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**Report on the Fiscal 2025 Preliminary Plan
and the Fiscal 2024 Preliminary Mayor's
Management Report for the**

Law Department

March 5, 2024

Prepared by Ross Goldstein, Financial Analyst



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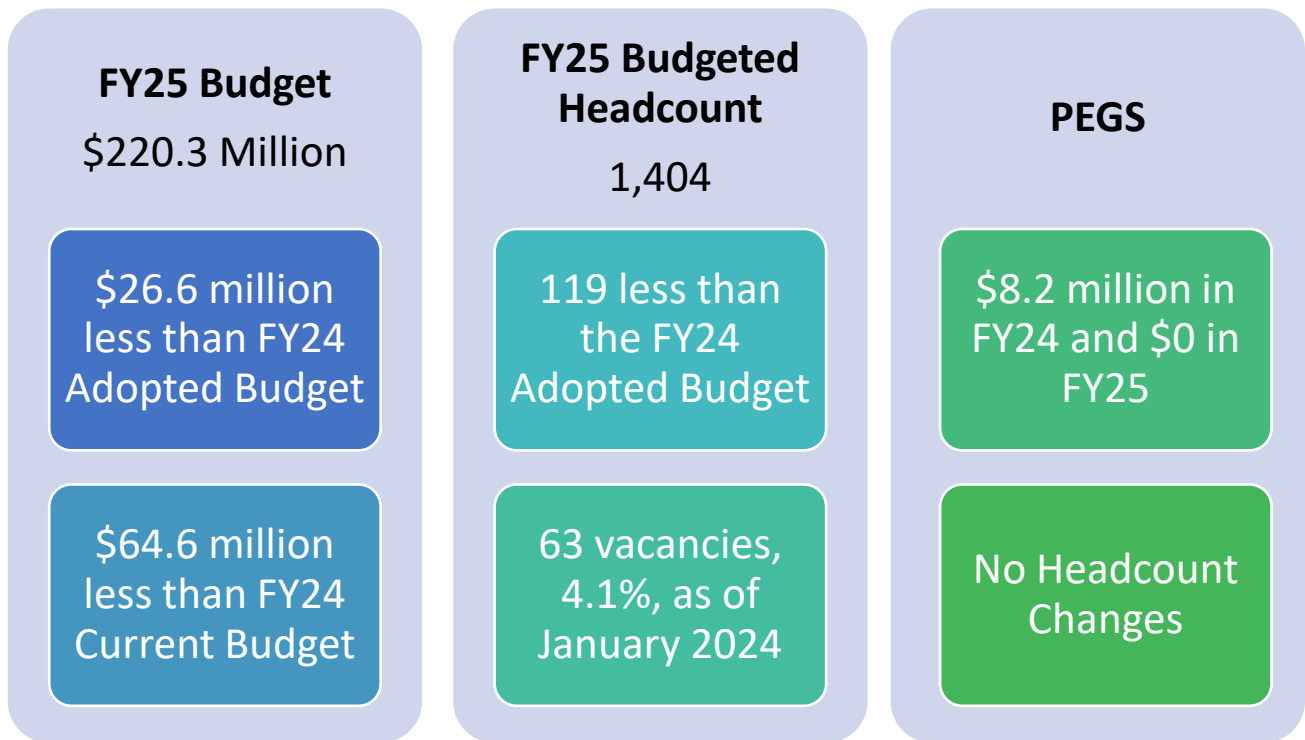
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Law Department Overview

The Law Department (the Department), under the direction of the Corporation Counsel, is responsible for all the legal affairs of the City. The Department represents the City, the Mayor, other elected officials, and the City’s 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 Department’s Fiscal 2025 Budget in the Preliminary 2025 Financial Plan (Preliminary Plan) is \$220.3 million, which represents less than one percent of the City’s overall budget of \$109.4 billion. The Preliminary Plan includes one new need in the Law Department’s budget for \$33.7 million in Fiscal 2024 only. Additionally, the Preliminary Plan includes \$8.2 million in City funds savings in Fiscal 2024 only, as part of the citywide Program to Eliminate the Gap (PEG).

