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# IBO's Programmatic Review of the 2007 Preliminary Budget

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*Department of Finance  
(DOF)*

# IBO

New York City  
Independent Budget Office

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## Introductory Note

IBO's programmatic reviews of the 2007 preliminary budgets of selected city agencies is intended to assist the public and elected officials better understand the allocation of budgetary resources to city services by presenting agency budgets in a way that is more closely aligned with the actual programs, functions, and services of major city agencies.

The current city budget presentation inhibits understanding and participation in three ways.

First, agency budgets, organized into broad *units of appropriation*, do not easily allow users to understand how much money is being spent from one year to the next on the programs and services that citizens and their elected representatives care about—programs such as job training, childhood lead-poisoning prevention, HIV/AIDS prevention and treatment, after-school programs, immigrant services, affordable housing construction, and recreation programs.

Second, budget proposals are presented in terms of Financial Plan changes, rather than in terms of year-to-year comparisons. A proposed cut, or “PEG,” of \$1 million in a program is presented without information on how much was previously projected for spending on that program in previous Financial Plans, and whether the \$1 million “cut” would leave spending lower, higher, or the same as previous years' spending levels. This presentation often manifests itself in annual debates over “hidden cuts” and what has been “baselined” in the Financial Plan. This manner of presenting the budget makes it difficult to understand the consequences for agency programs of budgetary decisions.

Finally, it is virtually impossible to link spending decisions to program results. Although at one time the city was a trailblazer in performance reporting, the lack of linkage between performance data reported in the Mayor's Management Report and elsewhere, and clear spending information, makes it difficult for citizens, elected officials, and even agency managers to know what they are getting for their money and to evaluate alternatives. Our programmatic budget presentations integrate existing performance data from the Mayor's Management Report, Capstat, and other sources produced by the Mayor's office alongside spending figures, to provide a unified presentation of both spending and performance.

Our goal in preparing these budget reviews has been to hew as closely as possible to how the agencies themselves present their organization, programs, and services, on their official Web sites and other sources, including using the agencies' own language to describe programs in most cases. While we have sought, and in most cases received, considerable input from agencies in the preparation of the program budget reviews, our presentations are not necessarily how the Mayor's budget office or the agencies themselves would present their budgets, were they to do so in programmatic terms. Nonetheless, we think that our presentations can be instructive and point the way toward how to improve understanding of the city's budget in a way that enhances public participation in the budget process.

IBO will periodically update our program budgets. We will continue to separately issue our analysis of the Preliminary Budget, including of selected agency budgets, as we have every year as required by City Charter section 246.

We welcome your comments or questions, which you may direct to IBO at (212) 442-0632, or by e-mail to [ibo@ibo.nyc.ny.us](mailto:ibo@ibo.nyc.ny.us).

# Department of Finance

## MISSION

The Department of Finance (DOF) aims to collect City revenues efficiently and fairly, and to encourage compliance with City tax and other revenue laws.

## AGENCY DESCRIPTION

DOF collects all taxes, assessments, arrears, and other sums due the City. To this end, the department: maintains property records, assesses the real property tax base, and collects real estate-related taxes; collects and adjudicates parking violation fines; collects other taxes and revenues; and audits tax returns and enforces collection of debt.

## FIVE-YEAR EXPENDITURE TRENDS BY PROGRAM AREA

<b>Department of Finance</b>					
<i>Dollars in millions</i>	2003	2004	2005	2006	2007
	Actual Expenses	Actual Expenses	Actual Expenses	January Plan	Preliminary Budget
<b>Spending by Program Area</b>					
Real Property	\$ 20.4	\$ 20.7	\$ 24.5	\$ 25.3	\$ 25.3
Parking Violations	25.8	12.7	12.1	14.2	14.2
Other Revenue	57.6	77.0	60.4	64.7	62.6
MIS Operations Support	54.7	82.7	74.3	70.7	71.4
Other and Administrative	23.2	27.5	30.9	27.9	27.7
Unallocated Financial Plan Savings	n.a.	n.a.	n.a.	1.1	1.1
<b>TOTAL</b>	<b>\$181.8</b>	<b>\$220.6</b>	<b>\$202.1</b>	<b>\$203.9</b>	<b>\$202.3</b>
<b>Spending by Object</b>					
Personal Services	\$112.2	\$114.2	\$119.8	\$120.5	\$119.9
OTPS	69.5	106.4	82.3	83.3	82.3
<b>Full-time Personnel*</b>	1,896	2,215	2,155	2,178	n.a.
<b>Capital Commitments</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE: IBO.					
NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.					

