

**STATEMENT FROM DEPT. OF FINANCE ON 2014 BUDGET PROPOSAL
CITY COUNCIL COMMITTEE ON BUDGET AND GOVERNMENT OPERATIONS
MONDAY OCTOBER 28, 2013**

Good morning Chairman Austin, Vice-Chairman Reilly, and members of the City Council. Thank you for the opportunity to speak with you today.

Efficient billing, debt collection and management of the City's financial resources are critical functions for the City, particularly given that our City and country are still recovering from the recession. Recognizing this the Department of Finance is continually working to protect taxpayers, reform government and enable the City to invest in the future for all of our residents and businesses. The Department's 2014 budget focuses on supporting our mission to provide effective and efficient management of the City's financial resources and perform our core responsibilities. These responsibilities include: accounting and financial reporting, cash management and disbursements, city-wide payroll support services, employee benefits management, risk management, citywide cashiering, revenue collection noticing and revenue reporting, parking enforcement, and tax policy administration.

I would like to share some of the Department's 2013 accomplishments and additional work planned 2014.

Payments to Vendors: Maximize Efficiency

The Department of Finance strives to provide prompt payment for goods and services to make it easier for organizations and companies to do business with the City of Chicago. One of the improvements over the last 2 ½ years has been the implementation of centralized invoice processing, also referred to as CIP. Before the implementation of CIP, it could have taken up to 13 weeks to pay a vendor; currently, 97% of invoices are being paid in 30 days or less. Through continuous evaluation of the CIP process, Finance has not only improved the timeliness, but also the accuracy of vendor payments while reducing the administrative burden on user departments.

While CIP was being rolled out, Finance also launched an aggressive campaign to expand the e-payables program which allows vendors to accept payments electronically. By reaching out to vendors and encouraging them to enroll in this system, participation increased by 11% in the second year of the program. E-payables expanded in 2013, to add office supply ordering which is forecasted to double the number of transactions from 2012. Additionally, Finance collaborated with other departments to develop a citywide report to effectively track and resolve unpaid invoices.

Improved Customer Service: Cut Costs and Maximize Efficiency

A significant objective of the Department of Finance is to enrich customer service and increase convenience while minimizing costs. In 2013, the Water Full Payment Certificate (FPC) process was further streamlined. The process enhancements resulted in a reduction in the average number of days to process a FPC from 16 days in 2012 to the current average of 2.3 days. In 2014, the online FPC system will be overhauled and the FPC process will be automated. Further, the system will be integrated with the Real Property Transaction Tax system resulting in further efficiencies and significant improvements in customer service and facilitating the transfer of properties in the City of Chicago.

The Department of Finance continues to work with the Department of Innovation and Technology to implement an expanded and consolidated web payment system. Implementation will begin at the end of 2013. This new technology will facilitate the expansion of payments services to allow payments of City debt at numerous third party locations throughout the City beginning in 2014.

Tax Assessments/Online Filing: Maximize Efficiency and Generate Revenue

Through September 2013, the tax enforcement unit has completed 845 assessments totaling more than \$40.6 million and collections are averaging over \$1 million per auditor. The City's online tax filing and payment system continues to be very efficient for city businesses. The system allows tax filers to file annual tax returns and make any tax payments easily in a timely manner. As of August 31, 2013, 85% of all tax return filings have been made electronically and 75% of all tax payments are made via the web. The use of the Web is not only more convenient for businesses, but it also improves the accuracy in filing and continues to reduce the City's administrative costs.

Increased Debt Collection: Increase Efficiency and Generate Revenue

The Department of Finance continues to deem past due debt collection as one of its most important goals. Debt collection efforts remain successful as processes are continually improved and focus is placed on the City's largest debtors. In 2013, it is anticipated that an approximate \$20 million in additional debt outstanding debt will be collected. These debts range from unpaid parking tickets to millions owed in fees, fines, and penalties.