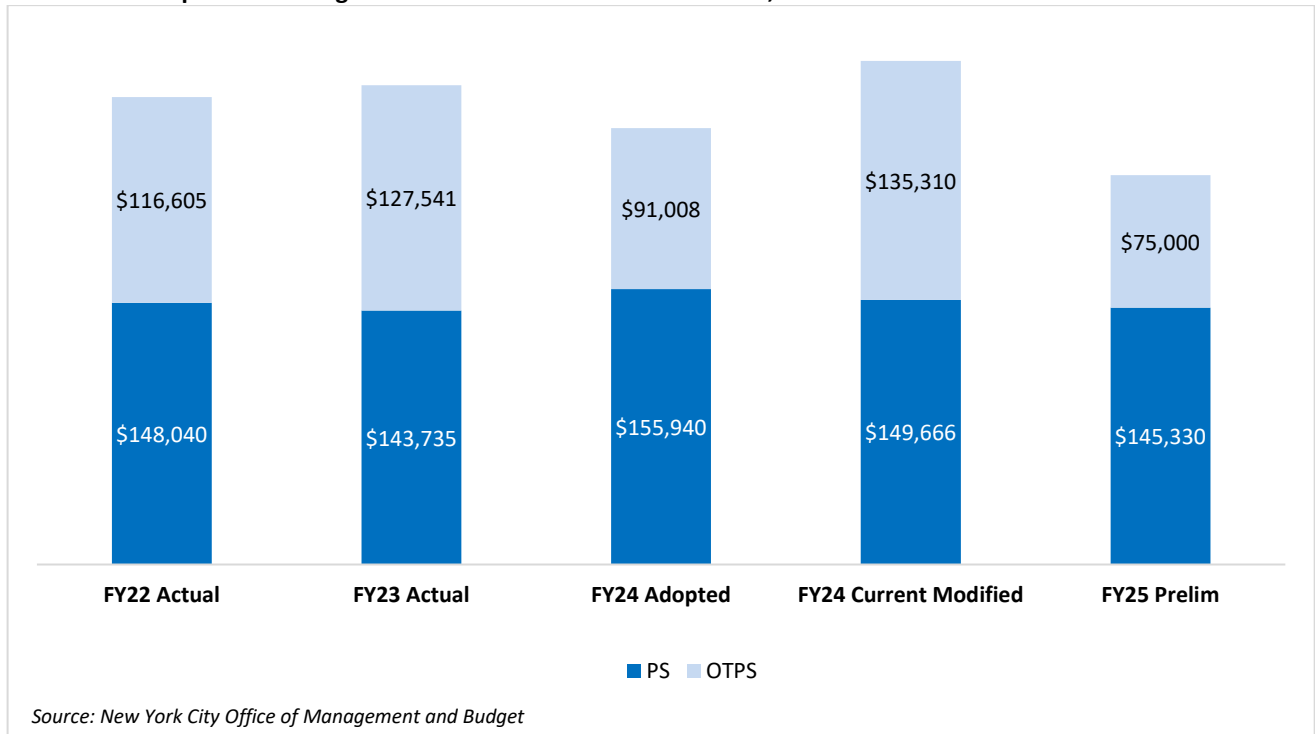
Law Department Fiscal 2025 Budget Snapshot



Law Department Financial Plan Overview

The Law Department’s Fiscal 2025 Budget includes \$145.3 million for Personal Services (PS) to support 1,404 full-time positions. The Department’s Other Than Personal Services (OTPS) funding totals \$75 million and includes \$32.3 million for contractual services, the majority of which is allocated for various professional services. A breakdown of the Department’s contract budget, by types of contracts, is included in Appendix B. Chart 1 presents the breakdown of the PS and OTPS expenditures.

