

**STATEMENT FROM COMPTROLLER RESHMA SONI ON THE 2022 BUDGET PROPOSAL TO THE
CITY COUNCIL COMMITTEE ON BUDGET AND GOVERNMENT OPERATIONS**

Friday, September 24, 2021

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 to discuss the Department of Finance's goals and accomplishments.

I am honored to serve you and the residents of the City of Chicago, and to lead the dedicated team at the Department of Finance. I would like to highlight some of the programs and initiatives from the past year and discuss planned initiatives for 2022.

Fines and Fees Reforms

In 2021, the Department of Finance implemented new fines and fees reforms for motorists, homeowners, and businesses.

- The Department has extended the early payment plans for parking tickets from six months to 24 months. The extension makes monthly payments more affordable and allows motorists more time to pay their tickets without assessing a penalty. As a result, there has been an increase of 4,592 motorists enrolled in payment plans since June 2021. Since we implemented the new payment plans in Fall 2019, there has been an increase in enrollment of 217 percent
- In addition, during 2021, the State and City ended the suspension of driver's licenses for camera enforcement violations. As a result, the City has removed approximately \$180,000 in driver's license suspension fees from 9,000 motorists' records. This reform has allowed motorists, whose licenses were previously suspended due to unpaid red light and speed camera tickets, to have their driver's license reinstated so they can have access to much needed transportation for work or family needs.
- Since April 2020, the Department has enrolled over 15,000 homeowners into the Utility Billing Relief program. Collectively, they are eligible to have \$12 million in debt forgiven if they remain compliant with current payments for one year. After successful completion of the program, the homeowner graduates from the program and the debt set aside is forgiven. Since the inception of this program, more than 6,000 homeowners, or 92 percent have graduated from the program and have had over \$5 million of past due debt forgiven and \$6 million in reduced rates.
- With City Council's vote earlier this year to amend an ordinance to cap the total late payment penalty on unpaid building inspection/reinspection fees at 100 percent of the original fee, 33,486 residents and businesses saved \$34.6 million in late fees.

With your approval during this budget process, the Department of Finance will move forward with the City's next phase of critical fines & fees reforms in Q1 2022, which includes three new pilot programs that focus on debt forgiveness, income-based ticket costs, and fix-it tickets.

- Two of the new programs are for low-income individuals, who can qualify by showing that their income is at, or below, 300 percent of the Federal Poverty Level (currently \$38,640 for an individual) within the past 30 days of the application date.
 - *Debt Relief Program*: Allows for participants to receive debt forgiveness by paying off the original cost of their tickets from the most recent three years over a 12-month period and getting older debt forgiven.
 - *Income-Based Ticket Costs*: Provides a 50 percent reduction in ticket costs for low-income motorists over a period of one year. Qualifying individuals would see a reduction in ticket costs that aligns more with their ability to pay.

The third program allows for “Fix-it Tickets” for certain motor vehicle-related compliance violations. This program allows the registered owner of a vehicle a one-time opportunity to have a ticket forgiven if the owner shows the violation was remedied within 30 days of the ticket being issued. For example, an individual who receives a ticket for failure to display a City sticker can have the ticket forgiven by showing they purchased a City sticker within 30 days of the ticket date. These programs will provide much needed relief to our residents and will help to strengthen the Mayor’s commitment to bring individuals out of debt and into compliance.

Business Recovery Payment Plan Program.

The Department of Finance implemented a program in July 2021 granting much needed relief to Chicago businesses that have been impacted by the pandemic. The Business Recovery Payment Plan Program gives eligible businesses up to five years to pay the cost of renewing business licenses. This program, which is being offered through June 30, 2022, allows business to pay as little as \$25 per month to renew their licenses rather than requiring them to pay the full amount at once.

Workers’ Comp

The Workers’ Compensation Division continues to implement reform measures aimed at professionalizing the program and aligning it with industry best practices. On the reform side, the program actively monitors claims for evidence of fraud, waste and abuse, including conducting surveillance, and has established a partnership with the Office of Inspector General to identify suspicious claims that warrant further investigation. In addition, the division regularly performs “alive and well” checks on claimants and exercises its right to conduct independent medical evaluations to ensure claimants are entitled to ongoing benefits.

By adopting industry best practices, we have reduced:

- the number of claims,
- the number of litigated claims,
- the average number of days injured workers are away from work, and
- the average cost for common medical treatments

In 2021, the City launched a Transitional Duty/Return to Work program. This program seeks to return eligible employees to work quickly and safely after experiencing a work-related injury or illness, with the goal of returning them to their regular work assignments as soon as medically possible. This is the start of the reform process and in the coming year we will be implementing additional best practices with the departments to achieve savings and increase productivity.

Contract Review and Audit - Prompt Payment Working Group

In late 2020, Mayor Lightfoot formed the Prompt Payment Working Group (PPWG) to develop a strategy to expedite payments to contractors and subcontractors without undermining financial controls. Led by the Departments of Finance and Department of Procurement Services, the PPWG analyzed the invoices and payment processes of the City’s four major infrastructure departments. In line with the PPWG’s recommendations, the Department of Finance issued an RFI to explore the use of a third-party administrator (“TPA”) or third-party trustee to expedite payments on high-priority construction projects and provide the capacity to expand the use of advance payments, including the beneficial 50/50 Payment Program currently underway at the Airport. This initiative will be paired with technical assistance and education to create a more robust program that helps remove additional barriers faced by entities with limited access to capital, such as bonding requirements. The DOF is also piloting end-to-end efficiencies through paperless invoicing and electronic payments. These initiatives will collectively help expedite payments to contractors and

subcontractors to reduce project delays and inflated costs, and increase the ability of small, mid-size, minority, and women-owned businesses to sustain and grow their businesses and participate in City contracting.

Audits and Findings

In 2021, the Department issued a Request for Proposal to audit the City's financial statements for the fiscal year ending December 31, 2021. Proposals were reviewed by the Evaluation Committee and a recommendation will be made to the Finance Committee later this year.

Technology Enhancements

Improvements to technology and accessibility is one of the core goals of the Department. In Summer 2021, the Department expanded payment kiosks to 70 locations throughout the City, including libraries and police stations with 24/7 access, to provide ease of accessibility to residents at any time of the day to make payments.

The Department, in conjunction with other City departments, will be issuing an RFP next week to replace the current time and attendance system, which is more than 20 years old. This will allow for better tracking of hours worked and absences, as well as a robust and flexible scheduling engine that adheres to union regulations. This will bring much needed technology enhancements to the time and attendance system and will achieve overall savings.

Conclusion

I again want to thank you for this opportunity. We will continuously strive to improve our service to the residents and taxpayers of the city of Chicago.