



NEW YORK
STATE OF
OPPORTUNITY™

DASNY

Revised Proposed Operating Budget 2019-2020 Fiscal Year

March 6, 2019

Budget Highlights for 2019-2020 Proposal

- **The total 2019-20 proposed operating budget of \$118,162,559 represents an expenditure increase of 2% over the projected results for the 2018-19 fiscal year.**
- **The 2019-20 operating results are expected to be almost break-even**, changing from the projected 2018-19 surplus, due primarily to a projected shift in the allocation of expenses between public and private clients.
- **Proposed FTEs** of 529 reflects no projected increase in FTEs from the 2018-19 adopted budget.
- **Salaries** include the contractual cost-of-living increases of 2% (\$1.0 million) and step/longevity increases (\$0.56 million).
- **Benefits** reflect a 3% increase in health insurance premiums due to higher rates and participation and higher contributions based on the estimate received from the Employee Retirement System. The proposal also funds higher contributions associated with additional retirees.
- **OPEB** expenses reflects a higher portion of DASNY's work to support its public clients, resulting in a shift in our retiree health care costs from private clients. Since this is an employee benefit, we allocate the cost based on payroll. In order to minimize volatility when our support shifts between our public and private clients, we calculate the allocation using a 5-year rolling average of the amount of employee time that has been spent supporting our public and private clients.
- **Projected Construction workload for 2018-19 has decreased 25%** over the prior year's value, while increasing the number of projects to just over 1,000.

2019-2020 Proposed Budget 12/31/18 vs. 3/6/19

	12/31 Proposed 2019-2020 BUDGET	3/6 Proposed 2019-2020 BUDGET	<u>CHANGE</u>	
Personal Services				
Salaries	\$ 53,690,438	\$ 53,866,161	\$ 175,723	0.33%
Retirement Contributions	7,667,347	7,667,347	-	
Social Security	4,107,319	4,120,761	13,443	
Health Insurance	12,638,355	12,454,770	(183,585)	
Workers Compensation	658,915	658,915	-	
Dental & Optical	370,800	370,800	-	
Miscellaneous Benefits	561,300	561,300	-	
Total Benefits	\$ 26,004,035	\$ 25,833,893	\$ (170,142)	
Total Personal Services	\$ 79,694,473	\$ 79,700,054	\$ 5,581	0.01%
Maintenance & Operations				
Rent & Utilities	2,014,225	2,014,225	-	
Office Supplies & Miscellaneous Expense	1,064,582	1,023,522	(41,060)	
Business Travel Expense	790,585	796,585	6,000	
Management & Staff Training	272,589	272,589	-	
Publications & Memberships	270,364	270,364	-	
Communications	360,520	360,520	-	
Corporate Insurance	481,672	481,672	-	
Non-Capital Equipment & Equipment Leases	220,800	220,800	-	
Diversity Training & Coordination	92,000	92,000	-	
Legal Fees	500,000	500,000	-	
Professional Services	666,750	684,350	17,600	
Computer Services & Equipment	2,545,552	2,589,536	43,984	
Depreciation Expense	850,000	850,000	-	
Payment in Lieu of Taxes	125,000	125,000	-	
Total Maintenance & Operations	\$ 10,254,639	\$ 10,281,163	\$ 26,524	0.26%
Total Internal Operating Budget	\$ 89,949,112	\$ 89,981,217	\$ 32,105	0.04%
Pass Through Expenses				
Pass Through Insurance	11,358,072	11,358,072	-	
Post Employment Benefits	13,800,000	13,800,000	-	
NYS Cost Recovery Fees	-	-	-	
Other Program Specific Expenses	3,023,271	3,023,271	-	
Total Pass Through Expenses	\$ 28,181,343	\$ 28,181,343	\$ -	
Total Operating Budget	\$ 118,130,455	\$ 118,162,559	\$ 32,105	0.03%