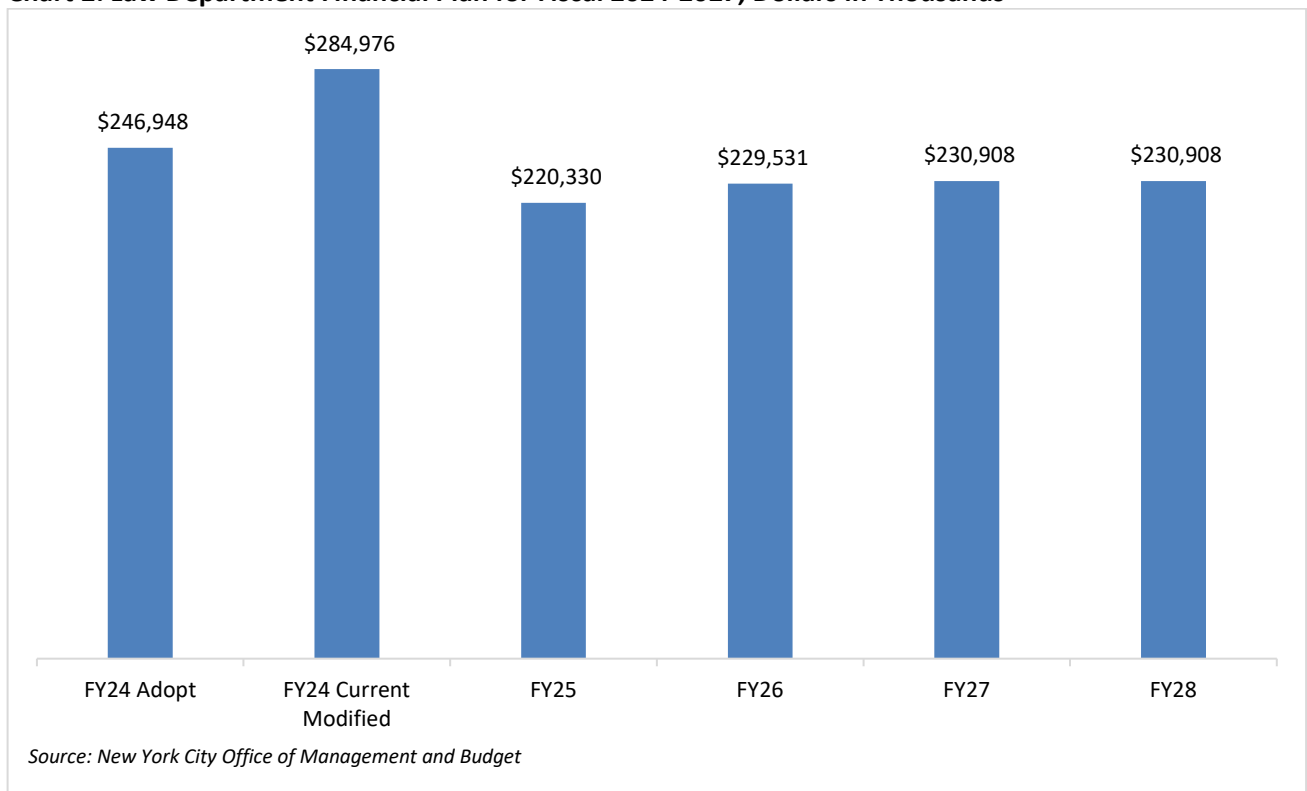
Chart 1: Law Department Budget Overview: PS and OTPS Breakdown, Dollars in Thousands



Law Department Financial Summary

In the Preliminary Plan the Law Department’s budget grows by 4.8 percent to \$230.9 million by the end of the Plan period, as shown in Chart 2.

Chart 2: Law Department Financial Plan for Fiscal 2024-2027, Dollars in Thousands



The Financial Summary in Table 1 provides a breakdown of the total expenditures for the Department’s two Units of Appropriation (U/A) (one is for PS expenditures and the other is for OTPS expenditures), the funding sources for the agency, and its headcount.

Table 1: Law Department Financial Summary

<i>Dollars in Thousands</i>	FY22	FY23	FY24	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY24	FY25	FY25-FY24
Budget by Units of Appropriation (U/A)						
U/A 001 - Personal Services	\$148,040	\$143,735	\$155,940	\$149,666	\$145,330	(\$10,610)
U/A 002 - Other Than Personal Services	116,605	127,541	91,008	135,310	75,000	(16,007)
TOTAL	\$264,645	\$271,276	\$246,948	\$284,976	\$220,330	(\$26,618)
Funding						
City Funds			\$238,347	\$264,909	\$211,665	(\$26,682)
Other Categorical			417	617	417	0
Capital- IFA			4,120	4,136	4,153	33
State			0	8,522	0	0
Intra City			4,064	6,792	4,095	31
TOTAL	\$264,645	\$271,276	\$246,948	\$284,976	\$220,330	(\$26,618)
Budgeted Headcount						
Full-Time Positions - Civilian	1,438	1,378	1,523	1,523	1,404	(119)
TOTAL	1,438	1,378	1,523	1,523	1,404	(119)

**The difference of Fiscal 2025 Preliminary Budget compared to Fiscal 2024 Adopted Budget.*

Source: New York City Office of Management and Budget

The Law Department’s Fiscal 2025 Budget in the Preliminary Plan totals \$220.3 million, \$26.6 million, or 10.8 percent less than its Fiscal 2024 at adoption. The Department’s Fiscal 2024 budget has increased by \$38.0 million, or 15.4 percent since adoption. This increase is largely due to a new need for an OTPS shortfall reflected in the Preliminary Plan. The Department’s Fiscal 2025 budget is \$64.6 million, or 22.7 percent, less than the Fiscal 2024 current modified budget.

City funds, which total \$211.7 million of the Department’s Fiscal 2025 budget, make up the majority (96.1 percent) of its funding. Intra-City, Capital Inter-Fund Agreement (IFA), and other categorical funding constitute the remaining 3.9 percent, or \$8.7 million.

