



**NEW YORK**  
STATE OF  
OPPORTUNITY™

**DASNY**

# **Proposed Operating Budget 2017-2018 Fiscal Year**

As submitted to the  
Board of Directors On  
March 8, 2017

## Budget Headlines for 2017-2018 Proposal

- **The total 2017-18 proposed operating budget of \$109,260,935 represents an increase of 2.9% from the total 2016-17 operating budget of \$106,171,730. This is due primarily to increases in salary expenses and health insurance benefit costs.**
- Minor updates have been made to 2016-17 projected expenses and the 2017-18 proposed budget since the initial budget presentation at the January 11<sup>th</sup> Board meeting in an effort to reflect the most recent information available. **The proposed 2017-18 internal operating budget is 2.9% higher than the revised projected spending for 2016-17.** Proposed expenses increased \$750k (\$500k for health insurance premiums, \$225k for salaries for additional positions).
- The 2017-18 proposed salary budget funds 15 more full-time equivalent positions than the current year (500), as DASNY continues to address workload needs and continue efforts to provide for knowledge transfer.
- The 2017-18 proposed budget for salary expenses increases by 2.6% compared to 2016-17 projected expenses, as DASNY will need to fulfill contractual salary step obligations and plans to fill additional positions as outlined above.
- DASNY currently has 36 positions in recruitment as it plans to hire staff within the 515 funded positions to meet workload needs, known retirements and provide for knowledge transfer as it plans for the retirement of a projected 20% of the workforce in the next 3-5 years.
- Health insurance expenses continue to increase, as plan rates for DASNY's two most popular plans (Empire Plan and CDPHP) increased by 6% (on average) at the start of the calendar year. A review of participation statistics also shows a decrease in active participants (corresponding with the reduction in head count over the last several years), offset by an increase in retiree participants, which are often more expensive for DASNY.
- DASNY projects it will collect \$6.8 million in administrative fees from private client bond programs in the 2016-17 fiscal year, which is approximately half the amount it collected 5 years ago. In January, a resolution was adopted modifying DASNY's fee structure for private client financing and bond administration services. The revisions will allow DASNY to better align revenues in these areas to the costs incurred, while at the same time keeping client price sensitivity in mind.
- DASNY has continued to see a shift in construction workload, from large capital projects to smaller rehab projects. The total number of active construction projects has actually increased slightly while total construction expenditures have decreased by 46% over the last four years.

## 2017-18 Proposed Budget 12/31/16 vs. 3/8/17

	12/31 Proposed 2017-18 BUDGET	3/8 Proposed 2017-2018 BUDGET	<u>CHANGE</u>	
<b><u>PERSONAL SERVICE</u></b>				
SALARIES	\$ 47,466,386	\$ 47,692,231	\$ 225,845	0.48%
RETIREMENT CONTRIBUTIONS	\$ 6,855,128	\$ 6,855,128	\$ -	
SOCIAL SECURITY	\$ 3,417,580	\$ 3,433,841	\$ 16,261	
HEALTH INSURANCE	\$ 10,277,581	\$ 10,779,166	\$ 501,585	
WORKERS COMPENSATION	\$ 450,000	\$ 450,000	\$ -	
DENTAL & OPTICAL	\$ 360,000	\$ 360,000	\$ -	
MISCELLANEOUS BENEFITS	\$ 523,400	\$ 523,400	\$ -	
TOTAL BENEFITS	\$ 21,883,689	\$ 22,401,535	\$ 517,846	
TOTAL PERSONAL SERVICE	\$ 69,350,075	\$ 70,093,766	\$ 743,691	1.07%
<b><u>MAINTENANCE &amp; OPERATIONS</u></b>				
RENT & UTILITIES	\$ 1,821,900	\$ 1,821,900	\$ -	
OFFICE SUPPLIES & MISCELLANEOUS EXPENSE	\$ 882,250	\$ 882,250	\$ -	
COMMUNICATIONS	\$ 346,233	\$ 346,233	\$ -	
BUSINESS TRAVEL EXPENSE	\$ 845,297	\$ 845,297	\$ -	
CORPORATE INSURANCE	\$ 550,450	\$ 550,450	\$ -	
NON-CAPITAL EQUIPMENT & EQUIPMENT LEASES	\$ 203,400	\$ 203,400	\$ -	
MANAGEMENT & STAFF TRAINING	\$ 251,218	\$ 251,218	\$ -	
DIVERSITY TRAINING & COORDINATION	\$ 80,000	\$ 80,000	\$ -	
PUBLICATIONS & MEMBERSHIPS	\$ 245,525	\$ 245,525	\$ -	
LEGAL FEES	\$ 550,000	\$ 550,000	\$ -	
PROFESSIONAL SERVICES	\$ 728,057	\$ 728,057	\$ -	
COMPUTER SERVICES & EQUIPMENT	\$ 2,660,057	\$ 2,660,057	\$ -	
DEPRECIATION EXPENSE	\$ 823,393	\$ 823,393	\$ -	
PAYMENT IN LIEU OF TAXES	\$ 125,000	\$ 125,000	\$ -	
TOTAL MAINTENANCE & OPERATIONS	\$ 10,112,780	\$ 10,112,780	\$ (0)	0.00%
CONTINGENCY	\$ -	\$ -	\$ -	
TOTAL INTERNAL OPERATING BUDGET	\$ 79,462,855	\$ 80,206,546	\$ 743,691	0.94%
PASS THROUGH INSURANCE	\$ 12,572,315	\$ 12,572,315	\$ -	
POST EMPLOYMENT BENEFITS	\$ 12,693,065	\$ 12,693,065	\$ -	
NYS COST RECOVERY FEE	\$ -	\$ -	\$ -	
OTHER PROGRAM SPECIFIC EXPENSES	\$ 3,789,009	\$ 3,789,009	\$ -	
PASS THROUGH EXPENSES	\$ 29,054,389	\$ 29,054,388	\$ -	
TOTAL OPERATING BUDGET	\$ 108,517,243	\$ 109,260,935	\$ 743,691	0.69%