**Program Results:** See program sections.

**Department of Finance**

**PROGRAM CHART**

<b>Program Area</b>	<b>Programs</b>
<b>Real Property</b>	Assessment of Real Property Other Real Property Functions
<b>Parking Violations</b>	Parking Violations
<b>Other Revenue</b>	Other Collections and Processing Auditing City Sheriff
<b>MIS Operations Support</b>	MIS Operations Support
<b>Other Operations and Administration</b>	Tax Appeals Tribunal Treasury Tax Policy Analysis Legal Taxpayer Assistance, n.e.c. Administration, n.e.c.

**Department of Finance**  
Real Property

**PROGRAM AREA: REAL PROPERTY**

DOF values the city's residential and commercial properties each year in order to determine the real property tax base, a program which accounts for the bulk of DOF spending in this program area. The department also maintains the City Register to record all official records of real property.

<b>Real Property</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$24,501</b>	<b>\$25,274</b>	<b>\$25,274</b>
Personal services	18,438	18,878	18,878
Other than personal services	6,063	6,396	6,396
<b>Full-time Positions</b>	336	339	n.a.
<b>Programs</b>			
Assessment	\$13,765	\$14,694	\$14,694
Other Real Property Functions	10,736	10,580	10,580

SOURCE: IBO.  
NOTE: \*Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.

***Performance Results:***

<b>Real Property</b> <b><i>Performance Statistics</i></b>	Type of Indicator	2002	2003	2004	2005
Average time to process property tax exemption/abatement applications (days)	Service Quality	n.a.	n.a.	n.a.	180
Average time to record and index property documents (days):					
Manhattan	Outcome	4.0	3.7	15.3	12.0
Bronx	Outcome	1.0	0.6	13.7	5.4
Brooklyn	Outcome	20.0	41.1	41.0	3.3
Queens	Outcome	32.0	68.9	44.4	12.3
Filed property assessment appeals resulting in reductions (%)	Service Quality	20%	18%	12%	17%
Liens declared defective (%)	Service Quality	4%	4%	2%	2%

SOURCE: Mayor's Management Report.

**Department of Finance**  
Real Property

**Assessment**

In its assessment program, DOF determines the taxable value of more than 900,000 parcels of NYC real estate each year. It oversees the computer-assisted mass appraisal system (CAMA) to enhance data collection and the accuracy of assessments for small residential properties.

<b>Assessment</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$13,765</b>	<b>\$14,694</b>	<b>\$14,694</b>
PS	10,359	10,976	10,976
OTPS	3,407	3,719	3,719
<b>Full-time Positions</b>	165	165	n.a.
SOURCES: IBO. NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.

**Department of Finance**  
Real Property

**Other Real Property Functions**

Other DOF functions related to real property include administering exemptions and other policies related to the real property tax, updating and maintaining official maps of New York City, and maintaining the City Register, which records, files, and preserves of all records of property transfers, such as deeds, mortgages, and leases, for all boroughs except Staten Island.

<b>Other Real Property Functions</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$10,736</b>	<b>\$10,580</b>	<b>\$10,580</b>
PS	8,079	7,902	7,902
OTPS	2,657	2,677	2,677
<b>Full-time Positions</b>	171	174	n.a.

SOURCE: IBO.  
NOTE: \*Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.

**Performance Results:** No reported performance statistics.

**Department of Finance**  
Parking Violations

**PROGRAM AREA: PARKING VIOLATIONS**

DOF's Parking Violations Bureau (PVB) collects fines for parking summons and conducts hearings regarding disputed summonses. The PVB also impounds vehicles towed for parking violations.

<b>Parking Violations</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$12,080</b>	<b>\$14,205</b>	<b>\$14,200</b>
Personal services	11,327	11,586	11,586
Other than personal services	753	2,619	2,614
<b>Full-time Positions</b>	139	131	n.a.

SOURCE: IBO.  
NOTE: \*Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.

**Performance Results:**

<b>Parking Violations Performance Statistics</b>	Type of Indicator	2002	2003	2004	2005
Walk-in average wait time for PVB hearing (minutes)	Service Quality	26	40	n.a.	55
Average wait to issue hearing-by-mail or by-web decisions (days)	Service Quality	30	42	55	67
Average time to issue decisions of parking appeals (months)	Service Quality	4.5	4.1	4.2	2.7
Average time to process appeal reversal (days)	Service Quality	5	5	5	3
Average time to process tow refunds (days)	Service Quality	7	10	7	4
Parking tickets issued (millions)	Output	8.4	8.1	10.0	9.5
Parking ticket revenue (\$ millions)	Outcome	\$379.6	\$429.9	\$537.2	\$578.6
Summonses paid online (%)	Outcome	6.0%	9.3%	11.3%	14.9%

SOURCE: Mayor's Management Report.