Fiscal 2025 Preliminary Budget Changes

Budget actions in the Preliminary Plan increased the Law Department’s budget by a net of \$29.8 million in Fiscal 2024 only. Chart 3 provides a summary of the Law Department’s spending changes from the November Plan to the Preliminary Plan. All budget actions reflected in the November and Preliminary Plans are listed in Appendix A. The major actions reflected in the Preliminary Plan are detailed in the next section.

Chart 3: Fiscal 2025 Preliminary Plan Net Changes, by Fiscal Year*



*Savings in this chart are the sum of all expense savings, from all revenue sources, including but not limited to, City, State, and federal savings. As some agency PEGs may be revenue actions or savings from non-City sources, this number will not necessarily equal the agency’s PEG value.

Table 2 presents the sum of the PEGs for each year of the Financial Plan as presented in the November and Preliminary Plans.

Table 2: Law Department Total Program to Eliminate the Gap (PEG)

Dollars in Thousands	FY24	FY25	FY26	FY27	FY28
November Plan	(\$2,320)	(\$7,782)	(\$798)	(\$798)	(\$798)
Preliminary Plan	(8,235)	0	0	0	0
TOTAL PEGs	(\$10,555)	(\$7,782)	(\$798)	(\$798)	(\$798)

Source: New York City Office of Management and Budget

New Needs

New needs added in the Preliminary Plan for the Law Department total \$33.7 million in Fiscal 2024 only.

- **OTPS Shortfall.** The Preliminary Plan includes an additional \$33.7 million in City funds in Fiscal 2024 only for costs related to court-ordered monitors, this expense is not baselined. As part of a settlement of legal actions against the City, courts appoint monitors or special masters to oversee City agencies that are ordered to rectify failures. Thus far in Fiscal 2024, the Law Department has spent \$11.0 million on court-ordered monitors and special masters and is projecting it will spend \$32.8 million in Fiscal 2025. The project amount for Fiscal 2025 is not yet included in the budget and will need to be added in a future financial plan.

Other Adjustments

The Preliminary Plan includes two other adjustments that total \$4.3 million in Fiscal 2024 only.

- **Asylum Seeker Response Legal Casework.** The Preliminary Plan includes an adjustment of \$1.3 million in Fiscal 2024 only for legal services at the Asylum Application Help Center. This relates to contracted legal services and casework provided to aid asylum seekers, including assistance with asylum applications.
- **Opioid Litigation Settlement Revenue.** The Preliminary Plan includes two affirmative litigation settlement budget actions in Fiscal 2024 for the opioid crisis settlement, which has a net zero impact on the Department’s budget. This adjustment consists of two actions, first \$3 million was transferred from the Department of Health and Mental Hygiene (DOHMH) to the Law Department, and next the \$3 million is removed from the Department’s budget as PEG savings. As the Department is a revenue generating agency, it will receive credit towards achieving its PEG target. The corresponding PEG is summarized in the PEG section below.

Program to Eliminate the Gap (PEG)

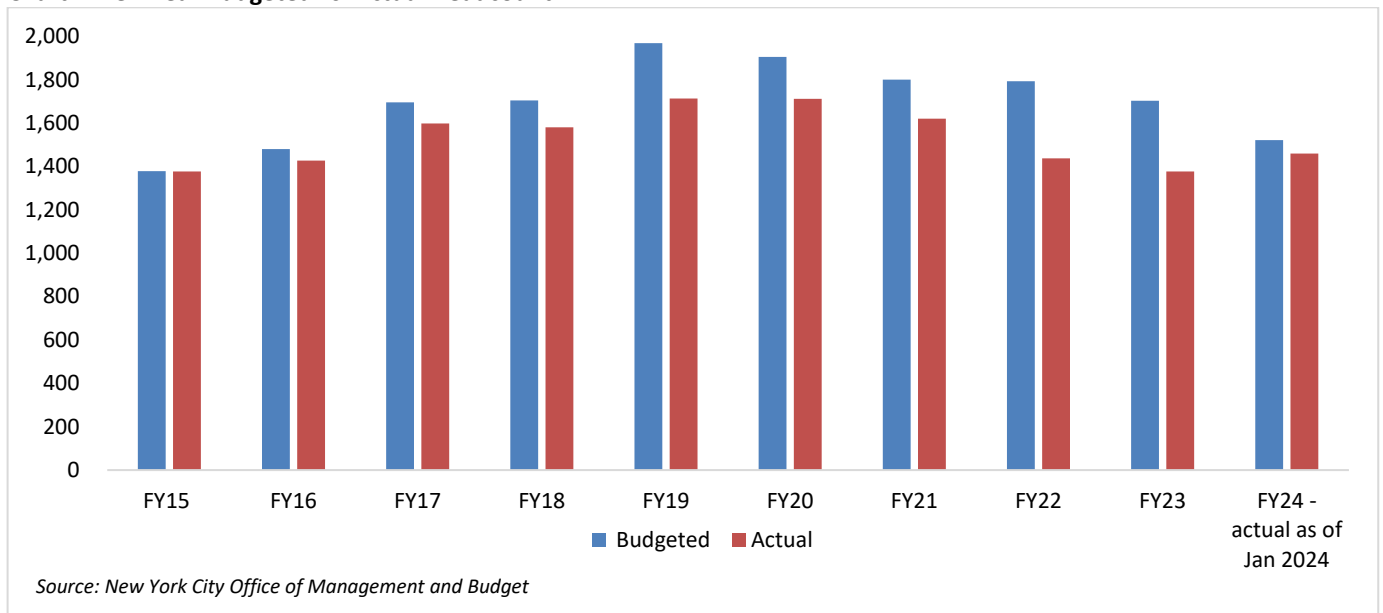
PEGs in the Preliminary Plan for the Law Department total \$8.2 million and are detailed below.

