

**OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER
FISCAL YEAR 2018 BUDGET TESTIMONY
APRIL 25, 2017**

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Christine Derenick-Lopez, Chief Administrative Officer. Joining me today are Jackie Linton, Deputy CAO and Tim Wisniewski, Deputy CAO-Chief Data Officer. I am pleased to provide testimony on CAO's Fiscal Year 2018 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Office of the Chief Administrative Officer (CAO) works to modernize city government and improve the efficiency and effectiveness of City services. The CAO oversees ten City departments and offices, innovating and strengthening their administrative functions and supporting their resident-facing operations to evaluate, plan, and continually improve their service delivery. The ten City departments and offices that report to the CAO include: The Office of Innovation and Technology (OIT), Public Property (DPP), Fleet Management (OFM), Records, Procurement, the Contracts Legislation Unit (CLU), the Office of Administrative Review (OAR), the Bureau of Administrative Adjudication (BAA), the Office of Open Data and Digital Transformation (ODDT), and Human Resources and Talent (HR&T).

Plans for Fiscal Year 2018:

CAO's vision is to have a government that utilizes technology, data analysis, and customer-focused process change to modernize City services and how it engages and interacts with employees, residents and businesses.

The CAO's office in FY18 continues to advocate for modernization and increased efficiency and effectiveness throughout the city, simplifying how to do business with the city and improving partnerships with stakeholders.

Our office is currently implementing electronic signatures for professional services contracts across the City. This process allows city agencies as well as the awarded vendor to sign contracts electronically, alleviating the paper contract being sent back and forth via mail. The first implementation of e-signatures was in July of 2016. By the end of April, ten departments will have successfully launched in the system and the remaining city departments will be on board by the end of calendar year 2017. This E-signature system is saving meaningful time in the contract conformance process. Where in the contract process we have implemented electronic signatures, we have reduced the average processing time by as much as 55%.

Thank you for supporting the Best Value legislation through the City process this past year. We are optimistic that the charter change question on Best Value passes in the upcoming May election. Best Value would allow the City to evaluate vendors on factors other than price alone, including meeting or exceeding M/W/DSBE goals and how the vendor delivered on-time and on-budget. Monitoring vendors has been a challenge in the past but through technology, such as a vendor performance system, holding vendors accountable on goals and other measures will be housed in a centralized database.

With the purchase of its new vendor performance module, the Procurement Department for the first time will manage a centralized system of vendor data. This will help the City manage, evaluate and track vendors that do business for us. This system will be key to efficiently manage City contracts, a focus area for the CAO's office in FY18.

The City has invested in a Learning Management System (LMS). The LMS is an electronic platform that provides an efficient way to deliver training and information to City employees. In FY17, HR & Talent launched the platform to all City employees. Citywide training is now available on the LMS and 6 departments have been onboarded with approximately 6,000 employees registered to use the system. In FY18, HR & Talent plans to further expand the access to additional departments as well as to add additional content. This will allow the City to more efficiently provide training to its employees.

The Office of Open Data & Digital Transformation (ODDT) launched beta.phila.gov, an effort to reorient the City's website around the needs of its residents, businesses, and other stakeholders. The beta prototype is being built in the open alongside the current phila.gov, so that insights from the public can be incorporated throughout its design, iteration, and development.

One of the largest departments to transition their content onto the new beta platform has been the Department of Revenue. Their work with ODDT has resulted in completely rewritten content, organized into more intuitive categories. This work has been crucial because the services and information provided by the Department of Revenue represent over 30% of overall traffic to phila.gov. Their content covers topics ranging from property, business, and income taxes; senior citizen discount and assistance programs; becoming a water customer; and revenue collection reports.

Over the next few months, ODDT will work with departments across the City to set up landing pages on beta as part of "phase 1" to provide each department with a presence on the platform. The second phase will begin in FY18 and allow us to transition the most important content from the existing department websites. In January, we'll begin "phase 3," where we'll do deeper dives into content, user research, and functionality with larger departments to fully transition department websites into a consolidated, user-friendly platform.

