

# THE COUNCIL OF THE CITY OF NEW YORK

Hon. Corey Johnson  
Speaker of the Council

Hon. Daniel Dromm  
Chair, Finance Committee



Report to the Committee on Finance on the Fiscal 2019 Executive Budget for

## Department of Finance

May 8, 2018

### Finance Division

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## Executive Budget Overview

**\$303.5 million** – Fiscal 2019 Executive Budget

**\$298.2 million** in City funds

**\$4.83 million** in Intra City funds

**\$437,500** in State funds

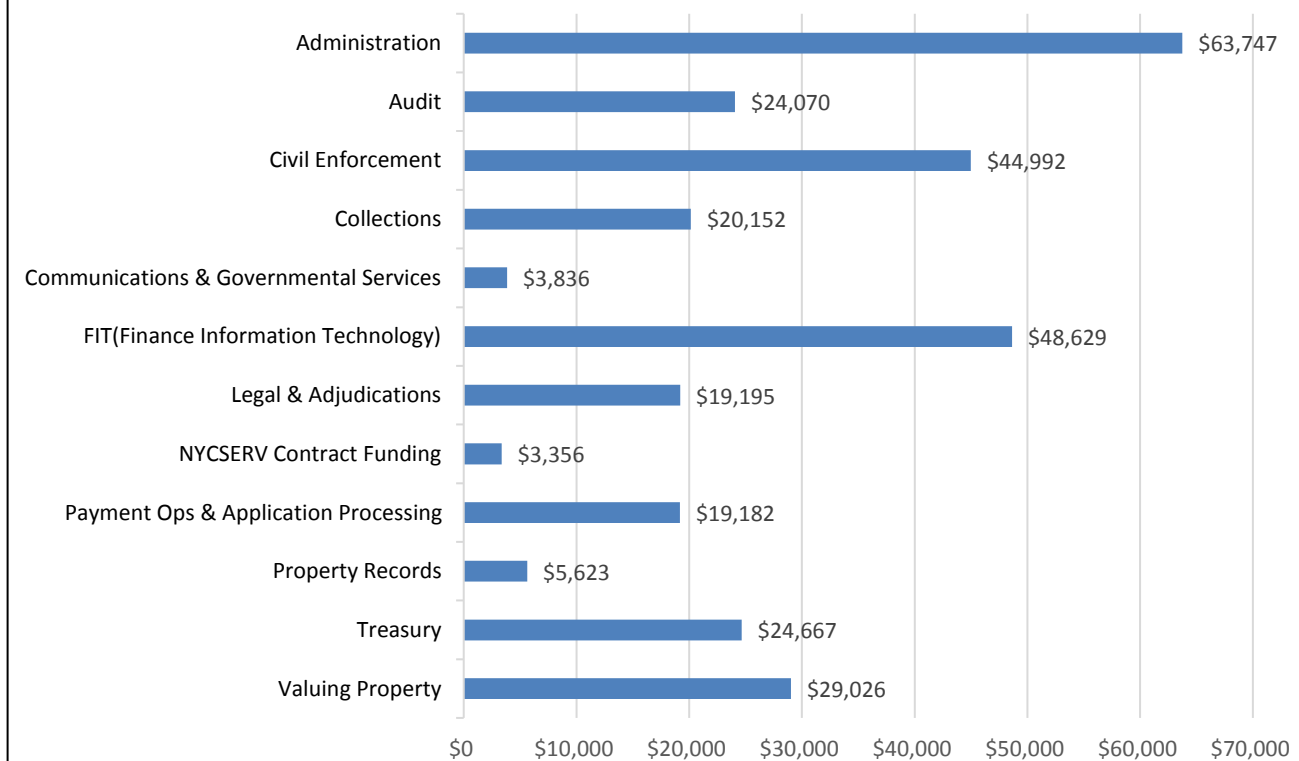
**2,198** full-time staff

**\$800 million** in Misc. Revenue

### Executive Budget Changes

- The Fiscal 2019 Executive Plan includes one new need totaling \$1.28 million in Fiscal 2019 and in the outyears to hire nine full-time staff to mitigate and defend against cyberattacks on agency data.
- Other Adjustments reduce DOF’s budget by \$1.79 million in Fiscal 2018 and \$4.1 million in Fiscal 2019.
- DOF’s re-estimates total \$2 million in Fiscal 2018 and \$3.9 million in Fiscal 2019.

