

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Christine C. Quinn  
Speaker of the Council



Hon. Domenic M. Recchia, Jr., Chair  
Committee on Finance

## Hearing on the Fiscal Year 2013 Executive Budget

Department of Finance

**June 5, 2012**

**Nathan Toth, Deputy Director**

**Anthony Brito, Senior Legislative Financial Analyst**



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## Department of Finance Agency Overview

The Department of Finance (DOF) is charged with collecting tax and other revenues, valuing approximately one million properties each year, administering tax audit and enforcement action to promote compliance, conducting hearings on parking tickets each year and maintaining property records.

This report provides a review of DOF's Executive Budget for Fiscal 2013. In the first section, the highlights of the Fiscal 2013 expense budget are presented. The report then discusses initiatives included in the November, Preliminary and Executive Financial Plans. Finally, the appendices are included to highlight the Budget Actions proposed since the Fiscal 2012 Budget Adoption.

### Department of Finance Financial Summary

*Dollars in Thousands*

	2011 Actual	2012 Adopted	2012 Exec. Plan	2013 Exec. Plan	*Difference 2012 - 2013
<b>Budget by Program Area</b>					
Administration	\$45,655	\$56,226	\$49,434	\$50,415	(5,811)
Audit	12,818	23,053	15,306	16,634	(6,419)
Civil Enforcement	23,006	15,155	19,377	19,602	4,447
Collections	14,776	18,741	15,922	16,420	(2,321)
Communications & Governmental Services	2,076	1,153	2,174	2,219	1,066
Customer Relations	414	1,955	469	469	(1,486)
FIT (Finance Information Technology)	33,061	27,463	33,034	37,297	9,834
Legal & Adjudications	15,911	15,025	16,302	16,210	1,185
NYCSERV Contract Funding	5,310	1,312	8,094	1,474	162
Payment Ops & Application Processing	18,361	17,210	23,866	19,989	2,779
Property Records	6,520	8,121	5,648	5,689	(2,432)
Treasury	27,320	25,460	25,631	25,410	(50)
Valuing Property	13,012	12,619	13,424	14,308	1,689
Financial Plan Savings	-	-	83	(365)	-
<b>TOTAL</b>	<b>\$218,239</b>	<b>\$223,495</b>	<b>\$228,763</b>	<b>\$225,772</b>	<b>\$2,277</b>
<b>Funding</b>					
City Funds		\$220,171	\$223,812	\$221,015	\$844
State		438	513	438	0
Intra City		2,887	4,438	4,319	1,432
<b>TOTAL</b>	<b>\$218,239</b>	<b>\$223,495</b>	<b>\$228,763</b>	<b>\$225,772</b>	<b>\$2,277</b>
<b>Full-Time Positions</b>					
	1668	1977	1,944	1,945	(32)
<b>TOTAL</b>	<b>1668</b>	<b>1977</b>	<b>1,944</b>	<b>1,945</b>	<b>(32)</b>

. \*Difference refers to the variance between the Fiscal 2012 Adopted Budget and the Fiscal 2013 Executive Budget.

The Department of Finance’s (DOF) Fiscal 2013 Executive Budget is \$225.7 million, which is \$2.2 greater than the \$223.4 million Fiscal 2012 Adopted Budget. Since the Fiscal 2012 budget adoption, the agency has implemented a plan to increase its personnel costs and generate revenue for the City through greater tax enforcement initiatives which will result in increased tax collections of \$10.3 million in the current fiscal year and \$46.4 million in Fiscal 2013. The overall net number of full-time positions within the agency increased by 43 from 1,977 budgeted full-time positions to 2,020 in Fiscal 2013. This headcount increase takes into account the hiring of 40 employees in Fiscal’s 2012 and 2013 and the realization of three new employees from the previous financial plan. Despite this overall increase in staff the Executive plan will reduce the total net number of budgeted positions by 150 in Fiscal 2012 and the outyears. These 150 positions represent the elimination of unfunded vacancies within the agency and therefore will reduce the total budgeted headcount to 1,945 in Fiscal 2013. In addition to prioritizing staffing resources towards revenue generation, the agency will also fund new needs to update and enhance the Real Property Assessment Division (RPAD) system and the payment and receivables repository system. The following table and highlights summarizes the revenue, expense and new need actions the agency has undertaken since the Fiscal 2012 Adoption.

