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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF CORRECTION

May 14, 2013

EXECUTIVE BUDGET HIGHLIGHTS

BUDGET OVERVIEW

- ☑ The Fiscal 2014 Executive Budget is \$1.065 billion. \$15 million or 1.5 percent higher than its Fiscal 2013 Adopted Budget of \$1.050 billion.
- ☑ The Department's Executive Budget for Fiscal 2014 shows \$15 million in growth from Fiscal 2013 to 2014, but a \$26.2 million drop when compared to the Fiscal 2013 Modified budget. The \$26.2 million drop is primarily attributed to one-time costs of \$25 million that was added in Fiscal 2013 to support an increase in the uniform overtime budget.
- ☑ **BUDGET CHANGES SINCE ADOPTION:** PEGs \$40.4 million; New Needs of \$27.7 million; PEG restoration of \$2.9 million; and Other Adjustments of \$16 million.
- ☑ **OVERTIME:** The Executive Budget for Fiscal 2014 includes \$74.6 million for overtime. The projected total spending on overtime in Fiscal 2013 is \$156 million.
- ☑ **WORK FORCE:** The Executive Budget supports a workforce of 10,480 positions. 1,611 civilian positions (145 less than Fiscal 2013) and 8,869 uniform positions (15 more than Fiscal 2013). The budget includes baseline funding to support 275 uniform positions.
- ☑ **CORRECTION OFFICER RECRUITMENT:** To address the shortfall in uniform headcount the Department has been aggressive in its efforts to hire additional officers. In Fiscal 2013, the Department graduated three recruit classes resulting in 902 new officers and a fourth class of 350 recruits will begin training this month.

CAPITAL BUDGET SUMMARY

- ☑ The May 2013 Capital Commitment Plan includes \$1.2 billion in Fiscal 2013-2017. Through May 6th, 2013 DOC has registered \$94.3 million in capital contracts in Fiscal 2013

FINANCE DIVISION

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DEPARTMENT OF CORRECTION OVERVIEW

This report presents an analysis of the Department of Correction's Fiscal 2014 budget as proposed in the Executive Budget. In the section below, the Fiscal 2014 Budget is presented in a Financial Plan Summary table which provides an overview of the Department's budget by Personal Services and Other than Personal Services, program area, funding sources and headcount. A review of the significant budget actions included in the Executive Budget, and a summary of the Department's Capital Budget for Fiscal 2013-2017 are presented. Appendices 1 and 2 report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget. For additional information on the Department's Budget and its various programs, please refer to the "Fiscal 2014 Preliminary Budget Report for the Committee on Fire and Criminal Justice Services available at: www.council.nyc.gov/

FINANCIAL PLAN SUMMARY

<i>Dollars in Thousands</i>	2012	2013		2014	Difference 2013-2014*
	Actual	Adopted	Exec. Plan	Exec. Plan	
Spending					
Personal Services	\$954,243	\$929,237	\$970,753	\$935,931	\$6,694
Other Than Personal Services	124,546	120,815	120,543	129,174	8,359
TOTAL	\$1,078,789	\$1,050,051	\$1,091,296	\$1,065,105	\$15,054
Budget by Program Area					
Administration-Academy and Training	\$32,221	\$5,908	\$5,799	\$6,490	\$582
Administration-Mgmt. & Administration	47,180	47,620	42,772	48,390	770
Health and Programs	13,631	11,549	14,343	11,834	285
Jail Operations	895,052	918,453	956,214	930,874	12,421
Operations-Hospital Prison Ward	16,288	12,145	12,145	12,145	0
Operations-Infrastructure. & Environ. Health	43,074	32,770	34,503	31,284	(1,486)
Operations-Riker's Security & Ops	31,344	21,606	25,518	24,087	2,481
TOTAL	\$1,078,789	\$1,050,051	\$1,091,296	\$1,065,105	\$15,053
Funding					
City Funds	\$1,058,821	\$1,038,801	\$1,064,282	\$1,052,843	\$14,041
Other Categorical	3,523	1,000	1,703	1,000	0
State	724	1,109	1,359	1,109	0
Federal – Other	1,330	8,286	22,604	9,286	1,000
Intra-City	132	856	1,348	868	12
TOTAL	\$1,078,789	\$1,050,051	\$1,091,296	\$1,065,105	\$15,053
Positions					
Full-time Positions - Civilian	1,459	1,756	1,633	1,611	(145)
Full-time Positions - Uniform	8,540	8,854	8,962	8,869	15
TOTAL	9,999	10,610	10,595	10,480	(130)

* Difference between FY 2013 Adopted Budget and FY 2014 Executive Budget.