- **Hiring Freeze.** The Preliminary Plan includes of PEG of \$5.2 million in Fiscal 2024 only related to projected savings from the citywide hiring freeze and attrition.
- **Opioid Litigation Settlement Revenue.** The Preliminary Plan removes \$3 million in Fiscal 2024 only related to the receipt of revenue from an opioid crisis affirmative litigation settlement.

Headcount

Chart 4 presents the Department’s year-end actual and budgeted headcount as of adoption for each year since Fiscal 2015, except for the Fiscal 2024 actual which as of January 2024. The budgeted headcount for full-time civilian positions in the Preliminary Plan is 1,523 for Fiscal 2024. This is the Department’s lowest budgeted headcount since Fiscal 2016 when it was 1,481. As of January 2024, 1,460 positions were actually filled, leaving 63 vacant or a 4.1 percent vacancy rate. While the Department’s vacancy rate is currently low, it is important to note that the Law Department has been subject to several vacancy reductions recently – in the Fiscal 2024 Executive Plan 63 baselined positions were removed starting in Fiscal 2025 and 56 positions were removed in Fiscal 2025 only in the November Plan.

Chart 4: Ten-Year Budgeted vs. Actual Headcount



Law Department Miscellaneous Revenue

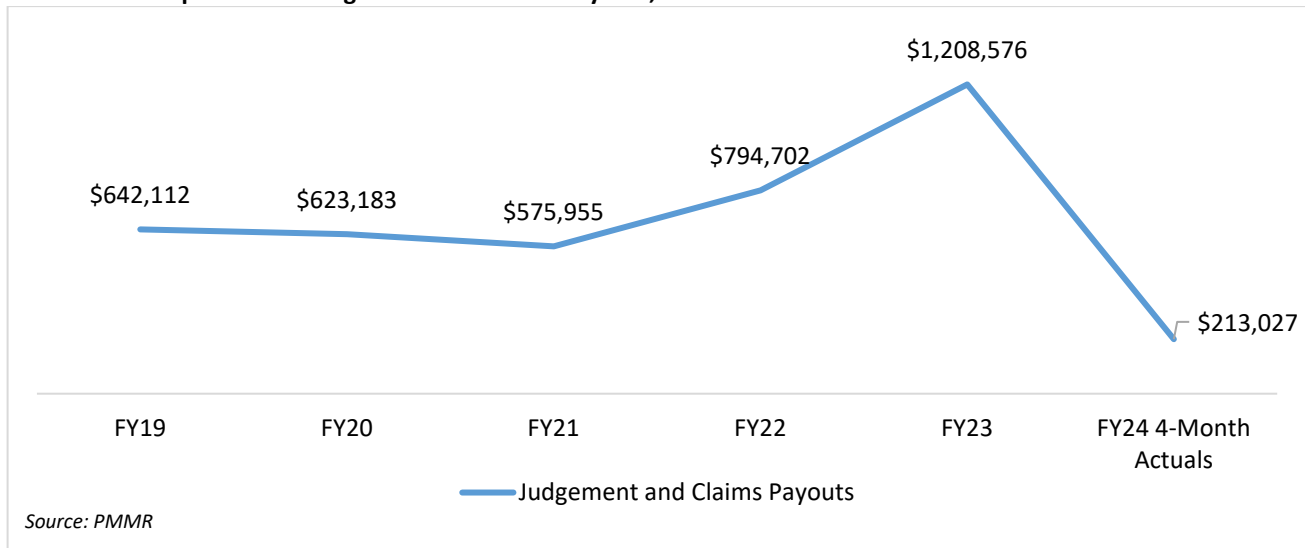
The Preliminary Plan includes approximately \$18.0 million of miscellaneous revenue in Fiscal 2025 from the Department, \$15.9 million less than the revenue planned for Fiscal 2024 at adoption. The difference is attributable to a significant decline in revenue from affirmative litigation. Apart from the decline in affirmative litigation, all other Fiscal 2025 miscellaneous revenue streams are relatively similar to the budget for Fiscal 2024 at adoption. Appendix C includes details regarding the Department’s miscellaneous revenue.