The Department of Finance is committed to ensuring banks who own foreclosed properties are paying their bills to the City. The aggressive approach has continued to generate results. In May 2011, \$5.7 million in past due debt was owed by these financial institutions. Since then, \$6.9 million of outstanding debt has been collected and the amount owed has been reduced to \$1.9 million.

Furthermore, the City has changed the way business is done with organizations with delinquent City debt. This means placing holds on licenses and permits for those who have outstanding debt, including general business, trade, chauffeur and other licenses, as well as building, public way and other permits the City issues. The Department anticipates collecting \$8 million in 2013 from these additional license and permit holds.

Employees of the City and Sister agencies are being held accountable for debt due and owing to the City. The employee indebtedness and wage garnishment process has been streamlined with an added focus on those departments with the highest debt percentage. As a result, the City anticipates collecting approximately \$5M from employees in 2013.

The City's partnership with the State of Illinois in the Local Debt Recovery Program has facilitated the collection of more than \$25 million in past due debt since implementation in early 2012. These collections are from the more difficult debtors as they had been unwilling to pay their debt voluntarily. Nearly half of these debtors are located outside the City of Chicago.

Financial Reporting: Increased accountability and controls

The Department of Finance continues to increase the control environment related to accounting transactions and financial reporting requirements. For the first time in six years, there was no material weaknesses related to the City's internal control over financial reporting in the 2012 audit. During 2013, the Department of Finance has strengthened its efforts by working with departments to ensure that grant reimbursements are charged and billed to the grantors in a timely manner and working with grantor agencies to ensure that the turnaround time for reimbursement collections is reduced.

Conclusion

As you can see the Department of Finance intends to take an equally aggressive approach to policy and planning for the remainder of 2013 and 2014. The goals outlined will continue to build upon our successes and implement new ideas to facilitate cutting costs, generating revenue, maximizing efficiency, and increasing transparency. We are committed to supporting the vision the Mayor has for the City of Chicago by maximizing the use of every tax dollar.

In closing, we want to thank the Mayor, Chairman Austin, Vice-Chairman Reilly and all Committee members.

Finance

2014 Budget Hearing

MBE/WBE Data

Period: September 2013

Total Purchases: \$30,703,818

	\$6,968,258	\$2,073,250	\$9,041,507
	MBE	WBE	Total MBE/WBE Purchases
WBE only	n/a	\$501,717 (1.6%)	
Asian	\$3,340,685 (10.9%)	\$395,976 (1.3%)	
African-American	\$1,838,933 (6.0%)	\$1,113,478 (3.6%)	
Hispanic	\$1,583,224 (5.2%)	\$62,079 (0.2%)	
Total Spending	\$6,968,258 (22.7%)	\$2,073,250 (6.8%)	\$9,041,507(29.4%)

Staffing Data (October 2013)

Department Ethnicity and Gender				
	Male	Female	Total	%
Asian	19	13	32	5.77%
Black	66	204	270	48.65%
Hispanic	41	63	104	18.74%
White	70	54	124	22.34%
Other	13	12	25	4.5%
Total	209	346	555	100%
	37.66%	62.34%	100%	

New Hires Ethnicity and Gender				
	Male	Female	Total	%
Asian	0	1	1	3.45%
Black	0	5	5	17.24%
Hispanic	0	0	0	0%
White	0	1	1	3.45%
Other	8	14	22	75.86%
Total	8	21	29	100%
	27.59%	72.41%	100%	

Department Managers Ethnicity and Gender				
	Male	Female	Total	%
Asian	8	1	9	6.67%
Black	14	31	45	33.33%
Hispanic	9	12	21	15.56%
White	28	19	47	34.81%
Other	9	4	13	9.63%
Total	68	67	135	100%
	50.37%	49.63%	100%	

Interns (current)

School	Gender	Race
Roosevelt University	Female	Not Specified
DePaul University	Female	Not Specified
Carleton College	Male	Not Specified
Loyola University	Male	Not Specified

DEPARTMENT OF FINANCE 2014 ORGANIZATION CHART