## 2017-2018 Proposed Budget Compared to Prior Year Budget

	ADOPTED 2016-2017 BUDGET	PROPOSED 2017-2018 BUDGET	CHANGE	
<b><u>PERSONAL SERVICE</u></b>				
SALARIES	\$ 46,461,691	\$ 47,692,231	\$ 1,230,540	2.65%
RETIREMENT CONTRIBUTIONS	\$ 6,743,766	\$ 6,855,128	\$ 111,362	
SOCIAL SECURITY	\$ 3,387,057	\$ 3,433,841	\$ 46,784	
HEALTH INSURANCE	\$ 9,655,869	\$ 10,779,166	\$ 1,123,297	
WORKERS COMPENSATION	\$ 442,250	\$ 450,000	\$ 7,750	
DENTAL & OPTICAL	\$ 370,000	\$ 360,000	\$ (10,000)	
MISCELLANEOUS BENEFITS	\$ 503,300	\$ 523,400	\$ 20,100	
TOTAL BENEFITS	\$ 21,102,242	\$ 22,401,535	\$ 1,299,293	
TOTAL PERSONAL SERVICE	\$ 67,563,933	\$ 70,093,766	\$ 2,529,833	3.74%
<b><u>MAINTENANCE &amp; OPERATIONS</u></b>				
RENT & UTILITIES	\$ 1,822,029	\$ 1,821,900	\$ (129)	
OFFICE SUPPLIES & MISCELLANEOUS EXPENSE	\$ 806,150	\$ 882,250	\$ 76,100	
COMMUNICATIONS	\$ 324,500	\$ 346,233	\$ 21,733	
BUSINESS TRAVEL EXPENSE	\$ 843,520	\$ 845,297	\$ 1,777	
CORPORATE INSURANCE	\$ 465,640	\$ 550,450	\$ 84,810	
NON-CAPITAL EQUIPMENT & EQUIPMENT LEASES	\$ 215,100	\$ 203,400	\$ (11,700)	
MANAGEMENT & STAFF TRAINING	\$ 248,038	\$ 251,218	\$ 3,180	
DIVERSITY TRAINING & COORDINATION	\$ 80,000	\$ 80,000	\$ -	
PUBLICATIONS & MEMBERSHIPS	\$ 248,579	\$ 245,525	\$ (3,054)	
LEGAL FEES	\$ 500,000	\$ 550,000	\$ 50,000	
PROFESSIONAL SERVICES	\$ 615,502	\$ 728,057	\$ 112,555	
COMPUTER SERVICES & EQUIPMENT	\$ 2,394,500	\$ 2,660,057	\$ 265,557	
DEPRECIATION EXPENSE	\$ 792,608	\$ 823,393	\$ 30,785	
PAYMENT IN LIEU OF TAXES	\$ 125,000	\$ 125,000	\$ -	
TOTAL MAINTENANCE & OPERATIONS	\$ 9,481,166	\$ 10,112,780	\$ 631,614	6.66%
CONTINGENCY	\$ -	\$ -	\$ -	
TOTAL INTERNAL OPERATING BUDGET	\$ 77,045,099	\$ 80,206,546	\$ 3,161,447	4.10%
PASS THROUGH INSURANCE	\$ 12,541,591	\$ 12,572,315	\$ 30,724	
POST EMPLOYMENT BENEFITS	\$ 12,241,616	\$ 12,693,065	\$ 451,449	
NYS COST RECOVERY FEE	\$ -	\$ -	\$ -	
OTHER PROGRAM SPECIFIC EXPENSES	\$ 4,343,424	\$ 3,789,009	\$ (554,415)	
TOTAL PROPOSED OPERATING BUDGET	\$ 106,171,730	\$ 109,260,935	\$ 3,089,205	2.91%

