



THE CITY OF NEW YORK  
INDEPENDENT BUDGET OFFICE

110 WILLIAM STREET, 14<sup>TH</sup> FLOOR  
NEW YORK, NEW YORK 10038  
(212) 442-0632 • FAX (212) 442-0350 • EMAIL: [ibo@ibo.nyc.ny.us](mailto:ibo@ibo.nyc.ny.us)  
<http://www.ibo.nyc.ny.us>

August 20, 2008

Council Member James S. Oddo  
Office of the Minority Leader  
City Hall  
New York, NY 10007

**Subj: Fiscal Impact: Eliminating Professional Certification**

Dear Council Member Oddo:

In response to your request, The Independent Budget Office (IBO) estimated the cost of eliminating the Department of Building’s Professional Certification Program and returning to a process that requires all plans submitted to go through a full plan examination. As you requested, IBO also estimated the cost of eliminating professional certification only for one- to three-family homes, and the cost of eliminating it within the Special Natural Area Districts. IBO’s estimate assumes that the department would hire sufficient new staff so that the time needed to complete a plan examination would not substantially change.

We estimate that eliminating the entire program would require the city to add 69 new positions in the buildings department and cost the city \$7.5 million on an annual basis. There would also be \$1.5 million in additional one-time costs in the first year. Eliminating professional certification for plans submitted for one- to three-family homes would cost the city \$2.9 million in annual costs plus \$511,200 in start-up costs. IBO estimates that eliminating the program within the Special Natural Area Districts would result in no significant cost, provided the districts do not increase in size.

<b>Cost Estimate of Eliminating Professional Certification</b>		
		Full-Time Positions
Plan Examiners	\$ 5,467,750	50
Support Staff	1,338,371	19
Office Space Requirements	659,250	
	<b>\$ 7,465,371</b>	<b>69</b>
One-Time Costs	<b>\$ 1,469,700</b>	
SOURCES: IBO, Mayor’s Office of Management and Budget, Department of Buildings		
NOTE: Costs include buildings department personal services, other-than-personal services, and office space rental, and fringe benefits costs from city central accounts.		

**Background.** The professional certification program allows registered architects or professional engineers to certify that construction plans (referred to as jobs by the Department of Buildings) meet all

zoning and code requirements and thereby avoiding the normal plan review process where plan examiners for the Department of Buildings review the plans for compliance.

In fiscal year 2007, 48.5 percent of the 73,830 plans filed with the department were filed through the professional certification program. The program has come under scrutiny in the past as it has been found that some professional engineers and registered architects file plans that are not in compliance with zoning and code regulations and are abusing the program. The Department of Buildings attempts to audit 20 percent of professionally certified plans every year. In fiscal year 2007 the department audited 24.3 percent of professionally certified plans. Of those audited, 21.5 percent received revocation notices<sup>1</sup>. The department was not able to provide data that would allow IBO to identify the plans that received revocation notices to see if certain types of plans were more prone to abuse.

**Cost Estimate Detail.** IBO found that the cost of eliminating the professional certification program would be \$7.5 million in annual on-going costs, plus \$1.5 million for start-up costs. Eliminating the program would require the addition of 69 new staff for plan examination—50 plan examiners and 19 support staff—after the realignment of 28 positions from the Special Enforcement Program.

In fiscal year 2007, a total of 73,830 plans were submitted, with 35,808 (48.5 percent) filed through professional certification and another 38,022 reviewed by a plan examiner. According to the Department of Buildings, 78 plan examiners reviewed plans in 2007 which yields an average of 487 plans reviewed by each examiner over the course of twelve months. Assuming that a plan examiner can review 487 plans per year, the department would need 73 new plan examiners<sup>2</sup>, and 24 support staff, to give a full review to the 35,808 plans that were submitted through professional certification and not reviewed by plan examiners. The Department of Buildings asserts that for each three plan examiners, one support position would be required.

The department has added 45 positions for the Professional Certification Audit and Inspection Unit, a part of the Special Enforcement Program. Of those positions, 17 are inspectors, 25 are plan examiners, and nine support staff. If professional certification were eliminated, IBO assumes that the 25 plan examiners and three of the support positions would transfer to plan examination, as there would no longer be a need for the Professional Certification Audit and Inspection Unit. Therefore, the Department of Buildings would need to hire 69 new staff—97 total positions needed minus 28 that would transition from audit and inspection.

In addition to personnel costs, the department asserts that it has reached capacity in its current office space and would need to rent additional office space if new personnel were hired. IBO estimated that additional office space costs would total \$659,000 annually<sup>3</sup>, plus start-up costs of \$1.5 million, or an average of \$21,300 per employee, for construction, phones, cabling and furniture.