The Department of Correction's Fiscal 2014 Executive Budget of \$1.065 billion is \$15 million more than its Fiscal 2013 Adopted Budget of \$1.050 billion. The \$15 million increase is due to growth in the Personal Services (PS) budget of \$6.7 million and in the Other Than Personal Services (OTPS) budget of \$8.3 million.

In June 2012, DOC's projected Fiscal 2014 Budget of \$1.059 billion was \$9 million more than the Adopted Fiscal 2013 Budget of \$1.050 billion. Since Fiscal 2013 Adoption several initiatives have increased the Fiscal 2014 Budget to \$1.065 billion. These changes include new needs of \$27.7 million, a PEG

Restoration and Substitution (PRS) of \$2.9 million; offset by Programs to Eliminate the Gap (PEGs) totaling \$40.4 million and other adjustments of \$16 million. Combined, the above actions reconcile the agency to its current budget of \$1.065 billion for Fiscal 2014. (See appendix 2 for a list of all budget actions since adoption)

The Department's Executive Budget for Fiscal 2014 shows \$15 million in growth from Fiscal 2013 to 2014, but a \$26.2 million drop when compared to the Fiscal 2013 Modified budget. The agency's overall headcount shows a drop of 130 positions from Fiscal 2013 to 2014, and a drop 115 positions when compared to the Fiscal 2013 Modified budget. The \$26.2 million drop is primarily attributable to a one-time increase of \$25 million added in Fiscal 2013 for uniform overtime. The civilian headcount changes of 145 positions from Fiscal 2013 to 2014 is attributed to the Fiscal 2014 headcount already being 12 positions less than the Fiscal 2013 headcount and three PEGs that removed a total of 133 positions. The uniform headcount changes of 15 positions from Fiscal 2013 and 2014 are attributed to the three PEGs removing a total of 260 positions and a new need and PRS that baselined a total of 275 positions. (See Appendix 2 for a list of all changes to the Fiscal 2012 and 2013 Budgets since Adoption.)

NEW IN THE EXECUTIVE BUDGET

OVERTIME INCREASE

For Fiscal 2013 only, combined, the November and Executive Plans added \$28 million for uniform overtime. The additional funding will help to cover costs associated with DOC's headcount short fall. It is anticipated that with the increase of 275 correction officer positions in Fiscal 2014 DOC will not have to rely heavily upon the overtime budget to support security post.

MAINTENANCE CONTRACTS

The Fiscal 2014 Executive Budget includes baseline funding of \$1.7 million in Fiscal 2014 increasing to \$4 million by Fiscal 2017 to support the ongoing maintenance of the fire alarm systems and the full body scanners within the jails. The Department currently has six full body scanners that require maintenance and it is anticipated that the fire alarm systems will be fully operational Department wide in Fiscal 2014.

MODULAR AND SPRUNG REMOVAL

The Fiscal 2014 Executive Budget includes \$1.3 million in Fiscal 2014 for the demolition of three modular and 14 sprung structures. The Department has a total of 74 modular and sprung structures. As these structures have exceeded their usefulness all but nine, which are solid steel, will be removed by 2018 when the new Riker's Island facility opens. Of the 65 structures scheduled for demolition, the removal of 48 will be accomplished as part of Capital projects and will therefore be paid for with capital funding, and the demolition of the other 17 will be funded through the expense budget.

CONSULTANT – POLICIES AND PROCEDURES UPDATE

The Fiscal 2014 Executive Budget includes \$2.3 million in OTPS funding over the next three years to support operational research consultants. Over the course of three years, the consultants will provide a comprehensive assessment of current DOC policies and procedures and develop a manual with its revisions.

CAPITAL PROGRAM

The May 2013 Capital Commitment Plan includes \$1.2 billion in Fiscal 2013-2017 for the Department of Correction (including City and Non-City funds). This represents 2.6-percent of the City's total \$44.5 billion Capital Plan for Fiscal 2013-2017. The Department's Commitment Plan for Fiscal 2013-2017 is seven percent less than the \$1.3 billion scheduled in the January Commitment Plan, a decrease of \$88 million.