In a little more than a year, CAO has accomplished many things and continues to look for efficiencies and innovative ways to make Philadelphia better.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2016)				
	Total	Minority	White	Female
Number of Full-Time Staff	55	33	22	39
Number of Civil Service-Exempt Staff	42	23	19	30
Number of Executive Staff (deputy level and above)	8	3	5	5
Average Salary, Full-Time Staff	\$62,051	\$50,769	\$78,975	\$62,411
Average Salary, Civil Service-Exempt Staff	\$69,447	\$58,432	\$82,781	\$68,920
Average Salary, Executive Staff	\$128,959	\$127,787	\$129,663	\$133,240
Median Salary, Full-Time Staff	\$45,088	\$45,088	\$70,898	\$45,088
Median Salary, Civil Service-Exempt Staff	\$59,000	\$45,088	\$72,450	\$55,250
Median Salary, Executive Staff	\$128,100	\$132,000	\$124,200	\$132,000

*as of 12/31/2016

Employment Levels (as of December 2016)		
	Budgeted	Filled
Number of Full-Time Positions	59	55
Number of Part-Time Positions	2	2
Number of Civil-Service Exempt Positions	46	42
Number of Executive Positions	9	8
Average Salary of All Full-Time Positions	\$65,048	\$62,051
Median Salary of All Full-Time Positions	\$45,088	\$45,088

General Fund Financial Summary by Class						
	FY16 Original Appropriations	FY16 Actual Obligations	FY17 Original Appropriations	FY17 Estimated Obligations	FY18 Proposed Appropriations	Difference: FY18-FY17
Class 100 - Employee Compensation	n/a	n/a	\$3,962,776	\$4,016,561	\$3,986,939	(\$29,622)
Class 200 - Purchase of Services	n/a	n/a	\$1,637,049	\$1,618,975	\$1,652,049	\$33,074
Class 300 - Materials and Supplies	n/a	n/a	\$15,665	\$13,465	\$11,665	(\$1,800)
Class 400 - Equipment	n/a	n/a	\$1,000	\$3,200	\$5,000	\$1,800
Class 500 - Contributions	n/a	n/a	\$0	\$0	\$0	\$0
Class 700 - Debt Service	n/a	n/a	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	n/a	n/a	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	n/a	n/a	\$0	\$0	\$0	\$0
	\$0	\$0	\$5,616,490	\$5,652,201	\$5,655,653	\$3,452

Professional Services Contracts Summary						
	FY12	FY13	FY14	FY15	FY16	FY17 YTD (Q1 & Q2)
Total amount of contracts	n/a	n/a	n/a	n/a	n/a	\$1,412,500
Total amount to M/W/DSBE	n/a	n/a	n/a	n/a	n/a	\$282,500
Participation Rate	n/a	n/a	n/a	n/a	n/a	20%

M/W/DSBE Contract Participation Goal			
	FY16	FY17	FY18
M/W/DSBE Contract Participation Goal	n/a	20%	25%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2018 General Fund budget totals \$5,655,653, an increase of \$3,452 over Fiscal Year 2017 estimated obligation levels. This increase is primarily due to slight budget changes within classes.

The proposed budget includes:

- \$3,986,939 in Class 100, a \$29,622 decrease over FY17. This funding will support salaries for all CAO staff. The decrease is attributed to the difference between two positions and their salaries being transferred from CAO to MDO and two positions and salaries being transferred from HR into CAO.
- \$1,652,049 in Class 200, a \$33,074 increase over FY17. This funding will support the everyday functions of the CAO through various contracts for professional services such as stenographer, hearing masters, maintenance and repair services, software and technology services, the HR&T learning system and seminars.
- \$11,665 in Class 300, an \$1,800 decrease over FY17. This funding will be used to purchase materials and supplies for the CAO.
- \$5,000 in Class 400, an \$1,800 increase over FY17. This funding will be used for office equipment needed for the CAO.

STAFFING LEVELS

The department is requesting 60 budgeted positions for FY18, a decrease of \$29,622 of funding over FY17.

The decrease is attributed to the difference between two positions and their salaries being transferred from CAO to MDO and two positions and salaries being transferred from HR into CAO.

NEW HIRES

New Hires (from December 2016 to present)		
	Total Number of New Hires	Spanish
Black or African American	1	-
Asian	-	-
Hispanic or Latino	1	1
White	3	-
Other	-	-
Total	5	1

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY18 Performance Measures: Bureau of Administrative Adjudication (BAA)				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Average number of days from receiving a hearing request via regular mail to making a disposition (decision by hearing officer)	54	63	56	45
Average number of days from receiving a hearing request online to making a disposition (decision by hearing officer)	79	84	80	60
Hearing decisions entered across all categories (in-person, online, mail, phone, other) *	120,749	68,559	132,338	135,000

* Estimate based on prior years.

