



THE COUNCIL OF THE CITY OF NEW YORK

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SPEAKER OF THE COUNCIL

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CHAIR, COMMITTEE ON FINANCE

HEARING ON THE 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF FINANCE

June 5, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- Overview.** The Department of Finance (DOF or Agency) has a Fiscal 2014 Expense Budget of \$234.4 million, an increase of approximately \$6.1 million when compared to the Fiscal 2013 Adopted Budget. This is mainly due to a \$2.5 million increase in funding to expand the booting program, increased funding needs to support increased collections, and budget realignments.
- Superstorm Sandy Property Value Reassessment.** DOF has taken special action on the final tax assessment roll to take into account value changes due to Superstorm Sandy. Values were revised for more than 88,000 properties. These changes came in two ways. First, assessors physically inspected 6,122 properties – identified by the 5,400 owners who sent in a specially created Sandy Damage Reporting Form as well as the properties who received red tags from the New York City Department of Buildings. In addition to reductions due to physical damage, DOF made across-the-board reductions to properties in neighborhoods directly impacted by Sandy, even if the properties themselves were not damaged. The reductions in market values were 15 percent for Class 1 & 2 properties, and 10 percent for Class 4 properties. Below is a chart that shows the count of tax lots that saw reductions in market value, the portion of those that actually saw their assessed value reduced, and the count of properties that had market value reductions due to physical damage.

Class	Market Value Reduc.	Assessed Value Reduc.	MV Reduc. due Physical Damage
1	75,016	44,561	4,983
2	3,881	1,005	305
4	9,974	8,068	355
TOTAL	88,871	53,634	5,643

These reductions will result in \$85 million in savings, with the majority, or 47 percent going to Class 4 properties with an average savings of almost \$5,000 per building. Class 2 sees 29 percent of the savings of about \$237 per residential unit. Class 1 sees the remaining 24 percent of the savings, at an average of \$456 per building.

- Headcount:** The Fiscal 2014 Executive Budget has an increase of 22 positions when compared to the Fiscal 2013 Adopted budget. This headcount increase takes into account the hiring of four employees to the Property Assessment Defense Unit, four employees to the Tax Warrant Unit, and 14 new Deputy Sheriffs. The new class of Deputy Sheriffs is needed in relation to DOF's booting program, a new tool to recover outstanding judgment parking debt.

FINANCE DIVISION

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DEPARTMENT OF FINANCE OVERVIEW

This report provides an overview of the Department of Finance's Fiscal 2014 Budget. Appendix 2 reports the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget. For additional information on DOF's budget and its various programs, please refer to the "Department of Finance's Executive Budget Report" available at: <http://www.council.nyc.gov>.

FINANCIAL SUMMARY					
<i>Dollars in Thousands</i>	2012	2013		2014	*Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013 - 2014
Budget by Program Area					
Administration	\$49,717	\$50,710	\$47,523	\$50,848	\$138
Audit	14,623	16,715	15,397	16,534	(181)
Civil Enforcement	21,995	19,619	24,791	24,388	4,769
Collections	13,509	16,548	18,868	19,335	2,787
Communications & Governmental Services	2,229	2,219	2,305	2,305	86
Customer Relations	0	469	169	469	(0)
Financial Plan Savings	0	(447)	0	0	447
FIT (Finance Information Technology)	36,583	37,328	37,557	36,831	(497)
Legal & Adjudications	16,018	16,170	15,657	15,829	(342)
NYCSERV Contract Funding	5,334	2,013	5,575	3,356	1,343
Payment Ops & Application Processing	21,652	21,141	22,405	23,698	2,557
Property Records	4,670	5,527	5,730	5,434	(93)
Treasury	21,294	25,410	21,887	19,494	(5,916)
Valuing Property	13,722	14,948	14,792	15,904	956
TOTAL	\$221,347	\$228,370	\$232,657	\$234,424	\$6,054
Funding					
City Funds		\$223,614	\$227,397	\$229,667	\$6,054
State		438	438	438	0
Federal		0	288	0	
Intra City		4,319	4,534	4,319	0
TOTAL		\$228,370	\$232,657	\$234,424	\$6,054
Positions					
	1750	1870	1892	1891	21
TOTAL	1750	1870	1892	1891	21

*The difference of Fiscal 2013 Adopted compared to Fiscal 2014 Executive Plan.

NEW IN THE EXECUTIVE BUDGET

The Department of Finance has a Fiscal 2014 Expense Budget of \$234.4 million, an increase of approximately \$6.1 million when compared to the Fiscal 2013 Adopted Budget. This is mainly due to a \$2.5 million increase in funding to expand the booting program and \$3.1 million increase for the funding of two employees for payment operations and application processing.

