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**Report to the Committee on Finance on the
Fiscal 2024 Executive Plan for the**

Department of Finance

May 23, 2023

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Department of Finance Budget Overview

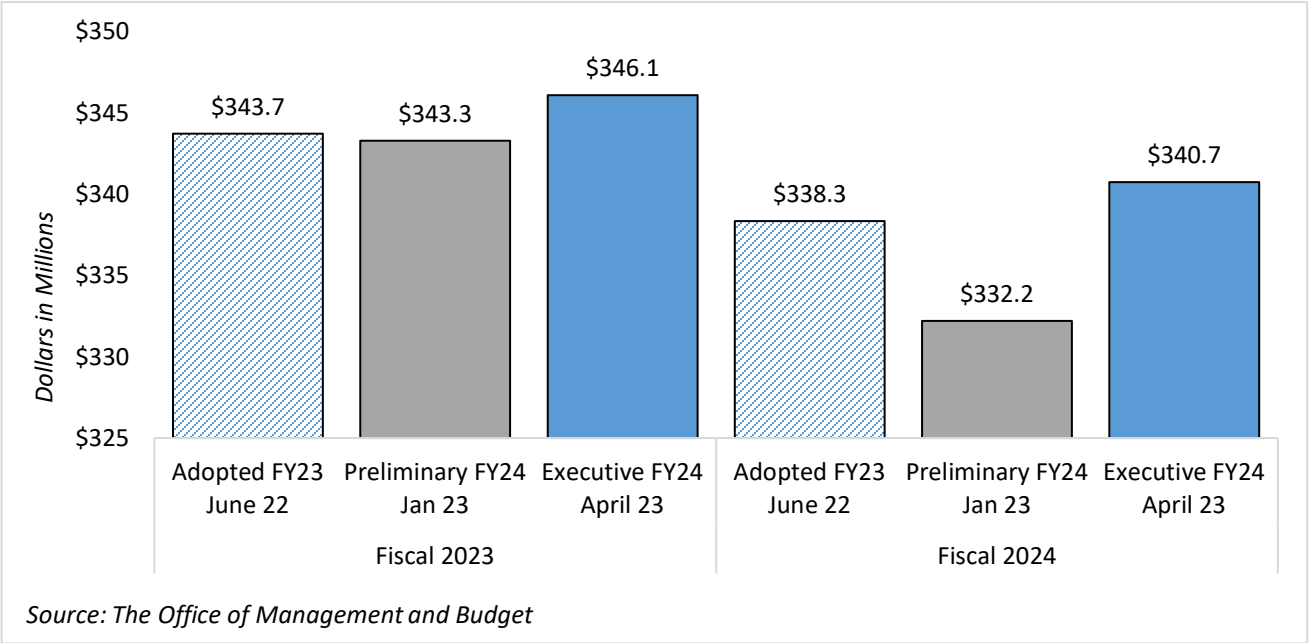
On April 26, 2023, the Administration released the Executive Financial Plan for Fiscal 2023-2027 (Executive Plan) which includes a proposed Fiscal 2024 budget of \$106.7 billion. This report offers a review of the Department of Finance’s (the Department or DOF) Fiscal 2024 Executive Budget, including proposed budget actions taken in the Executive Plan. For additional information on DOF’s Preliminary budget, please refer to the Fiscal 2024 Preliminary Budget report at: <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2023/03/DOF-2.pdf>

The Department’s projected Fiscal 2024 budget of \$340.7 million represents less than one percent of the City’s proposed Fiscal 2024 budget in the Executive Plan.

DOF’s Fiscal 2024 budget increased by \$8.5 million (2.6 percent), from the \$332.2 million budgeted in the Fiscal 2024 Preliminary Financial Plan (Preliminary Plan) presented in January. The increase is the result of a number of actions taken, most significant of which are: the expansion of the Sheriff Road Unit (\$1.5 million in Fiscal 2024) and the DC37 collective bargaining agreement (\$7.1 million in Fiscal 2023 and \$6.7 million in Fiscal 2024).

