



New York City Council

Christine C. Quinn, Speaker

Finance Division

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Hearing on the Mayor's Fiscal Year 2011 Executive Budget

Department of Finance

May 13, 2010

Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

Jonathan Rosenberg, Deputy Director, Finance Division
Anthony Brito, Legislative Financial Analyst

Summary and Highlights

	2010 Adopted	2010 Executive	2011 Executive	Difference, 2010 – 2011*
Personal Services	\$129,720	\$130,858	\$135,992	\$6,272
Other than Personal Services	\$97,794	\$97,794	\$84,091	(\$13,703)
Table Total	\$227,514	\$228,653	\$220,083	(\$7,431)

*Table note.

The Department of Finance's (DOF) Fiscal 2011 Executive Budget is \$220 million which is 3 percent less than the \$227 million Fiscal 2010 Adopted Budget. The agency's Program to Eliminate the Gap (PEG) is \$32.2 million in Fiscal 2011 increasing to \$130 million by Fiscal 2014. The primary source of DOF's PEG comes from new projected revenues in the amount of 23.1 million in Fiscal 2011. The remaining \$9.1 million will come in the form of reductions in the expense budget throughout the agency. The following highlights summarize the major changes in DOF's budget since the Fiscal 2010 Adoption.

Expense Budget Reductions

- **Consolidation of Administrative Functions:** DOF will layoff 33 positions throughout the agency as part of an effort to consolidate administrative functions. This action is expected to reduce agency spending by \$1.7 million in Fiscal 2011.
- **In sourcing IT positions:** DOF plans to hire 29 information technology specialists who will perform duties that were once performed by contractors. This action is expected to save \$5.9 million in Fiscal 2011.
- **Business Centers Efficiencies:** DOF plans to eliminate 7 positions in its Business Centers. At the Centers, which are located throughout the City, DOF collects payments, issues vehicle tow releases, enforces civil law, and holds parking ticket hearings. Clerical positions will be consolidated in the Payment Operations, City Register and Adjudications Divisions. This action will save \$400,000 in Fiscal 2011.
- **Administrative Staff Reduction:** The agency will eliminate two budgeted positions from the Assigned Counsel Plan (ACP) Unit which will reduce agency spending by \$154,000 in Fiscal 2011 increasing to \$682,000 by Fiscal 2014. The Director of the unit was transferred during Fiscal 2010 to another Agency which held the employee's civil service title, while the Director's assistant position will be terminated. The remaining staff of the ACP will report to two deputy directors recently placed in the Unit.
- **Elimination of Cleaning Contact:** The agency will eliminate the cleaning contact for its warehouse located at 167 41st Street in Brooklyn. Instead, the agency will utilize services from individuals who participate with the Work Experience Program which is administered by the Human Resources Administration.
- **Digitize the Hearing by Mail Process:** DOF plans to digitize the process of appealing fines issued by the City, this will eliminate the need for 25 machine operators in the Hearing-by-Mail program. This action is expected to save \$360,000 starting in Fiscal 2011 and gradually increase to \$516,000 in Fiscal 2014 and the out-years.
- **Elimination of Sheriff Positions:** Four Sheriff Positions funded by DOF are being transferred through an intra-city agreement to the Human Resources Administration in order to administer the Deadbeat Parents/Warrants program. This action will save \$323,000 in Fiscal 2011 and the out-years.

- **Elimination of the Graphics Department:** The agency will eliminate the entire graphics department which consisted of 2 employees who provided artwork for DOF forms, posters, and signage. The agency will instead ask the Department of Citywide Administrative Services and other City agencies for assistance if any artist's services are needed in the future. This action will save the City \$173,000 in Fiscal 2011 and a total of \$764,000 by Fiscal 2014.

Revenue Initiatives

- **Increase Audit Revenue:** The agency will hire 29 additional auditors within the Tax Enforcement Division at a cost of \$1.8 million for the remainder of Fiscal 2010, and \$2.9 million in Fiscal 2011 and the out-years. The new auditors will focus on a variety of tax return types and will increase City audit revenues by a total gross amount of \$18.1 million annually. The new hires will expand the division's ability to assess and collect taxes owed to the City due to underreported and unreported taxable income.
- **Tax Shelter Audit Group:** The agency will create a new shelter unit made up of one manager, three experienced general corporation tax auditors, and one newly hired auditor. The mandate of the newly formed unit is to identify entities that improperly misuse tax shelters. It is estimated that the new unit will increase tax revenue by \$5 million in Fiscal 2011 and the out-years.