### Fiscal 2013 Executive Budget Actions

The Fiscal 2013 Executive Plan increased the Department’s budget by \$1.171 million which is exclusively due to other adjustments in the Plan related to utility payments for heat, light and power, and lease adjustments with buildings that contain DOF offices.

<b>Budget Actions in the Executive Plan</b>						
<i>Dollars in Thousands</i>						
	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
<b>DOF Budget as of the February 2012 Plan</b>	<b>\$225,413</b>	<b>\$3,401</b>	<b>\$228,804</b>	<b>\$221,275</b>	<b>\$3,324</b>	<b>\$224,599</b>
<b>Other Adjustments</b>						
Heat, Light and Power	\$47	\$0	\$47	\$147	\$0	\$147
Fee transfer to DCAS	(7)	0	(7)	0	0	0
Lease Adjustment	0	0	\$0	1032	0	1,032
Paper savings adjustment	(8)	0	(8)	(8)	0	(8)
DOF security	(81)	0	(81)	0	0	0
<b>TOTAL, Other Adjustments</b>	<b>(\$50)</b>	<b>\$0</b>	<b>(\$50)</b>	<b>\$1,171</b>	<b>\$0</b>	<b>\$1,171</b>
<b>TOTAL, All Changes</b>	<b>(\$50)</b>	<b>\$0</b>	<b>(\$50)</b>	<b>\$1,171</b>	<b>\$0</b>	<b>\$1,171</b>
<b>DOF Budget as of the May 2012 Plan</b>	<b>\$225,363</b>	<b>\$3,401</b>	<b>\$228,754</b>	<b>\$222,446</b>	<b>\$3,324</b>	<b>\$225,770</b>

### Programs to Eliminate the Gap (PEGs)

- Elimination of Unfunded Vacancies.** The Department of Finance reduced its unfunded headcount by 150 to account for unfunded vacancies. Dollar savings have been achieved through attrition, associated with the Fiscal 2012 November Plan PEG. DOF has been reducing headcount as attrition occurs. The 150 positions correspond with actual departures that will not be replaced.