Fiscal 2024 Preliminary Mayor’s Management Report

The Preliminary Mayor's Management Report (PMMR) for Fiscal 2024 reports on three service areas and five goals for the Law Department. Noteworthy metrics that were reported are detailed below.

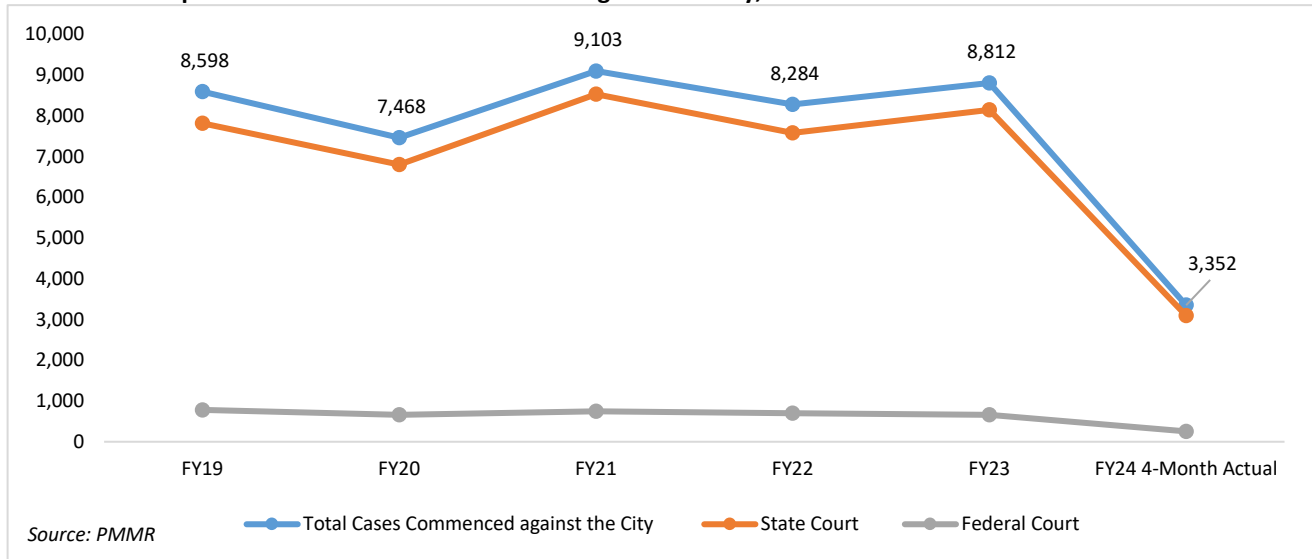
- Payout for Judgements and Claims.** Payouts for judgments and claims against the City in State and federal court increased by over 200 percent during the first four months of Fiscal 2024 when compared to the same period last year, \$213.0 million, up from \$60.4 million in Fiscal 2023. Over the last five fiscal years judgement and claims payouts averaged \$676.2 million, as shown in Chart 5. In Fiscal 2023, a recent high of \$1.2 billion was paid in settlements, an increase of 110 percent, compared to the \$576 million paid out in Fiscal 2021, which was the lowest total in five years. While the goal of the Law Department is to limit the city’s liability against claims, the spike in payouts is partly attributed to settlements of various substantial and longstanding legal matters against the City.

Chart 5: Law Department - Judgement and Claims Payouts, Dollars in Thousands



- Cases Commenced Against the City.** During the last five fiscal years total cases commenced against the City averaged 8,453 annually, with 7,778 or 92 percent commencing in state court, as shown in Chart 6. Federal cases have averaged eight percent. During the first four months of Fiscal 2024, all cases commenced against the City increased 18 percent from the same period in the prior year, from 2,838 to 3,352. Likewise, State and federal courts cases also increased during the same period. According to the PPMR, State court cases increased in part because of the commencement of Adult Survivor Act (ASA) cases prior to the sunset provision of the statute of limitations. The ASA allows victims who were 18 or older at the time of abuse a one-time opportunity to file civil lawsuits against individuals or institutions, even after the statute of limitations had expired. The ASA was enacted in May 2022. Since then federal court cases increased from 219 to 255, which according to the PMMR could be related to the increased number of reverse-conviction matters recently filed.