Department of Finance

The Department of Finance (DOF) is charged with collecting over \$23 billion annually in tax and other revenues, valuing approximately 1 million properties each year, administering tax audit and enforcement action to promote compliance, conducting hearings on parking tickets each year and maintaining property records.

Key Public Services Areas

- Fair and timely collection of all City revenues
- Maintain and enhance access to public records.

Critical Objectives

- Reduce processing time of payments, refunds, tax returns, applications, and parking violation hearings and appeals
- Aggressively pursue individuals and business that do not file or pay taxes and fines
- Record publicly filed documents on a timely-basis and increase the number of property documents available online.

SOURCE: Mayor's Management Report

Department of Finance Financial Summary

Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2010–2011
Budget by Program Area						
Administration	\$50,020	\$49,460	\$49,331	\$46,072	\$38,991	(\$9,894)
Audit	17,662	17,472	21,756	20,454	20,535	(1,221)
Civil Enforcement	14,407	15,552	13,022	16,828	15,950	2,892
Collections	16,132	16,810	23,892	24,952	21,087	(3,129)
Communications & Government Services	873	1,601	1,550	1,592	1,592	41
Customer Relations	4,732	4,407	1,961	1,991	1,991	30
Finance Information Technology	30,925	33,110	34,987	35,860	39,226	4,239
Legal & Adjudications	14,902	14,461	14,380	14,802	15,164	790
NYCSERV Contract Funding	18,317	18,050	4,249	10,092	4,249	0
Payment Ops & Application Processing	15,673	16,095	14,843	14,426	13,950	(893)
Property Records	12,102	10,145	8,811	7,555	8,648	(163)
Tax Appeals Tribunal	961	0	0	0	0	0
Treasury	7,038	15,792	25,580	21,717	25,460	(120)
Valuing Property	11,747	12,135	13,146	13,094	13,147	1
TOTAL	\$215,491	\$225,090	\$227,508	\$228,973	\$219,990	(\$7,431)
Funding						
City Funds	N/A	N/A	\$223,308	\$224,111	\$217,440	(\$5,868)
Intra-City	N/A	N/A	2,205	549	437	(1,562)
State	N/A	N/A	2,000	4,779	2,206	0
TOTAL	N/A	N/A	\$227,513	\$228,975	\$219,991	(\$7,431)
Positions						
Full-Time Positions		1,961	2,086	2,111	2,053	(33)
TOTAL		1,191	2,086	2,111	2,053	(33)

Program Areas

Administration

This program area includes funding for the Executive Division, the Employee Services Division which provides support services to Finance employees in accordance with City rules and regulation, and the Tax Policy division which provides information and analysis to help decision makers improve the City's tax system and public understanding of the revenue system.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$12,158	\$12,615	\$10,986	\$11,195	\$10,770	(\$215)
Other Salaried and Unsalariated	243	285	166	175	175	8
Additional Gross Pay	274	346	316	316	316	0
Overtime - Civilian	0	0	4	4	4	0
Fringe Benefits	4	3	4	4	4	0
Amounts to be Scheduled	0	0	1	1	1	0
P.S Other	4	5	0	0	0	0
Subtotal, PS	\$12,683	\$13,254	\$11,477	\$11,695	\$11,270	(\$207)
Other than Personal Services						
Supplies and Materials	\$3,533	\$2,293	\$3,480	\$1,488	\$3,501	\$21
Property and Equipment	115	97	308	336	309	1
Other Services and Charges	28,148	30,084	32,867	32,156	33,162	295
Contractual Services	5,403	3,655	1,159	390	(8,844)	(10,003)
Fixed and Misc Charges	139	75	38	46	38	0
Subtotal, OTPS	\$37,338	\$36,204	\$37,852	\$34,377	\$28,165	(\$10,428)
TOTAL	\$50,021	\$49,458	\$49,329	\$46,072	\$39,436	(\$9,894)
Funding						
City Funds	N/A	N/A	\$49,331	\$45,960	\$39,437	(\$9,894)
State	N/A	N/A	0	\$112	0	0
TOTAL	N/A	N/A	\$49,331	\$46,072	\$39,436	(\$9,894)

