

THE COUNCIL OF THE CITY OF NEW YORK

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Hearing on Fiscal Year 2013 Executive Budget

Law Department

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Law Department Fiscal 2013 Budget Overview

Under the direction of the corporation counsel, the New York City Law Department is responsible for all of the legal affairs of the City. It represents the City, the Mayor, other elected officials, and the City's many agencies in all affirmative and defensive civil litigation, as well as juvenile delinquency prosecutions brought in Family Court and Administrative Code enforcement proceedings brought in Criminal Court. Law Department attorneys draft and review local and State legislation, real estate leases, procurement contracts, and financial instruments for the sale of municipal bonds.

The Law Department is comprised of 17 legal divisions and 3 support divisions and is responsible for more than 80,000 matters, and provides legal advice to all City agencies. It is staffed with 690 lawyers and 850 support professionals (not all of which are salaried positions) in 10 offices located in all five boroughs, as well as in Kingston, N.Y.

This report presents an analysis of the Department's Fiscal 2013 budget as proposed in the Executive Budget. A financial summary for the Law Department is presented, along with a discussion of the Judgment and Claims Budget and recent high profile cases. The report then identifies changes to the Department's budget proposed since Adoption.

Law Department Financial Summary

<i>Dollars in Thousands</i>	2011 Actual	2012 Adopted	2012 Exec. Plan	2013 Exec. Plan	*Difference 2012 - 2013
Spending					
Personal Services	\$96,346	\$102,112	\$100,656	\$104,258	\$2,146
Full-Time Salaried	89,526	99,090	97,592	101,252	2,162
Other Salaried & Unsalaries	4,378	2,722	2,722	2,722	0
Additional Gross Pay	1,692	271	302	282	12
Overtime - Civilian	764	1	1	1	0
Fringe Benefits	0	28	38	0	(28)
PS Other	(15)	0	0	0	0
Other Than Personal Services	\$37,866	\$38,376	\$41,021	\$37,842	(\$534)
Supplies and Materials	1,096	1,220	1,238	1,208	(12)
Property and Equipment	690	524	812	524	0
Other Services and Charges	20,002	23,718	20,345	19,479	(4,238)
Contractual Services	16,046	12,896	18,579	16,613	3,717
Fixed and Misc. Charges	32	18	48	18	0
Total	\$134,212	\$140,488	\$141,677	\$142,100	\$1,612
Funding					
City Funds	NA	\$133,358	\$131,688	\$134,774	\$1,416
Other Categorical	NA	437	2,797	2,462	2,025
Capital-IFA	NA	3,335	1,290	1,290	(2,045)
Federal - Other	NA	134	249	0	(134)
Intra-City	NA	3,225	5,653	3,575	350
Total	\$134,212	\$140,488	\$141,677	\$142,100	\$1,612
Positions					
Full-Time Positions	1,199	1,283	1,327	1,322	39

*The difference of Fiscal 2012 Adopted compared to Fiscal 2013 Executive Plan funding.

In the Executive Plan, the Law Department's budget for Fiscal 2013 totals \$142.1 million, of which 95 percent is City tax-levy funding. The slight increase in Fiscal 2013 when compared to the 2012 Adopted Budget is the result of several budget actions, most notably the proposal to add a total of 41 Tort Division staff.

Judgment and Claims

The Judgment and Claims (J&C) Budget is a part of the City's Miscellaneous Budget and includes \$735.2 million in Fiscal 2013 for payments resulting from judgments against the City.

	Actual			Planned	
	2009	2010	2011	2012	2013
Non Med Mal. Personal Injury	\$430,140,486	\$397,922,680	\$409,128,779	\$453,661,253	\$500,222,216
Medical Malpractice	132,965,395	133,638,905	143,263,610	158,497,419	180,936,456
Non-Tort	23,619,664	26,650,994	28,866,773	38,000,000	39,000,000
Property Damage	7,475,084	10,033,502	12,814,190	14,800,000	15,000,000
Special Cases	28,991,686		70,000,000		
Total	\$623,192,315	\$568,246,081	\$664,073,352	\$664,958,672	\$735,158,672

As outlined above, non-medical malpractice personal injury and property damage, which include a wide range of cases, comprises the majority (63.5 percent in Fiscal 2011) of J&C payments. Medical malpractice accounts for 24.6 percent of the total projected J&C budget for Fiscal 2013. Non-tort payments cover contract disputes and fair labor standards and accounts for 5.3 percent of the Fiscal 2013 total. Funding for special cases is added only when warranted.