## 2016-2017 Projected Results Compared to 2017-2018 Proposed Budget

	PROJECTED 2016-2017 EXPENSE	PROPOSED 2017-2018 BUDGET	<u>CHANGE</u>	
<b><u>PERSONAL SERVICE</u></b>				
SALARIES	\$ 46,490,619	\$ 47,692,231	\$ 1,201,612	2.58%
RETIREMENT CONTRIBUTIONS	\$ 6,775,657	\$ 6,855,128	\$ 79,471	
SOCIAL SECURITY	\$ 3,347,325	\$ 3,433,841	\$ 86,516	
HEALTH INSURANCE	\$ 10,364,583	\$ 10,779,166	\$ 414,583	
WORKERS COMPENSATION	\$ 430,000	\$ 450,000	\$ 20,000	
DENTAL & OPTICAL	\$ 348,465	\$ 360,000	\$ 11,535	
MISCELLANEOUS BENEFITS	\$ 516,325	\$ 523,400	\$ 7,075	
TOTAL BENEFITS	\$ 21,782,355	\$ 22,401,535	\$ 619,180	
TOTAL PERSONAL SERVICE	\$ 68,272,974	\$ 70,093,766	\$ 1,820,792	2.67%
<b><u>MAINTENANCE &amp; OPERATIONS</u></b>				
RENT & UTILITIES	\$ 1,774,761	\$ 1,821,900	\$ 47,139	
OFFICE SUPPLIES & MISCELLANEOUS EXPENSE	\$ 912,689	\$ 882,250	\$ (30,439)	
COMMUNICATIONS	\$ 334,500	\$ 346,233	\$ 11,733	
BUSINESS TRAVEL EXPENSE	\$ 846,261	\$ 845,297	\$ (964)	
CORPORATE INSURANCE	\$ 492,546	\$ 550,450	\$ 57,904	
NON-CAPITAL EQUIPMENT & EQUIPMENT LEASES	\$ 187,934	\$ 203,400	\$ 15,466	
MANAGEMENT & STAFF TRAINING	\$ 236,457	\$ 251,218	\$ 14,761	
DIVERSITY TRAINING & COORDINATION	\$ 71,524	\$ 80,000	\$ 8,476	
PUBLICATIONS & MEMBERSHIPS	\$ 247,210	\$ 245,525	\$ (1,685)	
LEGAL FEES	\$ 450,000	\$ 550,000	\$ 100,000	
PROFESSIONAL SERVICES	\$ 712,548	\$ 728,057	\$ 15,509	
COMPUTER SERVICES & EQUIPMENT	\$ 2,503,360	\$ 2,660,057	\$ 156,697	
DEPRECIATION EXPENSE	\$ 792,608	\$ 823,393	\$ 30,784	
PAYMENT IN LIEU OF TAXES	\$ 125,000	\$ 125,000	\$ -	
TOTAL MAINTENANCE & OPERATIONS	\$ 9,687,399	\$ 10,112,780	\$ 425,381	4.39%
CONTINGENCY	\$ -	\$ -	\$ -	
TOTAL INTERNAL OPERATING BUDGET	\$ 77,960,373	\$ 80,206,546	\$ 2,246,173	2.88%
PASS THROUGH INSURANCE	\$ 12,095,384	\$ 12,572,315	\$ 476,931	
POST EMPLOYMENT BENEFITS	\$ 12,893,065	\$ 12,693,065	\$ (200,000)	
NYS COST RECOVERY FEE	\$ -	\$ -	\$ -	
OTHER PROGRAM SPECIFIC EXPENSES	\$ 4,006,041	\$ 3,789,009	\$ (217,032)	
PASS THROUGH EXPENSES	\$ 28,994,490	\$ 29,054,388	\$ 59,899	
TOTAL OPERATING BUDGET	\$ 106,954,862	\$ 109,260,935	\$ 2,306,072	2.16%

## Budget and Financial Plan Summary

April 1, 2015 - March 31, 2021

(in thousands)