Executive Plan Actions-Administration

DOF's Fiscal 2011 Executive budget for the Administration program area has decreased by approximately \$9.8 million from the Fiscal 2010 Adopted budget. This decrease is primarily the result of deregistration of contracts in the amount of \$8.8 million in the other than personal services (OTPS) budget. In addition, DOF will realize additional savings in the amount of \$417,000 in Fiscal 2011 through the following actions:

- **Administrative Staff Reduction:** The agency will eliminate two budgeted positions from the Assigned Counsel Plan (ACP) Unit which will reduce agency spending by \$154,000 in Fiscal 2011 increasing to \$682,000 by Fiscal 2014. In particular, the Director of the unit was transferred during Fiscal 2010 to another Agency which held the employee's civil service title, while the Director's assistant position will be terminated. The remaining staff of the ACP will report to two deputy directors recently placed in the Unit.
- **Elimination of Cleaning Contract:** The agency will eliminate its cleaning contact for its warehouse which is located 167 41st Street in Brooklyn. The agency will utilize services from individuals who participate with the Work Experience Program which is administered by the Human Resources Administration. This action will reduce agency spending by \$90,000 in Fiscal 2011 and the out-years.
- **Elimination of the Graphics Department:** The agency will eliminate the entire graphics department which consisted of 2 employees who provided artwork for DOF forms, posters, and signage. The agency will instead ask the Department of Citywide Administrative Services and other City agencies for assistance if any artist's services are needed in the future. This action will save the City \$173,000 in Fiscal 2011 and a total of \$764,000 by Fiscal 2014.

Audit

This program area includes DOF employees who conduct in-depth audits of business and personal income, excise and other tax returns. The Audit Division identifies non-filing and delinquent businesses, and, when appropriate, assesses additional taxes and/or seeks civil penalties.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$14,546	\$14,433	\$16,208	\$16,372	\$16,372	\$164
Other Salaried and Unsalaries	99	82	10	10	10	0
Additional Gross Pay	2,752	2,803	2,656	2,657	2,656	0
Overtime - Civilian	1	0	0	0	0	0
Amounts to be Scheduled	0	0	1,202	1,202	1,218	16
P.S Other	(40)	(32)	0	0	0	0
Subtotal, PS	\$17,358	\$17,286	\$20,076	\$20,241	\$20,256	\$179
Other than Personal Services						
Supplies and Materials	\$228	\$85	\$50	\$46	\$50	\$0
Property and Equipment	2	58	12	103	12	0
Other Services and Charges	39	33	207	59	207	0
Contractual Services	35	0	1,410	4	10	(1,400)
Fixed and Misc Charges	0	9	0	2	0	0
Subtotal, OTPS	\$304	\$185	\$1,677	\$214	\$279	(\$1,400)
TOTAL	\$17,662	\$17,471	\$21,753	\$20,455	\$20,535	(\$1,221)
Funding						
City Funds	N/A	N/A	\$21,756	\$20,455	\$20,535	(\$1,221)
TOTAL	N/A	N/A	\$21,756	\$20,455	\$20,535	(\$1,221)

Executive Plan Actions-Audit

Overall spending for the Audit Division has increased since Fiscal 2009 largely due to the hiring of new employees in the Agency's Data Integrity and Mining Group Initiative. The objectives of this initiative are to improve productivity through data analysis techniques and to yield additional revenue from tax compliance. The agency projected that the Mining Group Initiative will yield approximately \$2.5 million in additional revenue in Fiscal 2010 and the out years. These additional hires were base-lined into the Audit Division's budget from Fiscal 2009 therefore there is little impact on personal services costs in Fiscal 2011 other than a slight increase due to recent collective bargaining settlements. Planned spending will decrease by \$1.2 million in Fiscal 2011 due to a reduction in contractual services for information technology services.