- **Property Tax System Upgrades.** The Fiscal 2014 Executive budget has a new need of approximately \$2.4 million for the new Property Tax System (PTS), formerly the modernized integrated property tax system (MIPTS). This will fund the agencies work to replace the property tax administration related to the legacy mainframe system (RPAD) and the property tax billing, noticing, and collections functions performed by FAIRTAX. There is also an increase of \$560,000 from the Fiscal 2013 Adopted budget to the Fiscal 2014 Executive budget due to funding two new employees for this system upgrade.
- **Increased Collections.** The Fiscal 2014 Executive budget shows a budget reallocation of approximately \$4.0 million and an increase of about \$700,000 in the Collections program area in order to fund outside collection firms to foster increased collection of outstanding City debt.
- **Expansion of the Pilot Booting Program.** The agency is expanding the successful enforcement tool of booting vehicles with outstanding parking violations, which was piloted last summer. DOF's goals for the booting program are improvement in the customer experience for redeeming seized vehicles, heightened visibility of parking enforcement activity to serve as a deterrent to delinquency, and better tracking and efficiency in the identification of scofflaw vehicles. The Fiscal 2014 Executive budget shows a \$2.5 million increase in the Civil Enforcement program area for the expansion of the this program.
- **Superstorm Sandy Funding.** The current Fiscal 2014 Executive budget reflects a FEMA reimbursement of \$67,380, which includes \$56,029 for Personal Services and \$11,351 for Other Than Personal Services, but these numbers are being revised. The Agency does not expect to be reimbursed for the Personal Services. DOF does however expect to be reimbursed for \$11,351 in Other Than Personal Services for the repairs to the Security gate in Queens and miscellaneous items to operate

APPENDIX 1: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of 2014 Preliminary Plan	\$226,699	\$4,970	\$231,669	\$219,850	\$4,757	\$224,607
New Needs						
NYCServ Maintenance	\$0		\$0	\$2,200		\$2,200
OTPS Needs	0		0	1,062		1,062
PTS Replacement	0		0	2,362		2,362
TOTAL, New Needs	\$0	\$0	\$0	\$5,624	\$0	\$5,624
Other Adjustments						
DEP (BPS)-DOF RTK Program Pay		\$1	\$1	\$0		\$0
FY13 Roll	(652)		(652)	652		652
Heat, Light and Power	(200)		(200)	(317)		(317)
Hurricane Sandy Funds		288	288	0		0
Lease Adjustment	0		0	1,359		1,359
Sheriff Pilot Program Fees	1,550		1,550	2,500		2,500
TOTAL, Other Adjustments	\$698	\$289	\$987	\$4,194	\$0	\$4,194
TOTAL, All Changes	\$698	\$289	\$987	\$9,818	\$0	\$9,818
Agency Budget as of 2014 Executive Plan	\$227,397	\$5,259	\$232,655	\$229,668	\$4,757	\$234,425

APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, JANUARY AND JUNE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of 2013 Adopted Plan	\$223,614	\$4,757	\$228,371	\$220,069	\$4,757	\$224,826
New Needs						
Deputy Sheriffs Class	\$260		\$260	\$574		\$574
Tax Warrant Unit	199		199	199		199
Property Assessment Defense	150		150	301		301
NYCServ Maintenance	0		0	2,200		2,200
OTPS Needs	0		0	1,062		1,062
PTS Replacement	0		0	2,362		2,362
TOTAL, New Needs	\$609	\$0	\$609	\$6,698	\$0	\$6,698
Other Adjustments						
OTPS Adjustments	\$2,273		\$2,273	\$0		\$0
Xerox/Accenture Fee Transfer to DCAS	(1)		(1)	0		0
DOF DoITT STARS Transfer	0		0	(1,197)		(1,197)
Technical Adjustment	(96)		(96)	(96)		(96)
Interagency Transfers		140		0		0
DOF Security		72		0		0
DEP (BPS)-DOF RTK Program Pay		1	1	0		0
FY13 Roll	(652)		(652)	652		652
Heat, Light and Power	(200)		(200)	(317)		(317)
Hurricane Sandy Funds		288	288	0		0
Lease Adjustment	(200)		(200)	1,359		1,359
Sheriff Pilot Program Fees	2,050		2,050	2,500		2,500
TOTAL, Other Adjustments	\$3,174	\$502	\$3,463	\$2,901	\$0	\$2,901
TOTAL, All Changes	\$3,783	\$502	\$4,072	\$9,599	\$0	\$9,599
Agency Budget as of 2014 Executive Plan	\$227,397	\$5,259	\$232,443	\$229,668	\$4,757	\$234,425