Chart 6: Law Department - Total Cases Commenced Against the City, FY19-FY23 Actuals



- Cases Pending in Federal Court.** The PMMR notes a 14.4 percent drop in pending federal court cases from 756 during the first four months of Fiscal 2023 to 647 in Fiscal 2024. The PMMR attributes this decline to the proactive approach of the Special Federal Litigation Division in handling litigation, negotiations, and trials. Of note, there were 17 dismissals and discontinuances, marking a reduction of 45.2 percent compared to the 31 recorded during the same period in Fiscal 2023. The PMMR suggests that this decrease is a result of the intricacies of pending matters, such as cases involving reverse convictions, which typically necessitate longer discovery periods.

Budget Issues and Concerns

- Hiring Freeze.** The Preliminary Plan included a \$5.2 million PEG in Fiscal 2024 due to the citywide hiring freeze. In addition, the November Plan included a previous hiring freeze PEG of \$1.5 million in Fiscal 2024 and \$7.0 million in Fiscal 2025, with a headcount reduction of 56 positions in Fiscal 2025 only. The Department’s actual headcount has significantly decreased since the onset of the pandemic. In addition to the citywide hiring freeze and restrictions, there has also been significant attrition of staff to positions in the private sector. The Department’s ability to hire and retain sufficient staff, particularly lawyers, is a budget concern as it could directly affect its ability to manage cases efficiently and cost-effectively.

Appendices

A. Budget Actions in the November and Preliminary Plans

<i>Dollars in Thousands</i>	FY24			FY25		
	City	Non-City	Total	City	Non-City	Total
Law Department Budget as of the Adoption 2024	\$238,347	\$8,601	\$246,948	\$155,597	\$72,150	\$227,747
Changes Introduced in the November Plan						
Programs to Eliminate the Gap (PEGs)						
Hiring Freeze	(\$1,497)	\$0	(\$1,497)	(\$6,985)	\$0	(\$6,985)
Lease Savings	(795)	0	(795)	(795)	0	(795)
Less than Needed OTPS Spending	(20)	0	(20)	0	0	0
Telecommunications Savings - Law	(8)	0	(8)	(2)	0	(2)
Subtotal, PEGs	(\$2,320)	\$0	(\$2,320)	(\$7,782)	\$0	(\$7,782)
Other Adjustments						
Aid to Asylum Seekers	\$14	\$0	\$14	\$0	\$0	\$0
ARP-SLRFR Adjustments	0	0	0	63,500	(63,500)	0
Asylum Seekers Legal Services	0	7,125	7,125	0	0	0
City Service Corps	(23)	0	(23)	0	0	0
Collective Bargaining	400	16	416	350	14	364
Couch White	0	385	385	0	0	0
Couch White MOU	0	1,860	1,860	0	0	0
DEP/LAW MOU FY24 Wolff Airport	0	241	241	0	0	0
FY24 LGRMIF Grant	0	75	75	0	0	0
FY24 NYC & COMPANY MOD	0	200	200	0	0	0
Wolff-Alport Superfund Site	0	241	241	0	0	0
Subtotal, Other Adjustments	\$391	\$10,143	\$10,535	\$63,850	(\$63,486)	\$364
TOTAL, All Changes in November Plan	(\$1,928)	\$10,143	\$8,215	\$56,068	(\$63,486)	(\$7,418)
Law Department Budget as of the November Plan	\$236,419	\$18,744	\$255,164	\$211,665	\$8,664	\$220,329
Changes Introduced in the Preliminary Plan						
Programs to Eliminate the Gap (PEGs)						
Hiring Freeze	(\$5,235)	\$0	(\$5,235)	\$0	\$0	\$0
Settlement Revenue	(3,000)	0	(3,000)	0	0	0
Subtotal, PEGs	(\$8,235)	\$0	(\$8,235)	\$0	\$0	\$0
Other Adjustments						
Settlement Revenue Offset	\$3,000	\$0	\$3,000	\$0	\$0	\$0
LAW - Asylum Seekers Casework	1,322	0	1,322	0	0	0
Subtotal, Other Adjustments	\$4,322	\$0	\$4,322	\$0	\$0	\$0
New Needs						
OTPS Shortfall	\$33,726	\$0	\$33,726	\$0	\$0	\$0
Subtotal, New Needs	\$33,726	\$0	\$33,726	\$0	\$0	\$0
TOTAL, All Changes in the Preliminary Plan	\$29,812	\$0	\$29,812	\$0	\$0	\$0
Law Department Budget as of the Preliminary Plan	\$266,231	\$18,744	\$284,977	\$211,665	\$8,664	\$220,329