2018-2019 Projected Results Compared to 2019-2020 Proposed Budget

	PROJECTED 2018-2019 EXPENSE	PROPOSED 2019-2020 BUDGET	CHANGE	
Personal Services				
Salaries	\$ 52,296,842	\$ 53,866,161	\$ 1,569,319	3.00%
Retirement Contributions	7,339,045	7,667,347	328,302	
Social Security	3,689,332	4,120,761	431,429	
Health Insurance	12,092,009	12,454,770	362,760	
Workers Compensation	533,307	658,915	125,608	
Dental & Optical	356,977	370,800	13,823	
Miscellaneous Benefits	529,661	561,300	31,639	
Total Benefits	\$ 24,540,331	\$ 25,833,893	\$ 1,293,562	
Total Personal Services	\$ 76,837,173	\$ 79,700,054	\$ 2,862,881	3.73%
Maintenance & Operations				
Rent & Utilities	1,972,459	2,014,225	41,766	
Office Supplies & Miscellaneous Expense	859,676	1,023,522	163,846	
Business Travel Expense	759,141	796,585	37,444	
Management & Staff Training	207,530	272,589	65,059	
Publications & Memberships	228,266	270,364	42,098	
Communications	369,228	360,520	(8,708)	
Corporate Insurance	543,579	481,672	(61,907)	
Non-Capital Equipment & Equipment Leases	201,595	220,800	19,205	
Diversity Training & Coordination	92,000	92,000	-	
Legal Fees	490,638	500,000	9,362	
Professional Services	653,215	684,350	31,135	
Computer Services & Equipment	2,597,000	2,589,536	(7,464)	
Depreciation Expense	849,894	850,000	106	
Payment in Lieu of Taxes	125,000	125,000	-	
Total Maintenance & Operations	\$ 9,949,222	\$ 10,281,163	\$ 331,941	3.34%
Total Internal Operating Budget	\$ 86,786,394	\$ 89,981,217	\$ 3,194,822	3.68%
Pass Through Expenses				
Pass Through Insurance	10,921,223	11,358,072	436,849	
Post Employment Benefits	14,000,000	13,800,000	(200,000)	
NYS Cost Recovery Fees	-	-	-	
Other Program Specific Expenses	4,071,092	3,023,271	(1,047,821)	
Total Pass Through Expenses	\$ 28,992,315	\$ 28,181,343	\$ (810,972)	
Total Operating Budget	\$ 115,778,709	\$ 118,162,559	\$ 2,383,850	2.06%

Revenue and Expense Allocation by Program (in thousands)

	ACTUAL 2017-2018		PROJECTED 2018-19		PROPOSED 2019-20	
REVENUE*						
Private Institutions	\$ 8,487	7.6%	\$ 7,090	6.1%	\$ 8,401	7.1%
Mental Health	27,981	25.1%	30,389	26.1%	31,277	26.6%
Municipal Facilities	2,493	2.2%	2,030	1.7%	1,758	1.5%
Other NYS Initiatives	-	0.0%	-	0.0%	-	0.0%
NYS Agencies	25,364	22.8%	24,905	21.4%	23,158	19.7%
SUNY	14,234	12.8%	17,040	14.6%	16,117	13.7%
CUNY	32,878	29.5%	34,961	30.0%	37,042	31.5%
	<u>\$ 111,435</u>	<u>100.0%</u>	<u>\$ 116,416</u>	<u>100.0%</u>	<u>\$ 117,753</u>	<u>100.0%</u>
Other Non-Operating Revenue	1,645		1,679		1,714	
Total Revenue	\$ 113,080		\$ 118,095		\$ 119,467	
ALLOCATED OPERATING EXPENSES*						
Private Institutions	\$ 10,143	9.0%	\$ 7,975	6.9%	\$ 9,665	8.2%
Mental Health	27,101	24.1%	29,011	25.1%	30,615	25.9%
Municipal Facilities	1,934	1.7%	1,886	1.6%	1,566	1.3%
Other NYS Initiatives	845	0.8%	-	0.0%	-	0.0%
NYS Agencies	25,364	22.5%	24,905	21.5%	23,158	19.6%
SUNY	14,234	12.7%	17,040	14.7%	16,117	13.6%
CUNY	32,878	29.2%	34,961	30.2%	37,042	31.3%
	<u>\$ 112,498</u>	<u>100.0%</u>	<u>\$ 115,779</u>	<u>100.0%</u>	<u>\$ 118,163</u>	<u>100.0%</u>
Other Non-Operating Expenses	877		1,265		1,291	
Total Expenses	\$ 113,375		\$ 117,044		\$ 119,454	
EXCESS (DEFICIENCY) BY PROGRAM						
Private Institutions	\$ (1,657)		\$ (885)		\$ (1,263)	
Mental Health	879		1,378		662	
Municipal Facilities	559		145		192	
Other NYS Initiatives	(845)		-		-	
NYS Agencies	-		-		-	
SUNY	-		-		-	
CUNY	-		-		-	
	<u>\$ (1,063)</u>		<u>\$ 638</u>		<u>\$ (409)</u>	
Other Non-Operating	768		414		423	
Excess (Deficiency) of Revenues over Expenses*	\$ (295)		\$ 1,052		\$ 13	