Finance Information Technology

The program area includes funding to ensure the development and delivery of information and technology solutions that aid the Department of Finance in achieving its goals.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$15,302	\$16,972	\$18,647	\$20,071	\$23,105	\$4,458
Other Salaried and Unsalaries	147	135	72	73	73	1
Additional Gross Pay	834	908	718	718	718	0
Overtime - Civilian	117	131	195	195	195	0
Amounts to be Scheduled	(11)	(8)	560	560	560	0
Subtotal, PS	\$16,272	\$18,007	\$19,997	\$21,619	\$24,652	\$4,458
Other than Personal Services						
Supplies and Materials	\$1,861	\$1,914	\$3,612	\$3,072	\$3,406	(\$205)
Property and Equipment	93	30	132	95	132	0
Other Services and Charges	306	278	180	311	166	(\$14)
Contractual Services	12,383	12,858	10,868	10,762	10,868	0
Fixed and Misc Charges	11	24	0	0	0	0
Subtotal, OTPS	\$14,654	\$15,104	\$14,792	\$14,241	\$14,573	(\$220)
TOTAL	\$30,926	\$33,111	\$34,789	\$35,860	\$39,225	\$4,238
Funding						
City Funds	N/A	N/A	\$34,987	\$35,860	\$39,225	\$4,238
TOTAL	N/A	N/A	\$34,987	\$35,860	\$39,225	\$4,238

Executive Plan Actions-Finance Information Technology

The agency's Fiscal 2011 Executive Budget includes \$4.2 million in more funding for Finance Information Technology (FIT) than was included in the Fiscal 2010 Adopted Budget. This increase is primarily due to collective bargaining increases and the addition of 29 information technology positions. The agency projects savings of \$5.9 million in Fiscal 2011 and the out-years through the in-sourcing of information technology rather than contracting out these services. According to DOF the average annual cost of a consultant is \$345,000, while the new hires will be paid between \$95,000 and \$140,000 annually (not including fringe).

Treasury

DOF's Treasury administers the City's network of bank accounts, manages the cash flow of the City's investments, and holds all cash bail until it is ordered to be refunded.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$2,523	\$2,563	\$2,360	\$2,346	\$2,236	(\$124)
Other Salaried and Unsalaries	69	89	50	54	54	4
Additional Gross Pay	81	97	111	111	111	0
Subtotal, PS	\$2,673	\$2,749	\$2,521	\$2,511	\$2,401	(\$120)
Other than Personal Services						
Supplies and Materials	\$8	\$37	\$7	\$23	\$23	\$16
Property and Equipment	25	11	18	13	13	(5)
Other Services and Charges	19	43	42	26	38	(5)
Contractual Services	4,314	12,952	22,988	19,141	22,982	(6)
Fixed and Misc Charges	0	0	2	2	2	0
Subtotal, OTPS	\$4,366	\$13,043	\$23,057	\$23,206	\$23,058	\$1
TOTAL	\$7,039	\$15,792	\$25,580	\$25,717	\$25,460	(\$120)
Funding						
City Funds	N/A	N/A	\$25,580	\$21,717	\$25,460	(\$120)
TOTAL	N/A	N/A	\$25,580	\$25,717	\$25,460	(\$120)

Executive Plan Actions-Treasury

Funding for the Treasury Division has nearly doubled since the Fiscal 2009 Adopted budget due to a change in how DOF maintains banking contracts for the City. Prior to 2009 DOF had an arrangement with banks whereby the City maintained funds on deposit that did not earn cash interest but instead earned credits that accrued at rates typically tied to the rates of 3-month treasury bills, this cost the City \$20 million a year. It was determined that since the rates on the 3-month treasury bills are low given the current economic environment that it was not fiscally prudent to continue this policy. The credits the City was able to earn on its deposits were not sufficient to offset the charges the City paid for banking services. Therefore the administration decided to redirect the City's funds on deposit to the Comptroller's Office for investment which is expected to earn enough to offset the increased cost in banking services. In addition, the Treasury Division's Fiscal 2011 budget decreases slightly from Fiscal 2010 as result of the elimination of 3 positions which will result in a savings of \$165,000 in Fiscal 2011 and the out-years.