DOF’s current Fiscal 2023 budget is \$2.4 million (0.7 percent) larger than the agency’s Fiscal 2023 Adopted Budget (\$343.7 million) and \$2.8 million (0.8 percent), larger than the budget presented in the Preliminary Plan.

Chart 1: DOF Budget for Fiscals 2023 and 2024: Comparison of the Last Three Financial Plans



Personal Services and Headcount

DOF’s Executive Plan includes funding for a total of 1,897 full-time positions in the current year, decreasing to 1,878 in Fiscal 2024. The current plan represents a reduction in agency headcount of 95 in Fiscal 2023 since adoption. The Fiscal 2024 budgeted headcount is 114 lower than the headcount in Fiscal 2023 at adoption.

In the Executive Plan, funding for DOF’s personal services (all agency staffing related expenses) comprise \$168.9 million or 48.8 percent of the agency’s total Fiscal 2023 plan. This increases to \$181.0 million or 53.1 percent in Fiscal 2024.

Table 1: DOF Spending and Budgeted Headcount Summary

| <i>Dollars in Thousands</i> | 2021 Actual | 2022 Actual | 2023 Adopted | Executive Plan | | *Difference 2024 - 2023 |
|--------------------------------|----------------|----------------|-----------------|----------------|-----------|----------------------------|
| | | | | 2023 | 2024 | |
| Spending | | | | | | |
| Personal Services | \$172,710 | \$164,739 | \$182,668 | \$168,891 | \$180,980 | (\$1,688) |
| Other Than Personal Services | 128,356 | 136,474 | 161,056 | 177,207 | 159,760 | (1,296) |
| TOTAL | \$301,066 | \$301,213 | \$343,724 | \$346,098 | \$340,740 | (\$2,984) |
| Budgeted Headcount | | | | | | |
| Full-Time Positions - Civilian | 1,906 | 1,685 | 1,992 | 1,897 | 1,878 | (114) |
| TOTAL | 1,906 | 1,685 | 1,992 | 1,897 | 1,878 | (114) |

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

Source: The Office of Management and Budget

Funding Sources

DOF's budget is financed by city funds as well as federal funds, as is illustrated in Chart 2 and Table 2. In the current financial plan, the Department's primary funding source is City funds. City funding comprises 98.1 percent (\$339.7 million) of DOF's total funding in the current fiscal year, down from 98.4 percent (\$338.2 million) of the Department's budget financed by City funding at adoption. City funding comprises 90.9 percent (\$309.6 million) of the Department's Executive Plan for Fiscal 2024.