In the Executive Plan, the Judgment and Claims Budget increases by \$50 million in Fiscal 2013 and 2014, and \$25 million in Fiscal 2015 and in the outyears. According to OMB, the increase is due to an upward trend in the volume of cases against the City. A portion of the increase can be attributed to potential payouts resulting from the FDNY bias case in which Judge Nicholas Garaufis set a compensation pool at \$128 million for minority applicants who took the FDNY exam in 1999 or 2002 but were not hired.

Recent High Profile Cases

Stop and Frisk Lawsuit Granted Class Action Status

On May 16, 2013, Manhattan Federal Judge Shira Scheindlin granted class action status to a 2008 lawsuit accusing the New York Police Department of discriminating against blacks and Hispanics with its stop-and-frisk policies. In her written ruling, the judge said that there was "overwhelming evidence" that a centralized stop-and-frisk program has led to thousands of unlawful stops. The Law Department disagrees with the ruling, but it could have financial consequences to the City in the future.

Budget Actions Since Adoption

The Fiscal 2013 November, Preliminary and Executive Plans for the Law Department include several budget actions and adjustments that increase the Department's budget by approximately \$1.2 million in Fiscal 2012 and \$3.2 million in Fiscal 2013.

<i>Dollars in Thousands</i>	FY 2012			FY 2013		
	City	Non-City	Total	City	Non-City	Total
Law Dept. Budget as of FY12 Adopted Budget	\$133,358	\$7,131	\$140,489	\$131,884	\$6,997	\$138,881
Program to Eliminate the Gap (PEGs)						
PS Accruals	(\$3,133)		(\$3,133)			\$0
Total PEGs	(\$3,133)	\$0	(\$3,133)	\$0	\$0	\$0
New Needs						
Funding for WTC Matters			\$0	\$356		\$356
41 New Positions: Litigation-Related Discovery	1,454		1,454	2,492		2,492
Total New Needs	\$1,454	\$0	\$1,454	\$2,848	\$0	\$2,848
Other Adjustments						
Lease Adjustment				\$57		
Other Categorical Grants and Adjustments		315	315		(20)	(20)
Misc City Adjustment	(9)		(9)	(31)		25
Federal Funding		116	116			0
Intra-City Adjustments		2,427	2,427		350	350
Collective Bargaining adjustment	17		17	17		17
Total Other Adjustments	\$8	\$2,858	\$2,866	\$42	\$330	\$372
Total All Changes	(\$1,671)	\$2,858	\$1,187	\$2,890	\$330	\$3,220
Law Dept. Budget as of FY13 Exec. Plan	\$131,687	\$9,989	\$141,676	\$134,774	\$7,327	\$142,101

New Needs

- Additional Tort Division Staff New Need.** The Department needs 41 additional Tort Division staff in Fiscal 2012 and 2013 for litigation-related discovery due to an increase in the volume of cases. The positions are not budgeted beyond Fiscal 2013. This action would add \$1.5 million to the Department's Fiscal 2012 budget and \$2.5 million in Fiscal 2013.
- Personal Services (PS) Accruals.** Savings totaling \$3.1 million will be realized in Fiscal 2012 from PS accruals as a result of vacant positions.

Other Adjustments

- Technical Adjustments.** The financial plans for Fiscal 2013 for the Law Department include several technical adjustments that increase the Department's budget by approximately \$2.9 million in Fiscal 2012 and \$372,000 in Fiscal 2013. The majority of these increases are related to intra-city transfers from other agencies for Law Department services. The most significant adjustment in the Executive Plan is the baseline increase of \$57,000 beginning in Fiscal 2013 for increased lease costs.