### Budgeted Revenues, Expenditures and Changes in Net Assets

	Actual 2015-2016	Projected 2016-2017	Proposed 2017-2018	Proposed 2018-2019	Proposed 2019-2020	Proposed 2020-2021
<b>REVENUE &amp; FINANCIAL SOURCES</b>						
Operating Revenues:						
Fees for services	\$ 89,342	\$ 91,417	\$ 94,897	\$ 95,122	\$ 94,772	\$ 94,422
Rental & financing income	\$ 582	\$ 534	\$ 553	\$ 553	\$ 553	\$ 553
Other operating revenues						
Non-operating Revenues						
Income on investments	\$ 2,642	\$ 2,721	\$ 2,803	\$ 2,887	\$ 2,974	\$ 3,063
Other non-operating revenues	\$ 12,475	\$ 13,563	\$ 13,578	\$ 13,378	\$ 13,178	\$ 12,978
<b>Total Revenues and Financial Sources</b>	<b>\$ 105,042</b>	<b>\$ 108,235</b>	<b>\$ 111,831</b>	<b>\$ 111,942</b>	<b>\$ 111,478</b>	<b>\$ 111,018</b>
<b>*EXPENDITURES</b>						
Operating Expenditures:						
Salaries and wages	\$ 45,872	\$ 46,685	\$ 47,893	\$ 48,343	\$ 48,343	\$ 48,343
Other employee benefits	\$ 21,790	\$ 21,844	\$ 22,478	\$ 22,689	\$ 22,689	\$ 22,689
Professional services contracts	\$ 1,640	\$ 1,870	\$ 1,890	\$ 1,890	\$ 1,890	\$ 1,890
Supplies and materials	\$ 528	\$ 647	\$ 621	\$ 621	\$ 621	\$ 621
Other operating expenditures	\$ 6,347	\$ 6,695	\$ 7,734	\$ 7,734	\$ 7,734	\$ 7,734
<b>Total Operating Expenditures</b>	<b>\$ 76,177</b>	<b>\$ 77,741</b>	<b>\$ 80,615</b>	<b>\$ 81,276</b>	<b>\$ 81,276</b>	<b>\$ 81,276</b>
Non-operating Expenditures						
Other non-operating expenditures	\$ 28,723	\$ 28,994	\$ 29,054	\$ 28,854	\$ 28,654	\$ 28,454
Transfers to amounts held for institutions	\$ 2,546	\$ 2,622	\$ 2,701	\$ 2,782	\$ 2,866	\$ 2,952
Transfers to New York State and others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 107,448</b>	<b>\$ 109,358</b>	<b>\$ 112,370</b>	<b>\$ 112,913</b>	<b>\$ 112,796</b>	<b>\$ 112,682</b>
Capital Contributions						
Excess (deficiency) of revenues and capital contributions over expenditures	\$ (2,406)	\$ (1,123)	\$ (539)	\$ (971)	\$ (1,318)	\$ (1,665)
* Expenditures include 161 Delaware Ave expenses.						
<b>RESERVE FUNDS &amp; CAPITAL OUTLAYS</b>						
Beginning Reserve Fund Balance	\$ 50,635	\$ 50,578	\$ 53,602	\$ 45,036	\$ 41,310	\$ 40,084
** Transfers to Reserves	\$ 1,059	\$ 13,292	\$ 792	\$ 792	\$ 792	\$ 792
Reserve for Replacement (Capital Outlays)	\$ 598	\$ 2,500	\$ 4,090	\$ 1,500	\$ -	\$ -
Fiduciary Fund	\$ 518	\$ 518	\$ 518	\$ 518	\$ 518	\$ -
Healthcare Portfolio Management Fund	\$ -	\$ 3,500	\$ -	\$ -	\$ -	\$ -
**Evolution Reserve Fund	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
**21 Century Technology Reserve Fund	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ -	\$ -
**Healthcare Transformation Reserve Fund	\$ -	\$ 1,250	\$ 2,250	\$ 1,500	\$ 500	\$ -
<b>Total Reserve Fund &amp; Capital Outlays</b>	<b>\$ 1,116</b>	<b>\$ 10,268</b>	<b>\$ 9,358</b>	<b>\$ 4,518</b>	<b>\$ 2,018</b>	<b>\$ -</b>
Ending Reserve Fund Balance	\$ 50,578	\$ 53,602	\$ 45,036	\$ 41,310	\$ 40,084	\$ 40,876

\* Newly established reserves funded from Moral Obligations program (\$8.5M) and Healthcare Portfolio Management Fund (\$3.5M)