

STATEMENT FROM COMPTROLLER RESHMA SONI ON THE 2020 BUDGET PROPOSAL TO THE CITY COUNCIL COMMITTEE ON BUDGET AND GOVERNMENT OPERATIONS

Monday, October 28, 2019

Good morning, Chairman Dowell, Vice-Chairman Silverstein, members of the Committee, and members of City Council. Thank you for the opportunity to appear before you today and to participate in these budget hearings.

I am honored to serve you and the public and to lead the dedicated staff of the Department of Finance. The Department operations include paying city vendors, enforcing parking regulations, collecting revenue, billing for utility and other fees, administering the tax code, managing employee benefits, issuing payroll, administering Workers' Compensation and accounting for and reporting the City's finances. We are dedicated and strive for continuous improvement. I would like to highlight some of the programs and initiatives from the past year and discuss planned initiatives for 2020.

Debt Relief

Working in collaboration with community advocacy groups, the Mayor's Office and the Office of the City Clerk, the Department of Finance is implementing several initiatives aimed to provide residents with a pathway to compliance by offering range of flexible debt relief options. These initiatives include improving payment plans to provide more affordable payment options, providing a 24-hour tow extension for booted vehicles, eliminating same/consecutive day issuance of compliance violations and offering assistance with City Sticker violation debt by lowering the penalty amount and instituting an amnesty program.

Through the end of this month, the Office of the City Clerk is conducting a City Sticker Amnesty, which will allow residents to purchase their City Sticker without having to pay back charges or late fees. In conjunction with the City Clerk's City Sticker Amnesty program, motorists who are in compliance with the City Sticker requirements at the end of this month may apply to have at least three of their oldest City Sticker tickets forgiven.

Separately, beginning Friday, November 15, 2019 through Sunday, December 15, 2019, residents can apply to the Department of Finance for the opportunity to have at least three city sticker tickets forgiven. The application and back-end process for ticket forgiveness will be automated and our IT vendors have begun programming to be ready for the November 15 start date. Information about the program can be found on the Department of Finance's webpage. Residents who visit the page prior to November 15 will be able to submit their email addresses in order to receive a reminder when they can begin applying for debt relief.

Utility Billing Relief Program for Low Income Customers

The Department is also working with the Office of Budget and Management and the Office of the Mayor to provide utility billing relief to low-income homeowners, ensuring that they have access to water and can manage their City utility bills. The Department is focusing on assisting those with past due water and sewer utility debt but cannot afford to pay and are at risk of entering

the “post and shut” process. Starting in the first quarter of 2020, the program will be available to owners of single-family homes and two-flats who qualify for the Low-Income Home Energy Assistance Program, or LIHEAP. This is a federal and state program that is administered locally by the Cook County Economic Development Authority, or CEDA. Upon approval, customers will be enrolled into a 12-month program during which all water and sewer charges, and the water-sewer tax, will be reduced by 50%. Collections and shut-off activity will be suspended while a participant is enrolled in the program. After one year of successfully paying the reduced bills on time, any past due balance which accrued on the account prior to enrollment will be forgiven, and customers can re-apply to continue in the program.

Audits and Findings

Deloitte & Touche completed their audit of the City’s fiscal year 2018 financial statements on June 25, 2019 and the City issued the Comprehensive Annual Financial Report on June 28, 2019. There were no material weaknesses or significant deficiencies reported by Deloitte.

The Federal Single Audit has been completed for the year 2018. This audit is a review the City’s management of federal grant funding to ensure compliance with all the rules and regulations of each grant award. For the first time since 2003, the City was deemed a “low-risk auditee” as a result of this audit.

Workers’ Compensation Program

The Department continues to transition day-to-day management of the Workers’ Compensation claims to the third-party administrator, Gallagher Bassett. Gallagher Bassett brings claim handling practices and procedures that are aligned with industry best practices, new technology systems to expedite claims review, controls to mitigate medical costs and improve outcomes for injured employees and a focus on fraud prevention and robust investigation. All civilian claims are currently being handled by Gallagher with the objective of clearing the backlog, improving closure rates and driving down claim costs with the goal of achieving millions of dollars in annual savings in the long term.

Data and Technology Enhancements

A key area of focus for the Department has been reviewing and implementing technology enhancements to create more efficiencies.

Point of Sale Cashiering System

The Department is working to replace its current Point of Sale Cashiering System. Over 7.5 million payments for all City departments are processed through Finance’s centralized cashiering system per year and posted to receivables in various receivable systems in accordance with the City’s Cash Management Policy. Approximately 1.1 million payments are processed in person through the point of sale system. The new system is user friendly and more efficient than the current system, but more importantly, it will relocate credit card processing activity to the vendor’s system to virtually eliminate Payment Card Industry (PCI) related risks and reduce required PCI maintenance and audit costs. Implementation is targeted for March 2020.

Accounts Receivable Enforcement

City Council's approval in October authorizing Intergovernmental Agreements for data-sharing to collect revenues will allow the Accounts Receivable and Tax Divisions to optimize collection of taxes and charges for service. By partnering with other governments to obtain data, the City will effectively be able to identify businesses that may not be paying or are underpaying certain taxes and fees and work with those businesses to bring them into compliance. In addition, in collaboration with the Department of Procurement Services, the Department is implementing comprehensive debt checks for those companies that are doing business with the City and leveraging automation to enhance efficiency and productivity by automating assignments and reporting allowing staff to dedicate resources to other revenue generating projects.

Streamlining Payments

The Department, in partnership with the Department of Procurement Services, is setting up a task force that will analyze and develop process improvements to streamline payments made on City construction contracts. The task force will evaluate and identify redundancies, create and work towards a standardized city-wide policy, consider expanding contractual payment terms to include a compressed timeline for invoice submission, improve technology to expedite review of invoices and other areas that contribute to increased processing times, with the goal of reducing delay in the submission of invoices and reduce processing times. By improving the timeliness of payments to vendors, they, in turn, can pay their subcontractors in a timelier manner.

Payroll Enhancements

Although the Chicago Fire Department implemented automated time-keeping through the Chicago Automated Time and Attendance system as of April 2017, all 24-hour platoon shift employees are swiping only once per day while all other employees, including other uniformed personnel, are swiping twice per day. In order to transition the 24-hour platoon staff to dual swiping, the Fire Department has launched a pilot at one firehouse wherein all employees will be required to swipe twice per day. It is anticipated that full transition of platoon shift employees to double swiping will be realized by the first quarter of 2020.

The Department is also starting to review new technology that could potentially replace the current time and attendance system to provide better tracking and effective management of time and attendance. Although this is a long-term project, the Department is reviewing best practices and systems that can accommodate the complexities of the City's various collective bargaining agreements, including overtime.

Conclusion

I again want to thank you for this opportunity and for reaching out to let us know when and where we have room for improvement in our service to you and the residents and taxpayers of the City of Chicago.