Source: New York City Office of Management and Budget

B. Contract Budget

Law Department FY25 Preliminary vs FY24 Adopted Contract Budget				
<i>Dollars in Thousands</i>				
Category	FY24 Adopted	Number of Contracts	FY25 Preliminary	Number of Contracts
Cleaning Services	\$15	1	\$119	1
Contractual Services General	440	14	440	14
Data Processing Equipment	701	8	701	8
Maintenance and Repairs - General	1,576	17	1,576	17
Office Equipment Maintenance	160	9	160	9
Professional Services Accounting & Auditing	100	1	100	1
Professional Services Computer Services	207	1	207	1
Professional Services Engineer & Architect	130	28	130	28
Professional Services Legal Services	8,802	31	8,802	31
Professional Services Other	14,269	279	14,059	279
Security Services	763	1	763	1
Temporary Services	5,093	15	5,093	15
Training Program City Employees	105	24	105	24
Transportation Services	50	1	50	1
TOTAL	\$32,411	430	\$32,305	430

Source: New York City Office of Management and Budget

C. Miscellaneous Revenue

Law Department Miscellaneous Revenue Budget Overview						
<i>Dollars in Thousands</i>						
Revenue Sources	FY22	FY23	FY24	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY24	FY25	FY25-FY24
Administrative Code Violations	\$0	\$0	\$650	\$2,190	\$650	\$0
Affirmative R/E Litigation	1,322	1,471	250	250	250	0
Affirmative Litigation	4,636	6,137	22,684	31,739	6,759	(15,925)
Vending, Xerox, Subpoena Fees	59	69	75	75	75	0
Collection Agency Claims	2,732	2,681	3,300	3,300	3,300	0
Worker Compensation	7,402	7,459	7,000	7,000	7,000	0
TOTAL	\$16,151	\$17,817	\$33,959	\$44,554	\$18,034	(\$15,925)

*The difference of Fiscal 2025 Preliminary Budget compared to Fiscal 2024 Adopted Budget.

Source: New York City Office of Management and Budget

D. Units of Appropriation

Units of Appropriation 001 and 002						
<i>Dollars in Thousands</i>						
	FY22	FY23	FY24	Preliminary Plan		*Difference
	Actual	Actual	Adopted	FY24	FY25	FY25-FY24
Spending						
U/A 001 - Personal Services						
Full-Time Salaried - Civilian	\$138,161	\$131,939	\$145,366	\$139,075	\$134,679	(\$10,687)
Overtime - Civilian	1,817	2,632	2,131	2,145	2,131	0
Additional Gross Pay	3,295	2,853	2,272	2,272	2,272	0
Additional Gross Pay - Labor Reserve	0	1,699	0	0	0	0
Other Salaried	0	0	2,340	2,340	2,340	0
Unsalaries	4,771	4,637	6,168	6,172	6,245	77
P.S. Other	(4)	(25)	0	0	0	0
Subtotal	\$148,040	\$143,735	\$155,940	\$149,666	\$145,330	(\$10,610)
U/A 002- Other Than Personal Services						
Contractual Services	\$13,957	\$14,766	\$8,903	\$11,349	\$9,007	\$104
Contractual Services - Professional Services	57,576	61,905	23,508	46,398	23,298	(210)
Fixed & Misc. Charges	39	71	18	33	18	0
Other Services & Charges	40,037	46,639	56,525	74,943	40,624	(15,901)
Property & Equipment	4,031	3,438	984	1,516	984	0
Supplies & Materials	966	721	1,070	1,071	1,070	0
Subtotal	\$116,605	\$127,541	\$91,008	\$135,310	\$75,000	(\$16,008)
TOTAL	\$264,645	\$271,276	\$246,948	\$284,976	\$220,330	(\$26,618)
Funding						
City Funds			\$238,347	\$264,909	\$211,665	(\$26,682)
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Full-Time Positions - Civilian	1,438	1,378	1,523	1,523	1,404	(119)
TOTAL	1,438	1,378	1,523	1,523	1,404	(119)

**The difference of Fiscal 2025 Preliminary Budget compared to Fiscal 2024 Adopted Budget.*

Source: New York City Office of Management and Budget