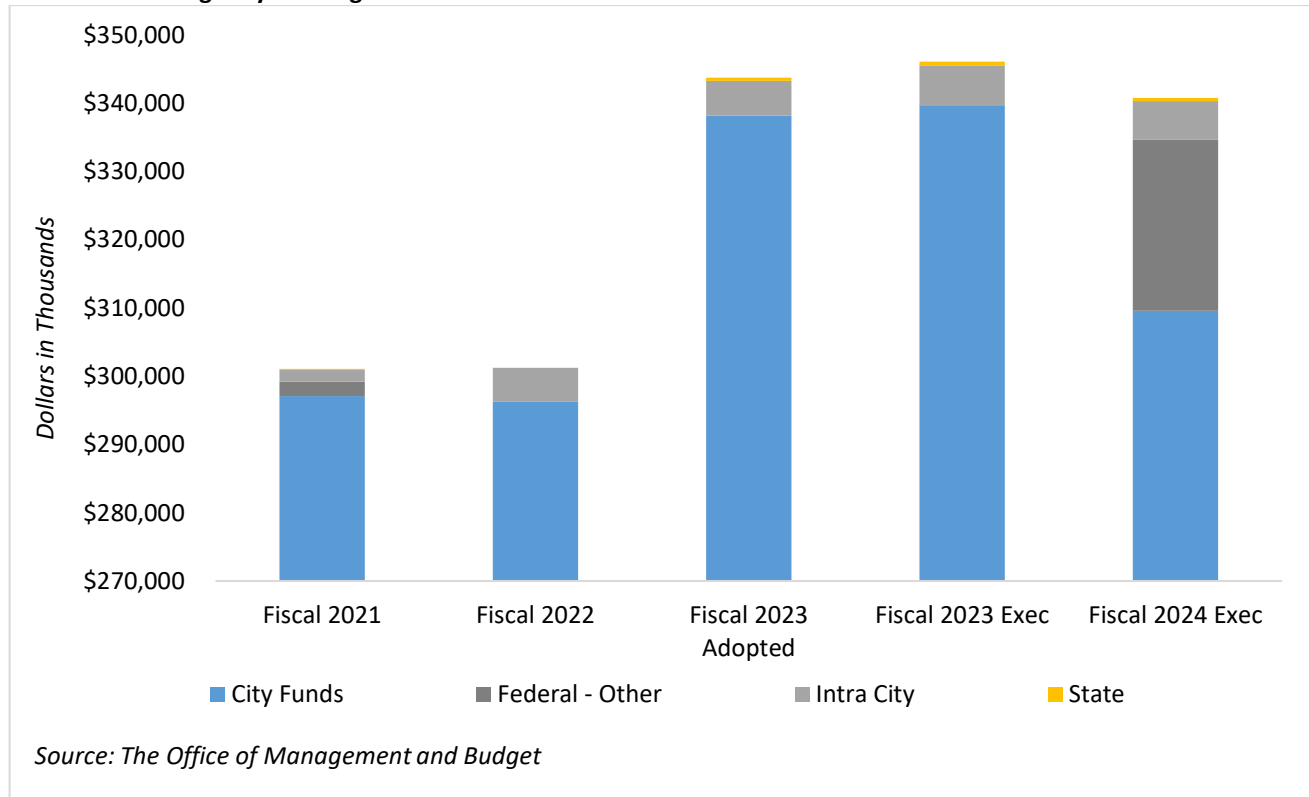
The \$2.8 million increase in DOF's Fiscal 2023 and \$8.5 million increase in its Fiscal 2024 budget between the 2024 Preliminary Budget and the 2024 Executive Plan is primarily the result of the DC37 collective bargaining agreement. These changes include:

City Funding

City funding increases by \$2.2 million in Fiscal 2023 and \$7.9 million in Fiscal 2024 when compared to the Preliminary Plan.

- **DC37 Collective Bargaining Agreement.** The DC37 collective bargaining agreement adds \$7.1 million in City funds in Fiscal 2023 and \$6.7 million in Fiscal 2024.
- **PS Savings.** As part of the Fiscal 2024 Executive Budget, there are savings of \$5 million in Fiscal 2023 related to Personal Services (PS) due to attrition savings. Additional information can be found in the Executive Plan Changes section.

See Appendix A for a complete list of all changes reflected in DOF's Fiscal 2023 and 2024 budgets since adoption.

Chart 2: DOF Budget by Funding Source**Table 2: DOF Funding Sources**

| Dollars in Thousands | 2021 Actual | 2022 Actual | 2023 Adopted | Executive Plan | | *Difference 2024 - 2023 |
|----------------------|------------------|------------------|------------------|------------------|------------------|----------------------------|
| | | | | 2023 | 2024 | |
| Funding | | | | | | |
| City Funds | \$297,089 | \$296,291 | \$338,171 | \$339,662 | \$309,619 | (\$28,552) |
| Federal - Other | 2,118 | 0 | 0 | 154 | 25,000 | 25,000 |
| Intra City | 1,785 | 4,922 | 5,115 | 5,694 | 5,683 | 568 |
| State | 75 | 0 | 438 | 588 | 438 | 0 |
| TOTAL | \$301,067 | \$301,213 | \$343,724 | \$346,098 | \$340,740 | (\$2,984) |

*The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.

