**OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER
FISCAL YEAR 2019 BUDGET TESTIMONY
APRIL 16, 2018**

## INTRODUCTION

Good morning, President Clarke and Members of City Council. I am Christine Derenick-Lopez, Chief Administrative Officer. Joining me today is DeWayne Gordon, First Deputy Chief Administrative Officer and my Chief-of-Staff, Stephanie Tipton.  I am pleased to provide testimony on the Office of the Chief Administrative Officer's Fiscal Year 2019 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), Department of Public Property (DPP), Office of Fleet Management (OFM), Department of Records, Procurement Department, the Contracts Unit (CU), the Office of Administrative Review (OAR), the Bureau of Administrative Adjudication (BAA), Open Data and Digital Transformation (ODDT), and Human Resources and Talent (HR&T).

**Plans for Fiscal Year 2019**:

The CAO works to achieve a core pillar of the Kenney administration:  to ensure government runs efficiently, effectively, and always with integrity.  The CAO focuses its work in several strategic areas: providing technical assistance focused on modernizing business processes, helping departments build their capacity to innovate, and transforming government operations by fostering critical thinking to examine why things are done a certain way.  Our FY19 budget reflects investments in these strategic areas.

Both the Bureau of Administrative Adjudication (BAA) and the Office of Administrative Review (OAR) support important public-facing functions: the resolution of parking ticket appeals and the review of cases where citizens disagree with a fine, violation notice, or other administrative decision made by the City of Philadelphia, respectively.  Our budget provides investments in both offices. These investments will allow them to better serve city residents and provide additional efficiencies in their collection and enforcement efforts.  At BAA, we will hire additional staff to meet customer demand for expanded hours on Saturdays. And, our investment in OAR's collections contract will ensure the office can continue to collect revenue on code violations, registration fees for alarm users, and citations for false alarm violators.

In addition, the CAO will continue to work with City departments to modernize their operations by identifying efficiencies, utilizing technology, and providing a customer-focused approach.

After successfully rolling-out an electronic signature process for professional services contracts, which decreased the amount of time it takes to execute a contract by nearly 50%, the CAO Contracts Unit has begun to work on improvements to the contract amendment process. Currently, this process can be cumbersome, requiring a detailed amendment process for minor changes to the original contract. CAO is working with key stakeholders to simplify this process.  These changes, once implemented, will allow

amendments to be executed more quickly, which, in return, will result in faster payment to vendors, especially M/W/DSBE vendors.

Following feedback from the business community and, in particular, small, local and M/W/DSBE businesses, the CAO has begun to address the issue of slow pay. We are currently interviewing stakeholders and developing a process map to identify gaps and pain points in the process. We plan to identify tangible action-items from this due diligence and will begin to implement changes to the process throughout the remainder of the calendar year.

Our Human Resources & Talent (HR&T) unit will continue to support the exempt recruiting efforts of all City departments and will support the Office of Human Resources in developing recruiting strategies for civil service jobs. To advance these efforts, HR&T hired an experienced talent acquisition manager and will continue to develop sourcing strategies for hard-to-fill positions. Additionally, HR&T will continue to coordinate the annual citywide Career Fair, which engaged over 5,000 residents this past year.

The Office of Open Data and Digital Inclusion (ODDT) helps departments make government services more transparent and accessible to the public through technology and human-centered design methods. ODDT will continue this focus in FY19 in several key areas. Starting in FY17, ODDT began a redesign of the City's website, making it easier for members of the public to find and understand the information and services they need. Currently, Beta.phila.gov serves 47% of all page views to City websites and will be transformed into the new *Phila.gov* site in calendar year 2018. In FY19, ODDT will also continue to publish datasets that make City government more transparent, drive business, improve service delivery, and/or facilitate civic engagement. Examples of open data sets released in the past fiscal year include: English as a Second Language class locations, affordable housing production, police complaints, and building demolitions, among others. Lastly, using grant funds from the John S. and James L. Knight Foundation's Knight City Challenge, ODDT will continue to work with the Mayor's Office of Policy to apply social science and service design methodologies to improve services and programs within the Department of Revenue and the Office of Homeless Services.