FY18 Performance Measures: Office of Administrative Review (OAR)				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Time between violation issued date and first notice for handwritten CVNs (weeks) *	4	8	6	4
Wait time between request for review and hearing date for CVNs (weeks) **	3	4	4	4
<i>Wait time between request for review and hearing date for Tax Review Board (months):</i>				
Real estate interest and penalty	4	7	5	4
Water Revenue/Water Department	2	3	3	3
Business taxes	8	6	3	3
Refuse collection fees	6	6	4	4

*Current notice time varies for electronic issuance and handwritten CVNs.

**CAO's goal is to maintain this current wait time.

FY18 Performance Measures: Strategic Direction and Transformation				
Measure	FY16 Actual	FY17 YTD (Q1 & Q2)	FY17 Estimate	FY18 Target
Percent of exempt positions posted centrally *	N/A	40%	50%	80%
Number of new hires onboarded centrally *	N/A	45	175	250
Contract conformance times	108	101	100	90
Percentage of web traffic fulfilled by pages that meet digital standards	22%	40%	45%	60%

* No FY16 actual available; measure is new.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

Not applicable for CAO. No federal or state funds.

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY17											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits)	Waiver for Living Wage Compliance?
Conduent (formerly Xerox)	Code Unit Violations Systems and Services	\$1,412,500	12/15/2012	7/1/2016	MBE: 20-25%	20%	\$282,500	20%	\$282,500	yes	no
					WBE: 20-25%	0%	0%				
					DBE: 0%	0%	0%				

Note: This contract was formerly under Finance but, when the CAO was created, the funding and management was transferred to CAO. An RFP was posted and closed at the end of March. The new contract, when awarded to the selected vendor, will be under CAO.

EMPLOYEE DATA

Staff Demographics (as of December 2016)				
Full-Time Staff			Executive Staff	
	Male	Female	Male	Female
	African-American	African-American	African-American	African-American
<i>Total</i>	7	20	<i>Total</i>	1
<i>% of Total</i>	13%	36%	<i>% of Total</i>	25%
<i>Average Salary</i>	\$51,034	\$53,300	<i>Average Salary</i>	\$103,360
<i>Median Salary</i>	\$45,088	\$45,088	<i>Median Salary</i>	\$103,360
	White	White	White	White
<i>Total</i>	7	15	<i>Total</i>	2
<i>% of Total</i>	13%	27%	<i>% of Total</i>	38%
<i>Average Salary</i>	\$79,001	\$53,300	<i>Average Salary</i>	\$131,057
<i>Median Salary</i>	\$68,267	\$45,088	<i>Median Salary</i>	\$131,057
	Hispanic	Hispanic	Hispanic	Hispanic
<i>Total</i>	2	4	<i>Total</i>	0
<i>% of Total</i>	4%	7%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$34,289	\$45,891	<i>Average Salary</i>	\$0
<i>Median Salary</i>	\$34,289	\$45,088	<i>Median Salary</i>	\$0
	Asian	Asian	Asian	Asian
<i>Total</i>	0	0	<i>Total</i>	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$0	\$0	<i>Average Salary</i>	\$0
<i>Median Salary</i>	\$0	\$0	<i>Median Salary</i>	\$0
	Other	Other	Other	Other
<i>Total</i>	0	0	<i>Total</i>	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$0	\$0	<i>Average Salary</i>	\$0
<i>Median Salary</i>	\$0	\$0	<i>Median Salary</i>	\$0
	Bilingual	Bilingual	Bilingual	Bilingual
<i>Total</i>	2	5	<i>Total</i>	0
<i>% of Total</i>	4%	9%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$34,289	\$49,126	<i>Average Salary</i>	\$0
<i>Median Salary</i>	\$34,289	\$45,088	<i>Median Salary</i>	\$0
	Male	Female	Male	Female
<i>Total</i>	16	39	<i>Total</i>	3
<i>% of Total</i>	29%	71%	<i>% of Total</i>	63%
<i>Average Salary</i>	\$61,176	\$62,411	<i>Average Salary</i>	\$121,285
<i>Median Salary</i>	\$45,088	\$45,088	<i>Median Salary</i>	\$124,200

*as of 12/31/2016

NUMBER OF BILINGUAL EMPLOYEES

Number of Bilingual Employees		
	Spanish	Hebrew
BAA	2	-
OAR	3	-
Strategic Direction	1	1
Total - All Divisions	6	1
Total - # of Bilingual Employees		7
Total - # of Languages Spoken		2