2019 Executive Budget by Program Area  
*\$ in Thousands*



## DOF Overview

This report presents a review of the Department of Finance's (DOF or the Department) Fiscal 2019 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2018, followed by a review of the significant budget actions introduced in the Fiscal 2019 Executive Budget. Major issues related to the Department's budget are then discussed. Appendix 1 reports the changes made to the Fiscal 2018 and Fiscal 2019 Budgets since Adoption of the Fiscal 2018 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2019 Preliminary Budget Report for DOF at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2018/03/FY19-Department-of-Finance.pdf>

DOF Financial Summary						
<i>Dollars in Thousands</i>	FY16	FY17	FY18	Executive Plan		*Difference
	Actual	Actual	Adopted	FY18	FY19	FY18-FY19
<b>Spending</b>						
Personal Services	\$148,051	\$153,968	\$164,718	\$158,100	\$170,834	\$6,116
Other Than Personal Services	110,797	112,655	137,810	140,944	132,676	(5,134)
<b>TOTAL</b>	<b>\$258,848</b>	<b>\$266,623</b>	<b>\$302,528</b>	<b>\$299,045</b>	<b>\$303,510</b>	<b>\$982</b>
<b>Budget by Program Area</b>						
Administration	\$52,284	\$53,590	\$64,038	\$58,635	\$63,747	(\$291)
Audit	18,156	19,268	22,556	21,425	24,070	1,514
Civil Enforcement	40,015	40,594	45,788	44,098	44,992	(796)
Collections	16,852	14,057	18,547	18,631	20,152	1,605
Communications & Governmental Services	3,088	3,268	3,835	3,607	3,836	1
Financial Plan Savings	0	0	2,307	2,307	(2,964)	(5,271)
FIT(Finance Information Technology)	42,212	44,209	46,162	52,603	48,629	2,468
Legal & Adjudications	17,860	17,968	19,193	18,390	19,195	2
NYCSERV Contract Funding	2,458	4,543	3,356	3,361	3,356	0
Payment Ops & Application Processing	19,772	16,185	19,175	18,042	19,182	7
Property Records	5,186	5,530	5,621	6,548	5,623	2
Treasury	23,759	24,336	24,666	24,443	24,667	1
Valuing Property	17,206	23,075	27,284	26,954	29,026	1,741
<b>TOTAL</b>	<b>\$258,848</b>	<b>\$266,623</b>	<b>\$302,528</b>	<b>\$299,045</b>	<b>\$303,510</b>	<b>\$982</b>
<b>Funding</b>						
City Funds			\$297,283	\$293,749	\$298,234	\$950
State			438	438	438	0
Intra City			4,807	4,859	4,839	32
<b>TOTAL</b>	<b>\$258,848</b>	<b>\$266,623</b>	<b>\$302,528</b>	<b>\$299,045</b>	<b>\$303,510</b>	<b>\$982</b>
<b>Budgeted Headcount</b>						
Full-Time Positions - Civilian	1,882	1,931	2,196	2,230	2,198	2
<b>TOTAL</b>	<b>1,882</b>	<b>1,931</b>	<b>2,196</b>	<b>2,230</b>	<b>2,198</b>	<b>2</b>

\*The difference of Fiscal 2018 Adopted Budget compared to Fiscal 2019 Executive Budget.

## New in the Executive Budget

The following are the major financial plan actions in the Fiscal 2019 Executive Plan.

### New Needs

- Information Technology Security.** The Fiscal 2019 Executive Plan includes \$1.28 million in Fiscal 2018 and in the outyears to hire nine full-time staff. These hires will support efforts to mitigate and defend against cyberattacks on agency data.