Collections

This area is responsible for processing business income tax returns, collecting remittances and issuing tax refunds, and for billing the real property tax. It also collects non-tax revenue and provides taxpayer assistance.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$13,850	\$13,680	\$13,356	\$13,306	\$12,414	(\$942)
Other Salaried and Unsalariated	57	69	(244)	(241)	(241)	3
Additional Gross Pay	983	976	864	864	864	0
Overtime - Civilian	0	0	87	87	87	0
Fringe Benefits	267	247	1,866	1,866	2,407	541
Amounts to be Scheduled	0	0	1,680	1,680	1,797	117
Subtotal, PS	\$15,157	\$14,972	\$17,609	\$17,563	\$17,329	(\$281)
Other than Personal Services						
Supplies and Materials	\$210	\$896	\$16	\$146	\$115	\$100
Property and Equipment	32	64	54	413	54	0
Other Services and Charges	44	38	2,450	2,152	54	(2,396)
Contractual Services	689	840	3,760	4,678	3,209	(551)
Fixed and Misc Charges	0	2	0	0	0	0
Subtotal, OTPS	\$975	\$1,840	\$6,280	\$7,390	\$3,434	(\$2,848)
TOTAL	\$16,132	\$16,812	\$23,889	\$24,952	\$20,763	(\$3,129)
Funding						
City Funds	N/A	N/A	\$23,892	\$24,952	\$20,763	(\$3,129)
TOTAL	N/A	N/A	\$23,892	\$24,952	\$20,763	(\$3,129)

Executive Plan Actions-Collections

The Collections program budget has increased since Fiscal 2009 primarily due to a multi-agency initiative (Office of Management and Budget, the Environmental Control Board and DOF) which seeks to improve collections on receivables that are owed to the City. Revenue collections in Fiscal 2010 increased by \$25 million as a result of this initiative with another anticipated increase in Fiscal 2011. The initiative costs \$2.3 million which represents expected payments to a third-party vendor, largely contingent upon attaining the Fiscal 2010 revenue target. Since the payments have been made to the vendors, overall spending in the OTPS budget will decrease by \$2.3 million along with a reduction of \$551,000 in contractual services. In addition, in the Fiscal 2011 Executive budget four Sheriff Positions have been transferred to the Human Resources Administration in order to administer the Deadbeat Parents/Warrants program. This action will save the agency \$323,000 in Fiscal 2011 and the out-years.

Civil Enforcement

This program area includes funding for the Tax Enforcement Division which attempts to ensure that all taxpayers pay their fair share and provides enforcement against those who intentionally do not. This program area also includes funding for the Sheriff's Division which promotes public safety and enforces court orders, including those for the collection of judgment debt.

	2008	2009	2010	2010	2011	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Executive	Executive	2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$9,950	\$10,751	\$8,013	\$11,290	\$10,907	\$2,894
Other Salaried and Unsalaries	63	45	81	83	83	2
Additional Gross Pay	938	940	914	914	914	0
Overtime - Civilian	0	0	247	257	247	0
Fringe Benefits	18	26	11	11	11	0
Subtotal, PS	\$10,969	\$11,762	\$9,265	\$12,556	\$12,163	\$2,896
Other than Personal Services						
Supplies and Materials	\$1,776	\$1,946	\$1,705	\$1,810	\$1,805	\$100
Property and Equipment	353	177	138	507	171	33
Other Services and Charges	891	1,152	1,383	1,342	1,247	(136)
Contractual Services	418	506	516	597	516	0
Fixed and Misc Charges	3	8	11	14	11	0
Subtotal, OTPS	\$3,441	\$3,789	\$3,754	\$4,271	\$3,751	(\$3)
TOTAL	\$14,410	\$15,551	\$13,018	\$16,828	\$15,914	\$2,892
Funding						
City Funds	N/A	N/A	\$10,816	\$12,698	\$13,708	\$2,892
Intra City	N/A	N/A	\$2,205	\$4,129	\$2,205	\$0
TOTAL	N/A	N/A	\$13,021	\$16,828	\$15,914	\$2,892

Executive Plan Actions-Civil Enforcement

The agency will hire 29 additional auditors within the Tax Enforcement Division at a cost of \$1.8 million for the remainder of Fiscal 2010, and \$2.9 million in Fiscal 2011 and the out-years. The new auditors will focus on a variety of tax return types and will increase City audit revenues by a total gross amount of \$18.1 million annually. The new hires will expand the division's ability to assess and collect taxes owed to the City due to underreported and unreported taxable income. DOF has been implementing data-mining and screening techniques to increase the inventory of audit-worthy business income and excise tax cases. Some of the key results of recent data-mining efforts include cases related to the underreporting of business income and sales tax by cash businesses, unreported business income by high-income entrepreneurs and inappropriate expenses deducted by corporations conducting business in the City. In addition, DOF is creating a tax shelter unit which will focus on identifying and pursuing sub-national tax shelter activity, such as the shifting of profits out of entities existing in New York City through the creation of captive subsidiaries in low-tax states. The agency will also increase the number of personal income tax and sales tax auditors who will identify additional cases in areas such as personal income tax under-withholding by employers and sales and use tax underreporting by businesses and individuals.

