

STATEMENT FROM COMPTROLLER RESHMA SONI ON THE 2023 BUDGET PROPOSAL TO THE CITY COUNCIL COMMITTEE ON BUDGET AND GOVERNMENT OPERATIONS

Thursday, October 6, 2022

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 2023.

Fines and Fees

As a part of the Mayor's initiatives to reduce debt burden on individuals, in 2022, the Department of Finance (DOF) implemented additional debt relief initiatives and improvements:

- **Clear Path Relief Pilot Program**
On April 1st, DOF launched the Clear Path Relief Pilot Program, to provide low-income motorists the opportunity to reduce or eliminate vehicle-related debt, such as parking, compliance, red light, and speed camera violations. Just six months into the program, over 30,000 applications have been approved and \$23.2 million of ticket debt has been waived. The program will run through December 31, 2023, so eligible motorists may apply through the end of next year.
- **Fix-It Defense**
Introduced with Clear Path Relief Program, the fix-it defense allows all motorists the opportunity to contest a ticket for failure to display a current city sticker or license plate registration with proof of compliance. To date, more than 8,500 tickets have been dismissed and close to \$1,000,000 in fines have been waived for motorists who came into compliance.
- **Online Boot Release**
Earlier this year, the Department expanded online payment plans to include booted vehicles. Motorists may now enroll in an online payment plan and pay their down payment and boot fee online. The boot can be released within 24 hours of down payment, and motorists who do not have tow or storage fees are no longer required to make the payment in person, reducing the stress and time of getting to a payment site to pay and release your vehicle.
- **Online Payment Plans**
Enhancements to payment plans that were implemented in 2021 continued to help motorists experiencing hardship by allowing them to put less money down and giving them more time to pay off their debt. The ability to enter an online

payment plan saved motorists \$35.7 million in collection fees in 2021, and \$21.6 million through the first half of this year.

- **Administrative Hearings Relief Pilot Program**

With your support, the 2023 Budget will continue to implement additional fines and fees reforms to help alleviate financial hardship for Chicagoans. This Budget includes reforms related to Administrative Hearings debt, which impacts individuals obtaining licenses, permits and engaging in business with the City. These reforms will help individuals and small businesses with additional pathways to come into compliance and provide relief from regressive fines and fees. This pilot, alongside our other fines and fees reforms, will help pave a viable road to economic stability for residents with outstanding fines, and reduce the City budget's reliance on fees that disproportionately impact low-income communities.

Utility Billing Relief

The Utility Billing Relief Program, or UBR, provides low-income City of Chicago residents with a 50% reduced rate on water, sewer, and water-sewer tax charges as well as debt relief for those who demonstrate they can manage the reduced rate bills for one year. During the 2022 budget cycle, you voted to make UBR a permanent program. To date, the program has approved over 25,000 enrollments with 92% of enrollees successfully completing the program. Approximately 46% of our enrollees are Black and 33% are Latino. The UBR program has allowed low-income homeowners to save over \$12.8 million in rate reductions and to have over \$15.5 million forgiven after successfully completing a year in the program. Simultaneously this year, DOF has been working closely with CEDA to distribute Low-Income Household Water Assistance relief to landlords or tenants who pay water and/or sewer bills, which will be available through September 2023.

Enforcement

The Street Operations division currently tracks enforcement requests from all wards and uses this data toward predictive and prioritized enforcement as well as more equitable enforcement. In 2023, the division will request new 311 categories, which will also be used for this purpose.

The Tax division is focused on educating taxpayers, ensuring compliance, and creating a level playing field for all companies doing business in Chicago. Enforcement targets are identified with the goal of verifying that businesses are interpreting the law correctly and paying their fair share. As such, the division continues to evaluate the impact of emergent technology and innovation on the way our tax ordinances are applied. Consistent with this emphasis on technology, the division implemented multiple improvements to our own online presence this year to increase transparency and enhance the resources available to the public.

Risk Management

In April 2022, the Public Risk Managers Association, or PRIMA, selected the City's Cost Recovery Initiative as an award winner in PRIMA's 2022 Outstanding Achievement for a

Public Risk Management Program. This initiative identifies key departments which have a greater potential for cost recoveries for the City, and earmarks funding so those departments are incentivized to provide information to our cost recovery administrator.

Cash Management and Prompt Payments

With the intent to increase efficiency citywide, an internal study was done on process workflows for payments to construction contractors with contracts managed by the City's four major infrastructure departments. The intent was to provide recommendations that would streamline the process and accelerate payments to City contractors and subcontractors. An RFP for a Third-Party Administrator was issued during the summer whose specialty is to expedite payments to construction companies and the contract will be awarded in late 2022. Providing a solution to restructure the City's payment process to allow for payment within a 30-day cycle would encourage competition among the City's contractors and reduce financial barriers for businesses with limited access to affordable capital.

Program Improvements for Delegate Agencies

In connection with the City's Equitable Social Services Contracting Initiative, DOF has implemented new procedures to address the cash flow issues that impact many providers and discourage new providers from participating in the City's delegate agency contracting process. The Advance Mobilization Payment program allows low risk agencies demonstrating financial hardship the opportunity to receive an advance up to 25% of the annual contract amount. The Expedited Reimbursement Payment process enables agencies to receive approved advance payments from designated payroll providers through trustee accounts established by the City Treasurer's Office. Finally, the Department Advance Request Memo Payment process allows the user department and DOF to jointly request the CTO to set up an escrow account to fund a third-party payor for a delegate agency contract. These processes were developed with the goal of lifting barriers to create a more equitable and inclusive delegate agency contracting process. Overall, over \$16 million has been either advanced or expedited since inception of these new programs earlier this year.

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.