The majority of capital projects span multiple fiscal years, and it is, therefore, common practice for an agency to roll unspent capital funds into future fiscal years. In Fiscal Year 2012, the Department of Correction committed \$95.4 million or 55 percent of its annual capital plan. Therefore, it is assumed that a significant portion of DOC's Fiscal 2013 Capital Plan will be rolled into Fiscal 2014. Since adoption last June, the City's total Capital Commitment Plan for Fiscal 2013 has decreased from \$17.9 billion in the September Capital Commitment Plan to \$16.6 billion in the May Capital Commitment Plan, a decrease of \$1.3 billion or 7.3 percent.

2013-2017 Commitment Plan: Preliminary Budget and Executive Budget

Dollars in Thousands

	FY13	FY14	FY15	FY16	FY17	Total
Preliminary						
Total Capital Plan	\$583,773	\$565,959	\$18,789	\$43,988	\$49,113	\$1,261,622
Executive						
Total Capital Plan	\$352,363	\$691,847	\$36,273	\$43,988	\$49,113	\$1,173,584
Change						
Level	(\$231,410)	\$125,888	\$17,484	\$0	\$0	(\$88,038)
Percentage	-40%	22%	93%	0%	0%	-7%

MAJOR CAPITAL PROJECTS & EXECUTIVE BUDGET HIGHLIGHTS

- ☑ **Capacity Replacement:** DOC's capital plan includes \$546.8 million for construction of a new 1,537 bed facility for male detainees. The new facility will serve as a central admissions center for all male inmates on Riker's Island and certain borough facilities as well. The facility will have cells for new admissions, dormitories and cells for infirmary beds and dormitories for general population inmates. The new facility will replace facilities that exceed their useful lives and are taken offline.
- ☑ **Building Systems, Infrastructure and support space:** The May 2013 Capital Commitment Plan includes \$224.8 million in funding during the Four-Year Plan for the refurbishment and replacement of vital building infrastructure. Funding will be allocated as follows: \$65.4 million to repair damage associated with Super Storm Sandy; \$62.9 million for window replacement, façade rehabilitation, and roof reconstruction at various facilities; \$28.5 million for the installation of heating and ventilation systems at various facilities; \$4.3 million for improvements to Riker's

Island perimeter security and fencing; \$3.6 million for the replacement of Riker's Island showers and plumbing and; \$23.4 million for other upgrades to the Department's building systems, infrastructure, and support space.

- Equipment, vehicles, computers, and communication systems:** The May 2013 Capital Commitment Plan includes \$49.6 million during the Four-Year Plan for replacement and upgrades of various equipment such as equipment replacement. Funding will be allocated as follows: \$14.6 million for the replacement of generators; \$13.5 million technology upgrades to servers and network infrastructure; \$12.1 million for vehicles and, \$9.4 million for the replacement of food service and security equipment.

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
DOC Budget as of the February 2013 Plan	\$1,043,484	\$26,189	\$1,069,673	\$1,046,912	\$12,262	\$1,059,174
New Needs						
PS New Need	\$25,000		\$25,000	\$0		\$0
Maintenance Contracts	210	0	210	1,750	0	1,750
Mod/Sprung Demolition			0	1,344		1,344
Policies and Procedures Update	0		0	775		775
TOTAL, New Needs	\$25,210	\$0	\$25,210	\$3,869	\$0	\$3,869
Other Adjustments						
Bullet Proof Vest Program	\$0	\$43	\$43	\$0		\$0
Psychological testing of ACS Officer	0	15	15	0		0
Fuel	(586)		(586)	(3)		(3)
Gasoline	(153)		(153)	3		3
Heat, Light and Power	(2,901)		(2,901)	1,180		1,180
Hurricane Sandy Cat E	0	71	71	0		0
DOHMH for HIV Services - CO's at Court		77	77	0		0
Lease Adjustment			0	111		111
NYPA Peak Load Management	0	169	169	0		0
PlanNYC Outreach Program	0	51	51	0		0
Prison Rape Elimination Act	0	447	447	0		0
Second Chance Takedown		(92)	(92)	0		0
Technical Adjustment	(771)	0	(771)	771		771
Transitional Services	0	44	44	0		0
TOTAL, Other Adjustments	(\$4,412)	\$825	(\$3,587)	\$2,062	\$0	\$2,062
TOTAL, All Changes	\$20,798	\$825	\$21,623	\$5,931	\$0	\$5,931
Budget as of the May 2012 Plan	\$1,064,282	\$27,014	\$1,091,296	\$1,052,843	\$12,262	\$1,065,105

