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Honorable Letitia James
Council Member
New York City Council
67 Hanson Place
Brooklyn, NY 11217

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Dear Council Member James:

In response to your request, IBO has reviewed total spending on the Office of Payroll Administration's (OPA) CityTime project—both actual spending to date and the amounts projected in the city's financial plan. CityTime has been developed under multiple contracts and involves both capital budget and operating budget appropriations, which makes compiling comprehensive spending figures challenging. After reviewing various city budget sources and consulting with the Office of Management and Budget (OMB), IBO could track \$641 million in actual and planned spending for CityTime capital projects from fiscal year 2000 through 2011. According to OMB there was an additional \$3.3 million in capital commitments for CityTime prior to 2000 which predate the current online accounting system (FMS) and therefore could not be tracked by IBO. Operating budget spending for the system, including planned spending through 2014, totals \$232 million.

The city has already completed or signed contracts for virtually all of the capital investment, with only \$30 million remaining to be committed in 2011. In contrast, the bulk of the operating budget spending is just beginning. Operating budget spending for CityTime totaled \$37 million from 2000 through 2010. In the current year, the operating budget includes \$63 million for CityTime, and the financial plan includes another \$132 million from 2012 through 2014 (\$58 million in 2012, \$45 million in 2013, and \$29 million in 2014). OMB has indicated that they anticipate the annual operating cost to stabilize at about \$30 million.

Through 2011, most of the operating budget spending has been for services purchased under contract with the system's developers, however city employees are expected to take on an increasing role in running the system so that more of the spending in the operating budget will shift from other than personal services (OTPS) to personal services (PS). In 2011, OPA has budgeted \$5.8 million in PS expenses for running the system and this is expected to grow to \$12.2 million by 2014. It is noteworthy however, that the agency's PS costs for the system will still amount to only about 40 percent of the operating budget spending for CityTime in 2014 as OTPS spending—including support from contractors—remains significant.

Please contact me if I may be of further assistance.

Sincerely,

Ronnie Lowenstein