**Department of Finance**  
Other Revenue

**PROGRAM AREA: OTHER REVENUE**

DOF processes tax returns and remittances, issues refunds, and collects non-tax revenue, other than fines for parking violations.

<b>Other Revenue</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$60,394</b>	<b>\$64,734</b>	<b>\$62,593</b>
Personal services	53,259	54,454	53,917
Other than personal services	7,135	10,280	8,676
<b>Full-time Positions</b>	1,043	1,077	n.a.
<b>Programs</b>			
Other Collections and Processing	\$23,685	\$27,580	\$26,080
Auditing	21,556	22,444	22,444
City Sheriff	15,153	14,710	14,069
SOURCE: IBO. NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.

**Department of Finance**  
Other Revenue

**Other Collections and Processing**

DOF processes business income tax returns, collects remittances and issues refunds for this and other taxes, bills the real property tax. It also collects non-tax revenue and provides taxpayer assistance.

<b>Other Collections and Processing</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$23,685</b>	<b>\$27,580</b>	<b>\$26,080</b>
PS	20,605	21,510	21,510
OTPS	3,079	6,070	4,570
<b>Full-time Positions</b>	481	498	n.a.

SOURCE: IBO.  
NOTE: \*Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.

**Performance Results:**

<b>Other Collections and Processing Performance Statistics</b>	Type of Indicator	2002	2003	2004	2005
Business tax revenue collected from non-filers (%)	Outcome	1.0%	3.5%	0.8%	1.4%
Delinquent business tax revenue collected:					
- Debt owed less than one year (%)	Outcome	61%	69%	n.a.	n.a.
- Debt owed 1 – 3 years (%)	Outcome	40%	67%	n.a.	n.a.
- Debt owed 3 – 5 years (%)	Outcome	32%	43%	n.a.	n.a.
- Debt owed more than 5 years (%)	Outcome	3%	24%	n.a.	n.a.

SOURCE: Mayor's Management Report.

**Department of Finance**  
Other Revenue

**Auditing**

DOF conducts in-depth audits of business and personal income, excise and other tax returns. It identifies non-filing and delinquent businesses, and, when appropriate, assesses additional taxes and/or seeks civil penalties.

<b>Auditing</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$21,556</b>	<b>\$22,444</b>	<b>\$22,444</b>
PS	21,120	21,984	21,984
OTPS	436	460	460
<b>Full-time Positions</b>	346	358	n.a.
SOURCE: IBO. NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:**

<b>Auditing</b> <b>Performance Statistics</b>	Type of Indicator	2002	2003	2004	2005
Audit tax revenue (\$ millions)	Outcome	\$482.5	\$570.0	\$555.3	\$599.4
Field audit cases closed within one year (%)	Outcome	n.a.	20%	37%	46%
Average amount collected from closed field audit cases (\$)	Outcome	n.a.	\$274	\$413	\$322
SOURCE: Mayor's Management Report; Comprehensive Annual Financial Report of the NYC Comptroller.					

**Department of Finance**  
Other Revenue

**City Sheriff**

The Office of the Sheriff enforces civil law court orders and judgments by serving court orders, seizing property, executing evictions, and making arrests. It also tows cars for parking violations and auctions towed cars if their owners do not pay their judgment debt to redeem their vehicles.

<b>City Sheriff</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$15,153</b>	<b>\$14,709</b>	<b>\$14,069</b>
PS	11,534	10,960	10,423
OTPS	3,619	3,750	3,646
<b>Full-time Positions</b>	216	221	n.a.

SOURCE: IBO.  
NOTE: \*Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.

**Performance Results:** No reported performance statistics.

**Department of Finance**  
MIS Operations Support

**PROGRAM AREA: MIS OPERATIONS SUPPORT**

DOF's MIS operations entail managing the selection, development, and implementation of technologies to meet the needs of the department's different operations and further the agency's goals of improving services.

<b>MIS Operations Support</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$74,315</b>	<b>\$70,684</b>	<b>\$71,352</b>
Personal services	13,670	13,613	13,613
Other than personal services	60,645	57,071	57,739
<b>Full-time Positions</b>	197	191	n.a.
SOURCE: IBO.			
NOTES: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.

**Department of Finance**

Other Operations and Administration

**PROGRAM AREA: OTHER OPERATIONS AND ADMINISTRATION**

Other DOF operations include the Tax Appeals Tribunal, the Treasury, the Tax Policy Analysis and Legal Divisions, and taxpayer assistance and administrative units not classified elsewhere.