APPENDIX 2: BUDGET ACTIONS IN THE NOVEMBER, FEBRUARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2012 Plan	\$1,038,801	\$11,250	\$1,050,051	\$1,047,533	\$11,250	\$1,058,783
Program to Eliminate the Gap (PEGs)						
SCAPP	(\$6,405)	\$6,405	\$0	\$0		\$0
Northern Border Prosecution Initiative Fed. Rev	(1,244)	1,244	0	(1,000)	1,000	0
Courier Service Savings	(71)		(71)	(143)		(143)
Construction Vehicles Leas Reduction			0	(84)		(84)
Reduce Medically Monitors Return CO Follow-up Visits	(150)		(150)	(300)		(300)
Reduce Adolescent Punitive Segregation Capacity	(162)		(162)	(323)		(323)
Reorganize Support Services Division			0	(627)		(627)
Cancel Re-opening of QDC	(12,117)		(12,117)	(24,233)		(24,233)
Five Day Recreation Schedule			0	(5,030)		(5,030)
Four Day Visit Schedule			0	(1,285)		(1,285)
Post Reduction	(123)		(123)	(251)		(251)
Civilian PS Accrual Savings	(3,894)		(3,894)	0		0
Civilian Vacancy Reduction	(3,950)		(3,950)	(8,086)		(8,086)
TOTAL, PEGs	(\$28,116)	\$7,649	(\$20,467)	(\$41,362)	\$1,000	(\$40,362)
New Needs						
Uniform Operating Level	\$22,256		\$22,256	\$21,191		\$21,191
Benjamin Litigation	1,000		1,000	1,725		1,725
Jail Management System	271		271	949		949
PS New Need	\$25,000		25,000	\$0		0
Maintenance Contracts	210		210	1,750		1,750
Mod/Sprung Demolition			0	1,344		1,344
Policies and Procedures Update	0		0	775		775
TOTAL, New Needs	\$48,737	\$0	\$48,737	\$27,733	\$0	\$27,733
PEG Restorations						
Reduce ESU Daytime Staffing	\$2,915		\$2,915	\$2,946		\$2,946
TOTAL, PEG Restorations	\$2,915	\$0	\$2,915	\$2,946	\$0	\$2,946
Other Adjustments						
Reduce ESU Daytime Staffing PRS	(\$590)		(\$590)	(\$621)		(\$621)
Civilian PS Accrual Savings PEG	277		277	0		0
Reduce Medically Monitors Return CO Follow-up Visits	11		11	21		21
Reduce Adolescent Punitive Segregation Capacity	11		11	23		23
Reorganize Support Services Division			0	144		144
Cancel Re-opening of QDC	2,524		2,524	5,048		5,048
Five Day Recreation Schedule			0	1,068		1,068
Four Day Visit Schedule			0	91		91
Post Reduction	22		22	46		46
Civilian Vacancy Reduction PEG	930		930	1,996		1,996
Funds Realignment	3,020		3,020	6,090		6,090

<i>Dollars in Thousands</i>	Fiscal 2013			Fiscal 2014		
	City	Non-City	Total	City	Non-City	Total
Sandy Overtime Uniform and Civilian		\$2,386	\$2,386	\$0		\$0
Hurricane Sandy Cat E	0	71	71	0		0
Stab Resistant Gloves		250	250	0		0
Bullet Proof Vest Program	\$0	43	43	\$0		0
CEO Funding Adjustment			0	24		24
Xerox/Accenture Fee Transfer to DCAS	(0)		(0)			0
Lease Adjustment	152		152	111		111
Fuel	(586)		(586)	(3)		(3)
Gasoline	(153)		(153)	3		3
Heat, Light and Power	(2,901)		(2,901)	1,180		1,180
Psychological testing of ACS Officer	0	15	15	0		0
DOHMH for HIV Services - CO's at Court		77	77	0		0
Technical Adjustment	(771)	0	(771)	771		771
Various Non-City Grants		5,274	5,274		12	12
TOTAL, Other Adjustments	\$1,944	\$8,115	\$10,060	\$15,993	\$12	\$16,005
TOTAL, All Changes	\$25,481	\$15,764	\$41,245	\$5,310	\$1,012	\$6,322
Agency Budget as of May 2013 Plan	\$1,064,282	\$27,014	\$1,091,296	\$1,052,843	\$12,262	\$1,065,105

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