Source: The Office of Management and Budget

Program Area Budgets

In order to provide for better transparency within agency budgets, in 2007 at the behest of the City Council, the Administration began providing agency budgets broken down by program areas for fifteen of the City's agencies. The programmatic budgets provide a summary of planned spending in each functional area of an agency. Table 3 provides actual expenditures for Fiscals 2021 and 2022, the Adopted Budget for Fiscal 2023, and planned spending for Fiscals 2023 and 2024 as of the Executive Plan by program area.

Table 3: DOF Financial Summary

| <i>Dollars in Thousands</i> | 2021 | 2022 | 2023 | Executive Plan | | *Difference |
|--|------------------|------------------|------------------|-----------------------|------------------|--------------------|
| | Actual | Actual | Adopted | 2023 | 2024 | 2024 - 2023 |
| Budget by Program Area | | | | | | |
| Administration | \$73,170 | \$67,974 | \$74,389 | \$79,363 | \$100,222 | \$25,833 |
| Audit | 22,920 | 21,041 | 23,412 | 22,464 | 24,817 | 1,405 |
| Civil Enforcement | 30,020 | 37,242 | 47,387 | 49,970 | 50,860 | 3,472 |
| Collections | 16,490 | 18,342 | 22,411 | 22,505 | 22,625 | 214 |
| Communications & Governmental Services | 3,812 | 3,476 | 3,821 | 3,944 | 3,896 | 75 |
| Financial Plan Savings | 0 | 0 | 3,109 | (20,615) | (35,884) | (38,992) |
| FIT(Finance Information Technology) | 59,467 | 55,087 | 63,338 | 80,064 | 65,713 | 2,375 |
| Legal & Adjudications | 15,283 | 15,557 | 18,760 | 18,286 | 18,909 | 150 |
| NYCSERV Contract Funding | 1,708 | 4,522 | 3,498 | 4,109 | 3,337 | (161) |
| Payment Ops & Application Processing | 17,139 | 17,415 | 19,269 | 20,149 | 19,891 | 622 |
| Property Records | 6,133 | 5,674 | 5,734 | 6,119 | 5,853 | 119 |
| Treasury | 26,950 | 27,110 | 27,290 | 27,298 | 27,323 | 33 |
| Valuing Property | 27,975 | 27,774 | 31,305 | 32,441 | 33,177 | 1,872 |
| TOTAL | \$301,066 | \$301,213 | \$343,724 | \$346,098 | \$340,740 | (\$2,984) |

**The difference of Fiscal 2023 Adopted Budget compared to Fiscal 2024 Executive Budget.*

Source: The Office of Management and Budget

DOF's program budget includes 13 program areas. The Executive Plan includes changes to DOF's budget in Fiscal 2024 that impact on a number of program areas. Below is a discussion of the most significant program area funding changes in the Executive Plan:

- **Administration:** The Executive Plan includes \$100.2 million for the Administration program area, \$25.8 million greater than in the Fiscal 2023 Budget at adoption. This increase is largely due to the budget for Personal Services costs increasing from \$15.6 million in the Fiscal 2023 Budget at adoption to \$40.9 million in the Executive Plan .

Executive Plan Changes

Each financial plan is comprised of changes to an agency's budget from the prior plan. These changes are comprised of new needs that have not previously been included in the agency's budget, other adjustments to existing spending (these adjustments can involve adding additional funding or removing funding), savings programs which provide additional resources either through reduced spending or increased revenue, and savings restorations which include the restoration of expenditures that had been reduced in prior financial plans.

A summary of all changes made to DOF's financial plan since adoption can be found in Appendix A.

New Needs

DOF's Executive Plan includes no new needs.