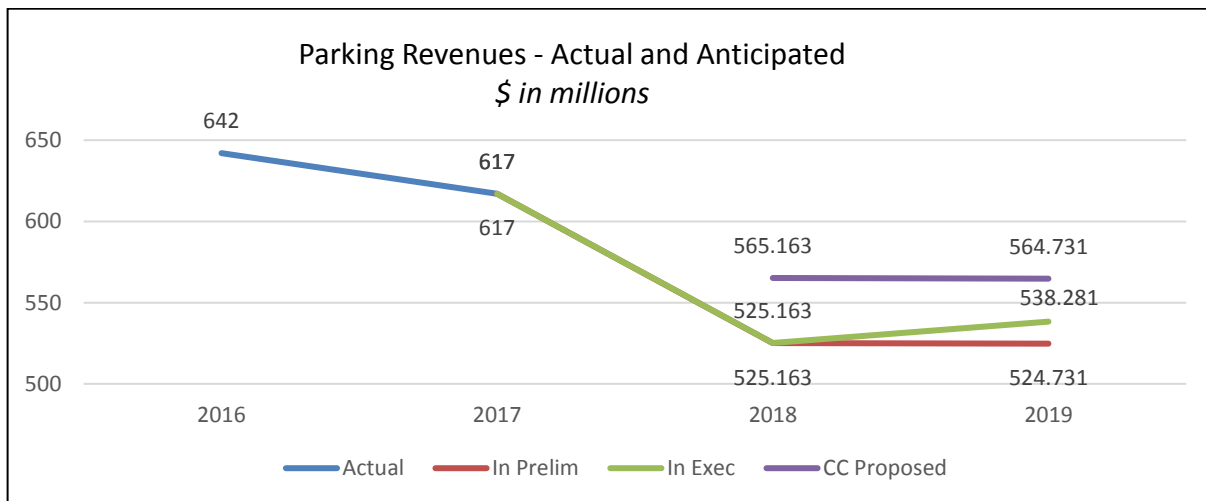
### Re-estimates

- Lease Re-estimate.** The Fiscal 2019 Executive Plan includes a re-estimate of \$2 million in Fiscal 2018 due to delays in the occupancy of office space within 375 Pearl Street in Manhattan.
- Vacancy Reduction.** The Fiscal 2019 Executive Plan includes a re-estimate of \$3.9 million in Fiscal 2019 as DOF realigned its forecast for personnel spending.

## Budget Issues

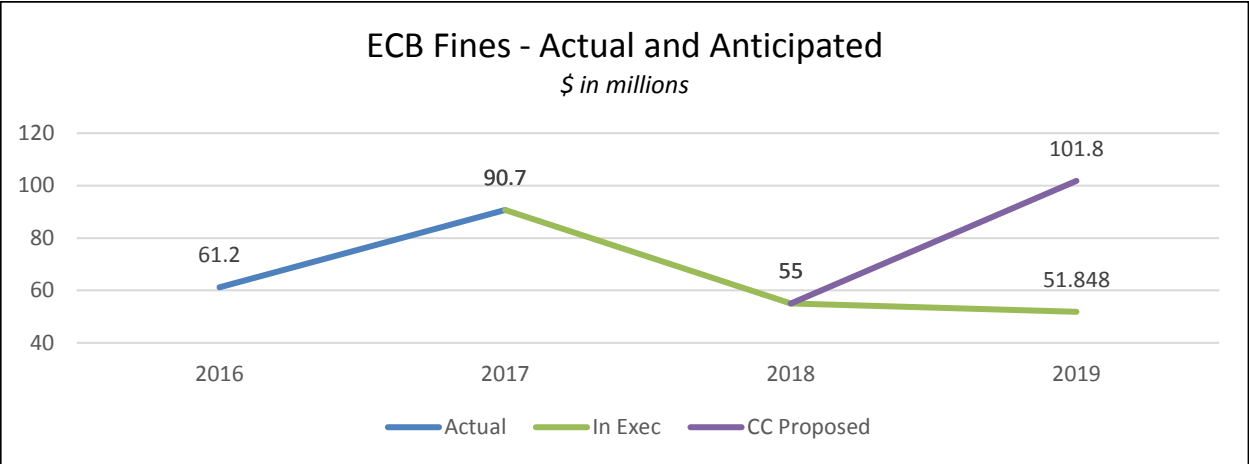
In the Fiscal 2019 Preliminary Budget Response, the Council called for the following, which was not included as part of the Fiscal 2019 Executive Budget.

- Parking Fine Revenue.** Parking violation fine revenue is projected at approximately \$525 million in Fiscal 2018, while actual revenue collection was \$642 million and \$617 million in Fiscal 2016 and Fiscal 2017, respectively. In the Preliminary Budget Response, the Council called for the Administration to re-estimate parking violation revenue collections by \$40 million, to \$565 million for Fiscal 2018 and Fiscal 2019. Although the Council called for this, revenues were only re-forecasted by \$11.3 million, to \$538.3 million for Fiscal 2019.