The additional revenue projection of \$18.1 million is based on the increasing number of closed audit cases with positive assessments resulting from the productivity improvements and greater staff capacity. One of the main elements of productivity improvements includes more efficient screening of potential audit cases so that individuals and businesses are not subject to an audit unless DOF has sufficient cause to investigate a tax compliance issue.

Legal & Adjudications

This program area includes funding for the Legal Affairs Division which ensures that laws, rules and regulations are clear, easy to understand and fairly applied to the public, and that DOF has adequate legal support. This program area also funds the Adjudication Division which provides a forum for motorists to challenge their parking or red light tickets.

	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$9,237	\$9,336	\$6,111	\$6,209	\$5,697	(\$414)
Other Salaried and Unsalariated	4,561	3,917	3,667	3,983	3,990	323
Additional Gross Pay	549	633	640	646	649	9
Overtime - Civilian	0	1	1	1	1	0
Amounts to be Scheduled	0	0	2,828	2,829	2,945	117
Subtotal, PS	\$14,347	\$13,887	\$13,247	\$13,677	\$13,290	\$34
Other than Personal Services						
Supplies and Materials	\$295	\$391	\$49	\$328	\$304	\$255
Property and Equipment	90	48	92	79	93	1
Other Services and Charges	144	131	760	113	721	(39)
Contractual Services	26	2	220	602	759	539
Fixed and Misc Charges	0	1	2	2	2	0
Subtotal, OTPS	\$555	\$573	\$1,123	\$1,124	\$1,879	\$756
TOTAL	\$14,902	\$14,460	\$14,370	\$14,802	\$15,170	\$790
Funding						
City Funds	N/A	N/A	\$14,380	\$14,802	\$15,170	\$790
TOTAL	N/A	N/A	\$14,380	\$14,802	\$15,170	\$790

Executive Plan Actions-Legal & Adjudications

An additional \$1.9 million has been allocated for this program area since the 2010 Adopted Budget to fund the anticipated costs associated with State legislation that expanded the Red Light Camera Program. The recently passed legislation allows for the expansion of 150 red light cameras within 50 additional intersections in New York City. The increased funding is primarily for added personal costs for the Administrative Law Judge (ALJ) Division which will be handling a larger caseload. Since the Fiscal 2009 Adopted Budget the Legal and Adjudications headcount has been reduced by 36 positions. The savings from these layoffs, however, is offset by the increases to the Red Light Camera Program.

In addition, DOF plans to digitize the process of appealing fines issued by the City. This action will eliminate 25 machine operators from the Hearing-by-Mail program. The cost of digitizing the hearing by mail process will be approximately \$850,000 per year, however the agency will realize net savings of \$360,000 in Fiscal 2011. DOF will utilize an existing Department of Citywide Administrative Services (DCAS) requirements contract to have all documents scanned off-site, thereby creating electronic case files, which will enable ALJs to decide cases from any location.

NYCSERV Contract Funding

This program area includes funding for Other than Personal Services expenses of the NYCServ Contract. NYCServ is the payment and adjudications engine for all debts, collections, licensing, and permits to the City of New York. It enables customers to pay taxes and fines or dispute parking tickets and violations in a single location while improving customer service.

	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Other than Personal Services						
Supplies and Materials	\$11	\$1,186	\$0	\$0	\$0	\$0
Property and Equipment	70	5	0	0	0	0
Other Services and Charges	75	25	25	25	25	0
Contractual Services	18,159	16,834	4,224	10,067	4,224	0
Fixed and Misc Charges	3	0	0	0	0	0
Subtotal, OTPS	\$18,317	\$18,050	\$4,249	\$6,991	\$4,249	\$0
TOTAL	\$18,317	\$18,050	\$4,249	\$6,991	\$4,249	\$0
Funding						
City Funds	N/A	N/A	\$4,249	\$9,442	\$4,249	\$0
Intra City	N/A	N/A	0	\$650	0	0
TOTAL	N/A	N/A	\$4,249	\$10,092	\$4,249	\$0

Executive Plan Actions-NYCSERV

Funding of this program area has decreased since Fiscal 2009 by approximately \$12 million largely due to DOF's initiative to eliminate contracts in the OTPS budget that were responsible for providing maintenance to the NYCSERV system which will instead be handled by the hiring of new information technology specialists.