If professional certification was eliminated only for plans for one- to three-family homes, IBO estimates that it would cost \$2.9 million in annual on-going costs<sup>4</sup> and \$511,200 in one-time start-up costs. In 2007 there were 16,166 jobs filed for one- to three-family homes. Of those jobs, 56 percent, or 9,053 jobs, were through the professional certification program. Again, assuming 487 jobs per examiner per year, the department would need to add 15 new plan examiners and five support staff if all one- to

three-family homes plans went through the traditional plan examination process. IBO assumes that there would be no savings from a transfer of staff from the Professional Certification Audit and Inspection Unit created through the Special Enforcement Program. Since IBO does not have evidence that most of the abuse of the professional certification program occurs with one- to three-family homes, the department would likely need to continue the Professional Certification Audit and Inspection Unit as well the pre-qualifying program in order to continue monitoring professional certification abuse.

IBO was also tasked with estimating the cost of eliminating professional certification in Special Natural Area Districts (SNAD), which were created in 1975. The purpose of SNADs is to guide development to preserve unique natural features by requiring the City Planning Commission to review new developments and site alteration on primarily vacant land. There are currently three SNADs; the biggest in land size is in Community Districts 1 and 2 in Staten Island, the next is in Community District 8 of the Bronx, and the final one is in Community District 7 in Queens.

According to records from the Department of Buildings, there were six jobs filed in calendar year 2007 in one of the three SNADs. Of those six, four were filed through professional certification. IBO therefore projects that eliminating professional certification for the SNADs would impose negligible costs on the department. This estimate is based on the assumption that the SNADs will not increase significantly in size. Since SNADs account for such a small percentage of jobs filed, eliminating professional certification for these areas is also unlikely to have a major impact on abuse of professional certification.

IBO used an average salary of \$75,000 for plan examiners, \$47,000 for support staff and an additional 48.98 percent for fringe benefits for each employee. IBO also included \$5,120 for other than personal services for each employee<sup>5</sup>.

**Other Factors.** Although the Independent Budget Office analyzed the likely costs to the city of eliminating the professional certification program, or partially scaling it back by eliminating it for one- to three-family homes or Special Natural Area Districts, there are other options that were not analyzed. For example, IBO did not review eliminating professional certification for new buildings, which constitute six percent of all professionally certified plans, or major alterations (Alt 1) which constitute seven percent of all professionally certified plans. The department would likely argue that for new buildings and major alterations, plan examination would take more time than on other jobs because of the scale of work.

**Special Enforcement Plan.** Starting in fiscal year 2008, the department initiated two programs to help reform the professional certification program. In Phase One of the Special Enforcement Plan, the department introduced the Professional Certification Audit and Inspection Unit, originally including 29 new positions. According to testimony before the City Council's Committee on Housing and Buildings, the unit has inspected 2,500 professionally certified jobs with 59 percent being issued violations. The unit then audited the plans of those jobs that were issued violations and found that 81 percent of those plans failed the full plan examination audit.

In Phase Two of the Special Enforcement Plan, the department added six positions for the professional certification pre-qualification program, where professional engineers and registered architects will have to apply for the right to submit documents for professional certification. The recently passed New York

City Model Building Code gave the department the power to control who would be allowed to submit plans through the professional certification program.

In Phase Three, both of these programs were expanded. The department added 16 new positions to the Professional Certification Audit and Inspection Unit and added three positions to the professional certification pre-qualifying unit.

The department believes that by taking these steps, they are working to reform the Professional Certification Program, and therefore will not need to eliminate it.

I hope you will find this information to be helpful. We would be happy to provide further details of our analysis upon request. Please do not hesitate to let me know if we can provide further assistance on this or other matters.

Sincerely,

Brendan Cheney  
Budget and Policy Analyst

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<sup>1</sup> According to department policy, in order for an audited plan to receive a revocation notice, the auditor has to find objections which pertain to substantive issues of zoning, life safety, and / or accessibility for persons with disabilities. Revocation notices are not sent for minor objections related only to processing of paperwork or fees; minor objections are granted “conditional acceptance” by the department.

<sup>2</sup> IBO investigated whether the roughly 8,700 plans submitted through professional certification and then audited by the department were audited by plan examiners, thereby increasing the actual number of plans reviewed by plan examiners. The department asserts that these plans are not audited by the plan examiners but by six auditors in the Technical Compliance Unit and that the audit is not the same as a full plan examination. The department also asserts that if plan examination were eliminated, these positions would not be able to transition to plan examination and would continue with other audit functions. There are therefore no savings associated with the process of auditing plans submitted through professional certification.

<sup>3</sup> IBO used Department of Finance assessment guidelines to estimate the cost per square foot for plan examination office space in Downtown Manhattan (\$38.00), Downtown Brooklyn (\$33.00) and the outer boroughs (\$24.00). Also, IBO used an average of 250 square feet per new employee.

<sup>4</sup> Although it is likely that one- to three family homes require less review time by plan examination staff, IBO was unable to quantify this. To the extent that this is true, the actual cost of eliminating professional certification for one- to three-family homes will be less than \$2.9 million.

<sup>5</sup> OTPS per employee was calculated using an average of OTPS costs that new plan examiners and support staff would likely incur. Using the average cost rather than the marginal cost—which is more difficult to measure—likely overstates the amount of OTPS per worker. Note, that IBO’s estimate excluded some costs such as rent that are accounted for elsewhere in our analysis.