## Appendix 1: Budget Actions in the November, February & Executive Plans

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
<b>DOF Budget as of June 2011 Plan</b>	<b>\$220,171</b>	<b>\$3,334</b>	<b>\$223,495</b>	<b>\$216,110</b>	<b>\$3,324</b>	<b>\$219,434</b>
<b>Program to Eliminate the Gap (PEGs)</b>						
Record Clean-Up for Property Tax Bills	\$50	\$0	\$50	\$110	\$0	\$110
Exemption Renewal & Verification	1,136	0	1,136	1,708	0	1,708
Increase Audit Tax Revenue	1,149	0	1,149	1,595	0	1,595
Insource IT Functions	(150)	0	(150)	(900)	0	(900)
Tobacco Diversion Unit	225	0	225	450	0	450
<b>TOTAL, PEGs</b>	<b>\$2,410</b>	<b>\$0</b>	<b>\$2,410</b>	<b>\$2,963</b>	<b>\$0</b>	<b>\$2,963</b>
<b>New Needs</b>						
Citywide Payments	\$417	\$0	\$417	\$364	\$0	\$364
RPAD, Fairtax, and STARS Replacement Project	700	0	700	400	0	400
<b>TOTAL, New Needs</b>	<b>\$1,117</b>	<b>\$0</b>	<b>\$1,117</b>	<b>\$764</b>	<b>\$0</b>	<b>\$764</b>
<b>Other Adjustments</b>						
DOF IC for Security	\$162	\$0	\$162	\$0	\$0	\$0
Intra City Adjustment	26	0	26	0	0	0
Intra City Adjustment for Sheriff's Office	1,433	0	1,433	1,433	0	1,433
Transfer to DOITT	0	0	0	(79)	0	(79)
DC37 Adjustment	83	0	83	84	0	84
SARA Grant	0	67	67	0	0	0
Security Services	12	0	12	0	0	0
Heat, Light and Power	47	0	47	147	0	147
Fee transfer to DCAS	(7)	0	(7)	0	0	0
Lease Adjustment	0	0	\$0	1,032	0	1,032
Paper savings adjustment	(8)	0	(8)	(8)	0	(8)
DOF security	(81)	0	(81)	0	0	\$0
<b>TOTAL, Other Adjustments</b>	<b>\$1,666</b>	<b>\$67</b>	<b>\$1,733</b>	<b>\$2,609</b>	<b>\$0</b>	<b>\$2,609</b>
<b>TOTAL, All Changes</b>	<b>\$5,193</b>	<b>\$67</b>	<b>\$5,260</b>	<b>\$6,336</b>	<b>\$0</b>	<b>\$6,336</b>
<b>DOF Budget as of May 2012 Plan</b>	<b>\$225,364</b>	<b>\$3,401</b>	<b>\$228,755</b>	<b>\$222,446</b>	<b>\$3,324</b>	<b>\$225,770</b>

## Appendix 2: Reconciliation of Program Areas to Units of Appropriation

<i>Dollars in Thousands</i>	Personal Services							Other Than Personal Services							Grand Total
	001	002	003	004	005	007	009	011	022	033	044	055	077	099	
Administration	\$13,698	\$0	\$0	\$0	\$0	\$0	\$0	\$36,717	\$0	\$0	\$0	\$0	\$0	\$0	\$50,415
Audit	0	0	0	15,882	0	0	0	0	0	0	752	0	0	0	16,634
Civil Enforcement	0	0	0	6,118	0	0	11,375	0	0	0	0	0	0	2,109	19,602
Collections	0	6,582	0	0	0	0	6,224	0	3,615	0	0	0	0	0	16,420
Communications & Governmental Services	2,040	0	0	0	0	0	0	179	0	0	0	0	0	0	2,219
Customer Relations	469	0	0	0	0	0	0	0	0	0	0	0	0	0	469
Financial Plan Savings	82	0	0	0	0	0	0	(450)	0	0	0	0	3	0	(365)
FIT(Finance Information Technology)	23,389	0	0	2,115	0	0	0	11,792	0	0	0	0	0	0	37,297
Legal & Adjudications	0	0	0	0	5,137	8,943	0	0	0	0	0	128	2,002	0	16,210
NYCSERV Contract Funding	0	0	0	0	0	0	0	1,474	0	0	0	0	0	0	1,474
Payment Ops & Application Processing	0	18,411	0	0	0	0	0	0	1,578	0	0	0	0	0	19,989
Property Records	0	0	4,912	0	0	0	0	0	0	777	0	0	0	0	5,689
Treasury	2,352	0	0	0	0	0	0	23,058	0	0	0	0	0	0	25,410
Valuing Property	0	0	12,970	0	0	0	0	0	0	1,337	0	0	0	0	14,307
<b>Grand Total</b>	<b>\$42,030</b>	<b>\$24,993</b>	<b>\$17,883</b>	<b>\$24,116</b>	<b>\$5,137</b>	<b>\$8,943</b>	<b>\$17,599</b>	<b>\$72,771</b>	<b>\$5,193</b>	<b>\$2,114</b>	<b>\$752</b>	<b>\$128</b>	<b>\$2,005</b>	<b>\$2,109</b>	<b>\$225,771</b>