- More Aggressively Collect Administrative Fines.** Outstanding Environmental Control Board (ECB) debt collections increased from \$50.1 million in Fiscal 2015 to \$90.7 million in Fiscal 2017, and are projected at \$51.8 million for Fiscal 2019. However, overall outstanding collectable debt remains at \$815 billion. In addition, substantial new ECB debt is generated each year as only about 60 percent of new ECB fines (\$119.6 million last fiscal year) are collected within 60 days of their issuance. In the Preliminary Response, the Council called for the Administration to more aggressively collect administrative fines, which would increase collection projections by \$50

million for Fiscal 2019. Although the Council called for this, this was not included in the Executive Plan.



## Appendix 1: Fiscal 2019 Budget Actions since Fiscal 2018 Adoption

<i>Dollars in Thousands</i>	Fiscal 2018			Fiscal 2019		
	City	Non-City	Total	City	Non-City	Total
<b>DOF Budget as of the Adopted 2018 Plan</b>	<b>\$297,283</b>	<b>\$5,245</b>	<b>\$302,528</b>	<b>\$293,553</b>	<b>\$5,277</b>	<b>\$298,830</b>
<b>New Needs - Prelim. 2018</b>						
Additional City Assessors	\$714	\$0	\$714	\$1,237	\$0	\$1,237
Enhanced Cyber Security	212	0	212	424	0	424
Business Tax Support	1,520	0	1,520	3,040	0	3,040
City Tax Auditors	228	0	228	1,588	0	1,588
Technology for Property Assessment	0	0	\$0	790	0	790
Title Searches for Department of Buildings Violation	149	0	149	598	0	598
<b>Subtotal, New Needs</b>	<b>\$2,823</b>	<b>\$0</b>	<b>\$2,823</b>	<b>\$7,677</b>	<b>\$0</b>	<b>\$7,677</b>
<b>Other Adjustments - Prelim. 2019</b>						
Lease Savings	(\$2,260)	\$0	(\$2,260)	\$0	\$0	\$0
Lease Savings FY19 Prelim	(2,260)	0	(2,260)	0	0	0
Transfer to Tax Commission	(38)	0	(38)	150	0	150
<b>TOTAL, All Changes Prelim. 2019</b>	<b>(\$1,735)</b>	<b>\$0</b>	<b>(\$1,735)</b>	<b>\$7,827</b>	<b>\$0</b>	<b>\$7,827</b>
<b>DOF Budget as of the Preliminary 2018 Plan</b>	<b>\$295,549</b>	<b>\$5,245</b>	<b>\$300,840</b>	<b>\$301,380</b>	<b>\$5,277</b>	<b>\$306,358</b>
<b>New Needs - Exec. 2019</b>						
DOF Internal IT Security	\$0	\$0	\$0	\$1,280	\$0	\$1,280
<b>Subtotal, New Needs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,280</b>	<b>\$0</b>	<b>\$1,280</b>
<b>Other Adjustments - Exec. 2019</b>						
Citywide Savings - Electric Vehicles	\$0	\$0	\$0	(\$66)	\$0	(\$66)
Citywide Savings - Phone Plan	0	0	0	(26)	0	(26)
Citywide Savings - Procurement	0	0	0	(112)	0	(112)
Citywide Savings - Standardize Travel	0	0	0	(40)	0	(40)
Citywide Savings - Waiver	(71)	0	(71)	(283)	0	(283)
Collective Bargaining	124	0	124	124	0	124
Heat, Light, and Power	151	0	151	(55)	0	(55)
Lease Adjustment	0	0	0	239	0	239
Lease Savings	(2,000)	0	(2,000)	0	0	0
Vacancy Reductions	0	0	0	(3,907)	0	(3,907)
<b>Subtotal, Other Adjustments</b>	<b>(\$1,796)</b>	<b>\$0</b>	<b>(\$1,796)</b>	<b>(\$4,126)</b>	<b>\$0</b>	<b>(\$4,126)</b>
<b>TOTAL, All Changes - Exec. 2019</b>	<b>(\$1,796)</b>	<b>\$0</b>	<b>(\$1,796)</b>	<b>(\$2,846)</b>	<b>\$0</b>	<b>(\$2,846)</b>
<b>DOF Budget as of the Fiscal 2019 Executive Plan</b>	<b>\$293,749</b>	<b>\$5,297</b>	<b>\$299,045</b>	<b>\$298,234</b>	<b>\$5,277</b>	<b>\$303,510</b>