* Includes Pass Through Revenue or Expenses, if applicable. Net of Reserve Allocations

Budget and Financial Plan Summary
April 1, 2017 - March 31, 2023
(in thousands)

Budgeted Revenues, Expenditures and Changes in Net Assets

	<u>Actual 2017-2018</u>	<u>Projected 2018-19</u>	<u>Proposed 2019-2020</u>	<u>Proposed 2020-2021</u>	<u>Proposed 2021-2022</u>	<u>Proposed 2022-2023</u>
REVENUE & FINANCIAL SOURCES						
Operating Revenues:						
Fees for services	\$97,142	\$100,049	\$103,245	\$104,948	\$105,305	\$105,662
Rental & financing income	516	516	516	516	516	516
Other operating revenues						
Non-operating Revenues						
Income on investments	1,129	1,163	1,198	1,234	1,271	1,309
Other non-operating revenues	14,293	16,367	14,508	14,308	14,108	13,908
Total Revenues and Financial Sources	113,080	118,095	119,467	121,006	121,200	121,395
EXPENDITURES						
Operating Expenditures:						
Salaries and wages	\$51,041	\$52,297	\$53,866	\$55,391	\$55,916	\$56,441
Other employee benefits	23,213	24,540	25,834	26,565	26,817	27,069
Office Infrastructure	7,430	8,045	8,398	8,398	8,398	8,398
Legal & Professional services	1,016	1,144	1,184	1,184	1,184	1,184
Other operating expenditures	926	761	699	699	699	699
Total Operating Expenditures	83,626	86,786	89,981	92,238	93,014	93,791
Non-internal operating expenditures	28,873	28,992	28,181	27,981	27,781	27,581
Total Operating Budget	112,499	115,779	118,163	120,219	120,796	121,373
Non-Operating Expenses	877	1,265	1,291	1,291	1,291	1,291
Total Expenditures	\$113,376	\$117,044	\$119,454	\$121,510	\$122,087	\$122,664
Excess (Deficit) of revenues over expenditures	-\$296	\$1,052	\$13	-\$504	-\$887	-\$1,269
RESERVE FUNDS & CAPITAL OUTLAYS						
Beginning Reserve Fund Balance	\$61,493	\$58,513	\$51,264	\$47,301	\$45,005	\$44,260
* Transfers to Reserves	\$427	\$1,844	\$805	\$288	-\$95	-\$477
Reserve for Replacement (Capital Outlays)	\$1,035	\$3,000	\$650	\$500	\$500	\$500
Fiduciary Fund	518	518	518	0	0	0
Healthcare Portfolio Management Fund	0	0	0	0	0	0
Other Reserve Funds	163	150	150	150	150	150
*Evolution Reserve Fund	1,145	925	1,000	930	0	0
*21 Century Technology Reserve Fund	280	750	1,500	470	0	0
*Healthcare Transformation Reserve Fund	266	3,750	950	534	0	0
Total Reserve Fund & Capital Outlays	3,407	9,093	4,768	2,584	650	650
Ending Reserve Fund Balance	\$58,513	\$51,264	\$47,301	\$45,005	\$44,260	\$43,134