Other Adjustments

DOF's Executive Plan includes \$2.0 million in other adjustments in Fiscal 2023, \$7.0 million in Fiscal 2024, \$8.7 million in Fiscal 2025, and \$10.8 million in Fiscal 2026 and Fiscal 2027. Some of the major adjustments include the following.

- **DC 37 Collective Bargaining Adjustment (\$7.1 million in Fiscal 2023, \$6.7 million in Fiscal 2024, \$8.8 in Fiscal 2025, and \$10.9 million in Fiscal 2026 and Fiscal 2027).** The Executive Plan includes an additional \$7.1 million in Fiscal 2023, \$6.7 million in Fiscal 2024, \$8.8 million

in Fiscal 2025 and \$10.9 million in Fiscals 2026 and 2027 for the five-plus year's collective bargaining agreement contract with District Council 37 (DC 37). Based on the contract agreement, DC 37 members will receive compounded and retroactive wage increases, representing a 16.2 percent increase across the life of the contract.

- **PS Savings (\$5 million reduction in Fiscal 2023 only).** The Executive Plan includes City funding reduction of \$5 million in Fiscal 2023 only related to Personal Service savings. This reduction is due to attrition savings from vacant positions.

Program to Eliminate the Gap (PEG)

DOF's Executive Plan includes \$12.5 million of additional resources in Fiscal 2023 and \$12.8 million in Fiscal 2024 offset by \$841,000 of additional costs as part of the Citywide Program to Eliminate the Gap (PEG). The agency was able to locate additional resources in two initiatives, including:

- **Expansion of Sheriff Road Unit (\$5.5 million of revenue in Fiscal 2024 increasing to \$5.7 million in Fiscal 2027)).** The Executive Plan includes \$1.5 million in Fiscal 2024, \$1.2 million in Fiscal 2025, and \$1.3 million in Fiscal 2026 and in the outyears for costs related to the installation of License Plate Reader (LPR) technology in 75 Sheriff vehicles. The purpose of the LPR technology is to catch offenders with outstanding Commercial Motor Vehicle Tax (CMVT) and to ensure payment. DOF has estimated that this initiative will increase collections by \$5.5 million annually (net of installation costs) beginning in Fiscal 2024, increasing to \$5.7 million by Fiscal 2027.
- **Abatement Compliance (\$7.0 million of revenue in Fiscal 2024 and the outyears).** The Executive Plan includes A \$7.0 million increase in property tax revenue collection. This increase is the result of DOF removing ineligible coop / condo abatement recipients from the rolls by verifying their primary residency.

Federal and State Budget Risks

There are no assumed Federal or State Budget risks at this time.