<b>Other Operations and Administration</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$30,856</b>	<b>\$27,862</b>	<b>\$27,734</b>
Personal services	23,126	20,833	20,783
Other than personal services	7,730	7,029	6,951
<b>Full-time Positions</b>	440	440	n.a.
<b>Programs</b>			
Tax Appeals Tribunal	\$1,494	\$1,556	\$1,556
Treasury	5,252	3,988	3,988
Tax Policy Analysis	1,243	1,300	1,250
Legal	3,990	3,703	3,703
Taxpayer Assistance, n.e.c.	5,322	3,434	3,434
Administration	13,556	13,880	13,801
SOURCE: IBO.			
NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.

**Department of Finance**  
Other Operations and Administration

**Tax Appeals Tribunal**

The Tax Appeals Tribunal provides taxpayers with an independent process to hear and resolve appeals relating to city-administered non-property taxes.

<b>Tax Appeals Tribunal</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$1,494</b>	<b>\$1,556</b>	<b>\$1,556</b>
PS	1,293	1,337	1,337
OTPS	201	220	220
<b>Full-time Positions</b>	16	0	0

SOURCE: IBO.  
NOTE: \*Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.

*Performance Results:* No reported performance statistics.

**Department of Finance**

Other Operations and Administration

**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.

<b>Treasury</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$5,251</b>	<b>\$3,988</b>	<b>\$3,988</b>
PS	2,277	2,245	2,245
OTPS	2,974	1,743	1,743
<b>Full-time Positions</b>	40	39	n.a.
SOURCE: IBO. NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

*Performance Results:* No reported performance statistics.



**Tax Policy Analysis**

The Tax Policy unit reviews, analyzes, and evaluates existing tax policies and proposed legislation affecting the City. It monitors and reports on tax and parking revenues, provides advice on audit strategies, and work with the Legal division to draft legislation.

<b>Tax Policy Analysis</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$1,243</b>	<b>\$1,300</b>	<b>\$1,250</b>
PS	1,188	1,194	1,144
OTPS	55	106	106
<b>Full-time Positions</b>	17	18	n.a.
SOURCE: IBO. NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.

**Department of Finance**

Other Operations and Administration

**Legal**

The Legal division advises the department on all legal, legislative, and regulatory issues involving both tax and non-tax revenue. It works with the Tax Policy unit in drafting legislation, administers real property tax exemptions and policies, and attempts to negotiate settlements to taxpayer disputes in order to avoid the disputes having to be heard by the Tax Tribunal.

<b>Legal</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$3,990</b>	<b>\$3,703</b>	<b>\$3,703</b>
PS	3,854	3,562	3,562
OTPS	136	142	142
<b>Full-time Positions</b>	58	54	n.a.
SOURCE: IBO.			
NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.

**Department of Finance**  
Other Operations and Administration

**Taxpayer Assistance, n.e.c.**

In recent years, a significant share of DOF expenditures have been devoted to general taxpayer assistance, improving outreach and communications with customers and working with the 311 Citizen Service (call-in) Center.

<b>Taxpayer Assistance</b>			
<i>Dollars in thousands</i>			
	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$5,322</b>	<b>\$3,434</b>	<b>\$3,434</b>
PS	5,322	3,434	3,434
OTPS	0	0	0
<b>Full-time Positions</b>	121	126	n.a.
SOURCE: IBO.			
NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:**

<b>Taxpayer Assistance, n.e.c.</b>	Type of Indicator	2002	2003	2004	2005
Average response time to correspondence (days):					
E-mail	Service Quality	3	2.6	2.4	10.4
Postal mail	Service Quality	30	40	43	27
Certified Mail	Service Quality	10	10	10	9
SOURCE: Mayor's Management Report.					

**Department of Finance**

Other Operations and Administration

**Administration, n.e.c.**

Administrative services not elsewhere classified include the Commissioner's office and other executive offices which plan and coordinate the agency's different operations and serve as the department's liaisons to City oversight agencies. The administrative departments providing agency-wide services such as purchasing and payroll are also included in this category.

<b>Administration, n.e.c.</b> <i>Dollars in thousands</i>	2005 Actual Expenses	2006 January Plan	2007 Preliminary Budget
<b>Spending</b>	<b>\$13,556</b>	<b>\$13,880</b>	<b>\$13,802</b>
PS	9,192	9,062	9,062
OTPS	4,364	4,819	4,740
<b>Full-time Positions</b>	188	188	n.a.
SOURCE: IBO.			
NOTE: *Full-time personnel: Actual as of June 30 for 2002 through 2005; as of Nov. 30 for 2006.			

**Performance Results:** No reported performance statistics.