracts for data processing services comprises 95.2 percent of its total contract budget.
- **FISA Capital Funding.** The Preliminary Capital Commitment Plan includes \$95.1 million in Fiscal 2016-2019 for FISA related capital projects. 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, FMS, and CityTime.
- **Citywide Savings Program.** The Fiscal 2017 Preliminary Plan for FISA includes \$4.2 million in savings for Fiscal 2016, with no identified savings in Fiscal 2017 or beyond. Of the total, \$3 million is achieved through a reduction of expenses due to the redesign of the plan for FISA's Alternative Data Center. FISA expects to save an additional \$500,000 in Fiscal 2016 from PS accruals.

Fiscal 2017 Financial Plan Summary

FISA Financial Summary						
<i>Dollars in Thousands</i>						
	2014	2015	2016	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2016	2017	2016 - 2017
Spending						
Personnel Services	\$40,370	\$43,360	\$48,566	\$48,149	\$50,104	\$1,538
Full-Time Salaried	39,070	41,465	47,869	46,846	49,402	1,534
Other Salaried & Unsalaries	126	190	123	213	128	5
Additional Gross Pay	962	1,471	406	896	406	0
Overtime	211	234	168	193	168	0
Other Than Personnel Services	42,080	39,762	52,761	48,961	54,896	2,135
Supplies and Materials	1,876	2,033	7,734	4,547	3,050	(4,685)
Property and Equipment	135	140	114	114	114	0
Other Services and Charges	11,519	11,132	13,808	13,844	20,658	6,850
Contractual Services	28,549	26,457	31,105	30,456	31,075	(30)
TOTAL	\$82,449	\$83,122	\$101,327	\$97,110	\$105,001	\$3,674
Funding						
<i>City Funds</i>	82,449	83,122	\$101,327	\$97,110	\$105,001	\$3,674
TOTAL	\$82,449	\$83,122	\$101,327	\$97,110	\$105,001	\$3,674
Budgeted Headcount						
Full-Time Positions	406	422	458	458	460	2

**The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.*

FISA's proposed budget for Fiscal 2017 totals \$105 million, including personnel services funding of \$50.1 million to support 460 full-time positions. FISA relies entirely on City tax-levy funding. FISA's Fiscal 2016 and 2017 budgets are significantly higher than the Agency's actual spending in the Fiscal 2014 and 2015, indicating the potential for a budget surplus.

FISA's Fiscal 2017 Preliminary Budget has a net increase of \$3.6 million when compared to the Fiscal 2016 Adopted Budget. The majority of this increase is the result of increases in lease expenses related FISA's co-located headquarters with OPA. The increase in personnel services funding in Fiscal 2017 can be attributed in large part to collective bargaining costs and other salary adjustments from prior financial plans. FISA's current Fiscal 2016 Budget is less than its Adopted Budget because of the savings realized in Fiscal 2016. Its headcount increases by two positions, one of which is for a Debt Management Systems (DMS) analyst. DMS is the official repository of data pertaining to the debt issued by New York City.

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 \$92.6 million in Fiscal 2016-2019 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 Local Law 18 of 2012 requiring the City to notify the Council when a capital contract over \$10 million is modified and increases in cost by 20 percent.

Prompt notification to the Council about such cost overruns allows 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. As of March of 2015, FISA had reduced the number of consultants to six, creating \$5 million in savings per year.

FISA's proposed expense budget for Fiscal 2017 includes \$8.69 million for CityTime system maintenance. Additional resources for the operation of CityTime are included in OPA's budget.

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. While the City continues to improve and expand the system, its estimated total cost was \$335 million. Funding for maintenance of the NYCAPS system included in FISA's Other Than Personnel Services budget totals \$5.4 million and the Preliminary Capital Plan for Fiscal 2016-2019 includes planned commitments totaling approximately \$153,000 for NYCAPS.

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 \$912,000 for FMS. FISA's Fiscal 2017 Preliminary Budget includes \$6.3 million for FMS maintenance.

Capital Projects

Data Systems Upgrades. FISA's Preliminary Capital Plan totals \$94.4 million, including \$7.7 million for an upgrade to an existing FISA data center and \$5.5 million for an upgrade to FISA's Human Capital Management Application.

Lump Sum Funds. An electronic data processing (EDP) equipment lump sum project line (current year budget line and outyears budget line) operates as a holding code. Funding is transferred from this line as needs are identified. In the Fiscal 2016-2019 Preliminary Capital Plan, planned commitments totaling approximately \$75.5 million are allocated for FISA EDP equipment and infrastructure.

Alternative Data Center. In last year's Executive Budget, capital funding totaling \$33.2 million for FISA's Alternative Data Center scheduled for Fiscal 2017 was pushed out to Fiscal 2020. The shift is related to FISA's redesign of the plan for the project.

Appendix A: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2016			FY 2017		
	City	Non-City	Total	City	Non-City	Total
FISA Budget as of FY 2016 Adopted Plan	\$101,327	\$0	\$101,327	\$104,784	\$0	\$104,784
New Needs						
Debt Management System Analyst	0		0	115		115
TOTAL, New Needs	\$0	\$0	\$0	\$115	\$0	\$115
Other Adjustments						
Collective Bargaining Adjustments	83		83	101		101
Alternative Data Center Reduction	(3,000)		(3,000)			0
Reduced IT Maintenance Costs	(800)		(800)			0
PS Accruals	(500)		(500)			0
TOTAL, Other Adjustments	(\$4,217)	\$0	(\$4,217)	\$101	\$0	\$101
TOTAL, All Changes	(\$4,217)	\$0	(\$4,217)	\$216	\$0	\$216
FISA Budget as of FY 2017 Prelim. Plan	\$97,110	\$0	\$97,110	\$105,000	\$0	\$105,000

Appendix B: Contract Chart

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personnel service provided to the City by means of a contract. The Contract Budget is actually a subset of the OTPS portion of the City's Expense Budget. The Administration prepares a Contract Budget twice each fiscal year. In January, it is prepared with the Departmental Estimates, and in late April it is submitted to the Council with the Executive Budget.

Category	FY 2016 Adopted	Number of Contracts	FY 2017 Preliminary	Number of Contracts
Maint & Repair, General	29,200	1	29,000	1
Data Processing Equipment	28,694,856	58	29,594,856	58
Temporary Services	2,500	1	42,500	1
Training Programs for City Employees	50,000	1	100,000	1
Professional Services: Computer Services	2,328,882	3	1,308,882	3
Totals	31,105,438	64	31,075,238	64