Property Records

This program area includes funding for the City Register which maintains official records of real and personal property transfers and interests. ACRIS is the Automated City Register Information System, which allows anyone to view property-related ownership documents online going back to 1966. The surveyor, who reports to the City Register, updates and maintains the official tax maps of the City of New York when property owners request the subdivision of large lots into smaller lots (apportionment) or the merging of smaller lots into one large lot (merging).

	2008	2009	2010	2010	2011	Difference
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Executive	Executive	2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$6,684	\$6,693	\$5,978	\$5,952	\$5,809	(\$169)
Other Salaried and Unsalaries	159	162	76	82	82	6
Additional Gross Pay	252	291	186	186	186	0
Overtime - Civilian	0	0	22	22	22	0
Amounts to be Scheduled	0	0	214	214	214	0
Subtotal, PS	\$7,095	\$7,146	\$6,476	\$6,456	\$6,313	(\$163)
Other than Personal Services						
Supplies and Materials	\$32	\$78	\$26	\$31	\$26	\$0
Property and Equipment	4	2	11	72	11	0
Other Services and Charges	327	274	105	117	105	0
Contractual Services	4,643	2,643	2,186	877	2,186	0
Fixed and Misc Charges	1	3	4	1	4	0
Subtotal, OTPS	\$5,007	\$3,000	\$2,332	\$1,099	\$2,334	\$2
TOTAL	\$12,102	\$10,146	\$8,811	\$7,555	\$8,648	(\$164)
Funding						
City Funds	N/A	N/A	\$8,811	\$7,555	\$8,648	(\$164)
TOTAL	N/A	N/A	\$8,811	\$7,555	\$8,648	(\$164)

Executive Plan Actions-Property Records

The funding in this program area has decreased by approximately \$1.5 million since the Fiscal 2009 Adopted Budget. This decrease is partly due to DOF's initiative to eliminate contacts in the OTPS budget that were responsible for providing maintenance to the ACRIS system which will instead be handled by the hiring of new information technology specialist.

Valuing Property

The function of this program area is to determine the taxable value of more than 900,00 parcels of NYC real estate each year. It oversees the computer-assisted mass appraisal system (CAMA) to enhance data collection and accuracy of assessments for small residential properties.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Executive	2011 Executive	Difference 2011 vs. 2010
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$10,805	\$10,952	\$10,552	\$10,565	\$10,518	(\$34)
Other Salaried and Unsalariated	35	82	(37)	(37)	(37)	0
Additional Gross Pay	609	681	584	584	583	1
Overtime - Civilian	0	0	49	49	49	0
Amounts to be Scheduled	0	0	1,186	1,187	1,222	36
Subtotal, PS	\$11,449	\$11,715	\$12,334	\$12,349	\$12,336	\$2
Other than Personal Services						
Supplies and Materials	\$3	\$237	\$156	\$178	\$157	\$1
Property and Equipment	157	112	52	89	52	0
Other Services and Charges	55	47	170	54	170	0
Contractual Services	85	25	429	435	430	0
Fixed and Misc Charges	0	0	2	0	2	0
Subtotal, OTPS	\$300	\$421	\$809	\$745	\$811	\$2
TOTAL	\$11,749	\$12,136	\$13,143	\$13,094	\$13,146	\$3
Funding						
City Funds	N/A	N/A	\$12,646	\$12,657	\$12,709	\$63
State	N/A	N/A	\$500	\$438	\$438	(63)
TOTAL	N/A	N/A	\$13,146	\$13,094	\$13,147	0