Appendix A: Budget Actions since Fiscal 2023 Adoption

| <i>Dollars in Thousands</i> | FY23 | | | FY24 | | |
|--|------------------|----------------|------------------|-------------------|-----------------|------------------|
| | City | Non-City | Total | City | Non-City | Total |
| DOF Budget as of the Adopted FY23 Budget | \$338,171 | \$5,553 | \$343,724 | \$332,793 | \$5,553 | \$338,346 |
| New Needs | | | | | | |
| Subtotal, New Needs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Programs to Eliminate the Gap (PEGs) | | | | | | |
| CACS Replacement Maintenance | \$0 | \$0 | \$0 | (\$750) | \$0 | (\$750) |
| Less than Anticipated OTPS Spending | (200) | 0 | (200) | (275) | 0 | (275) |
| Less than Anticipated PS Spending | 0 | 0 | \$0 | 0 | 0 | 0 |
| Telecommunication Savings | (33) | 0 | (33) | (98) | 0 | (98) |
| Subtotal, PEGs | (\$233) | \$0 | (\$233) | (\$1,123) | \$0 | (\$1,123) |
| Other Adjustments | | | | | | |
| FY23AFDOTincr | \$0 | \$154 | \$154 | \$0 | \$0 | \$0 |
| FY23LGRMIF2A | 0 | 75 | 75 | 0 | 0 | 0 |
| FY23LGRMIFINCR | 0 | 75 | 75 | 0 | 0 | 0 |
| Subtotal, Other Adjustments | \$0 | \$304 | \$304 | \$0 | \$0 | \$0 |
| TOTAL, All Changes in November 2023 Plan | (\$233) | \$304 | \$71 | (\$1,123) | \$0 | (\$1,123) |
| DOF Budget as of the November 2022 Plan Budget | \$337,938 | \$5,857 | \$343,795 | \$331,670 | \$5,553 | \$337,223 |
| Changes Introduced in the FY23 Preliminary Plan | | | | | | |
| New Needs | | | | | | |
| Speed Camera Expansion Administrative Costs | \$4,462 | \$0 | \$4,462 | \$4,412 | \$0 | \$4,412 |
| Subtotal, New Needs | \$4,462 | \$0 | \$4,462 | \$4,412 | \$0 | \$4,412 |
| Programs to Eliminate the Gap (PEGs) | | | | | | |
| Vacancy Reduction | (\$4,636) | \$0 | (\$4,636) | (\$9,430) | \$0 | (\$9,430) |
| Subtotal, PEGs | (\$4,636) | \$0 | (\$4,636) | (\$9,430) | \$0 | (\$9,430) |
| Other Adjustments | | | | | | |
| ARP-SLFRF Adjustment | \$0 | \$0 | \$0 | (\$25,000) | \$25,000 | \$0 |
| Heat, Light and Power | 134 | 0 | 134 | 0 | 0 | 0 |
| Lease Adjustment | (500) | 0 | (500) | 0 | 0 | 0 |
| OEO Funding Adjustment | 35 | 0 | 35 | 0 | 0 | 0 |
| Subtotal, Other Adjustments | (\$331) | \$0 | (\$331) | (\$25,000) | \$25,000 | \$0 |
| TOTAL, All Changes in the FY24 Preliminary Plan | (\$505) | \$0 | (\$505) | (\$30,018) | \$25,000 | (\$5,018) |
| DOF Budget as of the FY24 Preliminary Budget | \$337,433 | \$5,857 | \$343,291 | 301,653 | \$30,553 | \$332,206 |
| Changes Introduced in the FY24 Executive Plan | | | | | | |
| New Needs | | | | | | |
| Subtotal, New Needs | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Programs to Eliminate the Gap (PEGs) | | | | | | |
| Expansion of Sheriff Road Unit | \$0 | \$0 | \$0 | \$1,547 | \$0 | \$1,547 |
| Partial Vacancy Reduction Restoration | 841 | 0 | 841 | 0 | 0 | 0 |
| Subtotal, PEGs | \$841 | \$0 | \$841 | \$1,547 | \$0 | \$1,547 |
| Other Adjustments | | | | | | |
| DC 37 CB Adjustment | \$6,516 | \$0 | \$6,516 | \$6,151 | \$0 | \$6,151 |
| DC 37 CB Adjustment (IC Funds) | 0 | 568 | 568 | 0 | 568 | 568 |
| Heat, Light and Power | (128) | 0 | (128) | (157) | 0 | (157) |
| Lease Adjustment | 0 | 0 | 0 | 425 | 0 | 425 |
| OTPS ADJUSTMENT | 0 | 11 | 11 | 0 | 0 | 0 |
| PS Savings | (5,000) | 0 | (5,000) | 0 | 0 | 0 |
| Subtotal, Other Adjustments | \$1,388 | \$579 | \$1,967 | \$6,419 | \$568 | \$6,987 |
| TOTAL, All Changes in the FY24 Executive Plan | \$2,229 | \$579 | \$2,808 | \$7,966 | \$568 | \$8,534 |
| DOF Budget as of the FY24 Executive Budget | \$339,662 | \$6,436 | \$346,099 | 309,618 | \$31,121 | \$340,739 |

Source: The Office of Management and Budget