Appendix A: Budget Actions Since Fiscal Year 2010 Adoption

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the June 2009 Plan	\$223,309	\$4,206	\$227,515	\$220,413	\$4,206	\$224,619
Program to Eliminate the Gap (PEGs)						
Business Center Efficiencies	\$0	\$0	\$0	(\$400)	\$0	(\$400)
Centralize & Consolidate Admin. Functions	(386)	0	(386)	(1,723)	0	(1,723)
Collections-Financial Institution-Data Matching Program	28	0	28	0	0	0
Digitize Hearing-by-Mail Process	0	0	0	(360)	0	(360)
Insource IT Positions	(1,003)	0	(1,003)	(5,945)	0	(5,945)
Tax shelter audit revenue				(18,100)		(18,100)
New audit revenue group				(5,000)		(5,000)
Administrative Staff Reduction	0	0	0	(154)	0	(154)
Eliminate Cleaning Contract	0	0	0	(90)	0	(90)
Eliminate Graphics Department	0	0	0	(173)	0	(173)
Eliminate Sheriff Positions	0	0	0	(323)	0	(323)
Total, PEGs	(\$1,362)	\$0	(\$1,362)	(\$32,268)	\$0	(\$32,268)
New Needs						
New York State 6.5% Assessor Aid Cut	\$0	(\$63)	(\$63)	\$0	(\$63)	(\$63)
New York State STAR Funding Cut	0	(1,500)	(1,500)	0	(1,500)	(1,500)
Collections Initiatives	2,758	0	2,758	0	0	0
ECB Penalty Relief Program	401	0	401	0	0	0
Targeted Program to Increase Audit Revenue		0	0	2,900	0	2,900
Total, New Needs	\$3,159	(\$1,563)	\$1,597	\$2,900	(\$1,563)	\$1,338
Other Adjustments						
Business Center Efficiencies	\$0	\$0	\$0	\$105	\$0	\$105
Centralize & consolidate various functions throughout the Agency	(73)	0	(73)	348	0	348
Collective bargaining for CWA Admin. Managers	96	0	96	96	0	96
Collective bargaining for Managers and OJ's	1867	0	1867	1867	0	1867
Digitize Hearing by Mail Process	0	0	0	267	0	267
Intra City with DOF-Sheriff Office	0	681	681	0	0	0
To establish SARA Grant	0	123	123	0	0	0
Transfer Warrant Mailing Function	(110)	0	(110)	(220)	0	-220
\$100,000 to DOF/Merman Miller	100	0	100		0	0
Admin Staff Reduction Offset		0	0	16	0	16
Clean Fleet Transition	76	0	76		0	0
Collective Bargaining for Attorney's	7	0	7	7	0	7
Eliminate Graphics Department Offset		0	0	15	0	15
E-Permits	650	0	650		0	0
Heat, Light and Power	(582)	0	(582)	(296)	0	-296
Lease Adjustment		0	0	1092	0	1092
OCSE Intracity	1067	0	1067	0	0	0
Switch Banking Contracts to Direct Pay-Reestimate	(4000)	0	(4000)	0	0	0
Decrease SARA Grant	(12)	0	(12)	0	0	0
Increased Revenue to General Fund	0	0	0	23100		23100
Total, Other Adjustments	(\$914)	\$804	(\$110)	\$26,395	\$0	\$26,395
Total Plan Changes	\$884	(\$759)	\$125	(\$2,973)	(\$1,563)	(\$4,535)
Agency Budget as per the Fiscal 2011 Executive Plan	\$224,193	\$3,447	\$227,640	\$217,440	\$2,644	\$220,084

Appendix B: Reconciliation of Program Areas to Units of Appropriation

Dollars in Thousands

Program Area	Personal Services (PS)					Other Than Personal Services (OTPS)									TOTAL
	001	002	003	004	005	007	009	011	022	033	044	055	077	099	
Administration	\$11,270							\$28,165							\$39,436
Audit				\$20,256							\$279				\$20,535
Civil Enforcement				\$5,179			\$6,983				\$135			\$3,616	\$15,914
Collections		\$9,778					\$7,378		\$3,434						\$20,590
Communications & Government Services	\$1,073							\$518							\$1,592
Customer Relations	\$1,954							\$36.8							\$1,991
Finance Information Technology	\$24,359			\$293				\$14,573							\$39,225
Legal & Adjudications	(\$11.2)				\$3,901	\$9,401						\$127	\$1,752		\$15,170
NYCSERV Contract Funding							\$173	\$4,249							\$4,421
Payment Ops & Application Processing		\$12,949							\$1,000						\$13,949
Property Records			\$7,320							\$2,334					\$9,654
Treasury	\$2,401							\$23,058							\$25,459
Valuing Property			\$11,329							\$811					\$12,140
TOTAL	\$41,048	\$22,728	\$18,649	\$25,728	\$3,901	\$9,401	\$14,534	\$70,602	\$4,434	\$3,144	\$414	\$127	\$1,752	\$3,616	\$220,083