The CAO will continue to drive change through these and other initiatives in FY19. We have accomplished much since the department was first created in FY17 and we look forward to working with departments to continue identifying areas of improvement that will yield immediate benefits and create measurable efficiencies.

## BUDGET SUMMARY & OTHER BUDGET DRIVERS

| Staff Demographics Summary (as of December 2017) | Total | Minority | White | Female |
|---|---|---|---|---|
| Number of Full-Time Staff | 61 | 37 | 24 | 42 |
| Number of Exempt Staff | 47 | 25 | 22 | 34 |
| Number of Executive Staff (deputy level and above) | 8 | 4 | 4 | 4 |
| Average Salary, Full-Time Staff | $64,827 | $54,114 | $81,342 | $63,577 |
| Average Salary, Exempt Staff | $71,456 | $61,579 | $82,679 | $68,084 |
| Average Salary, Executive Staff | $133,559 | $129,840 | $137,279 | $138,250 |
| Median Salary, Full-Time Staff | $47,793 | $45,088 | $74,426 | $48,037 |
| Median Salary, Exempt Staff | $66,000 | $45,088 | $75,000 | $61,500 |
| Median Salary, Executive Staff | $131,057 | $133,000 | $131,057 | $133,000 |

| Employment Levels (as of December 2017) | Budgeted | Filled |
|---|---|---|
| Number of Full-Time Positions | 65 | 61 |
| Number of Part-Time Positions | 6 | 6 |
| Number of Exempt Positions | 49 | 47 |
| Number of Executive Positions (deputy level and above) | 8 | 8 |
| Average Salary of All Full-Time Positions | $62,867 | $64,827 |
| Median Salary of All Full-Time Positions | $47,793 | $47,793 |

| General Fund Financial Summary by Class | FY17 Original Appropriations | FY17 Actual Obligations | FY18 Original Appropriations | FY18 Estimated Obligations | FY19 Proposed Appropriations | Difference: FY19-FY18 |
|---|---|---|---|---|---|---|
| Class 100 - Employee Compensation | $3,962,776 | $3,830,324 | $4,084,873 | $3,997,741 | $4,137,615 | $139,874 |
| Class 200 - Purchase of Services | $1,637,049 | $1,591,592 | $1,652,049 | $4,127,049 | $2,015,049 | ($2,112,000) |
| Class 300/400 - Materials, Supplies & Equipment | $16,665 | $15,807 | $16,665 | $16,665 | $16,665 | $0 |
| | **$5,616,490** | **$5,437,723** | **$5,753,587** | **$8,141,455** | **$6,169,329** | **($1,972,126)** |

| Grants Revenue Fund Financial Summary by Class | FY17 Original Appropriations | FY17 Actual Obligations | FY18 Original Appropriations | FY18 Estimated Obligations | FY19 Proposed Appropriations | Difference: FY19-FY18 |
|---|---|---|---|---|---|---|
| Class 100 - Employee Compensation | $0 | $0 | $0 | $70,739 | $102,307 | $31,568 |
| Class 200 - Purchase of Services | $0 | $0 | $0 | $3,950 | $0 | ($3,950) |
| Class 300/400 - Materials, Supplies & Equipment | $0 | $0 | $0 | $0 | $0 | $0 |
| | **$0** | **$0** | **$0** | **$74,689** | **$102,307** | **$27,618** |

| Contracts Summary (Professional Services only) | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 YTD (Q1 & Q2) |
|---|---|---|---|---|---|---|
| Total amount of contracts | n/a | n/a | n/a | n/a | $1,553,500 | $1,086,430 |
| Total amount to M/W/DSBE | n/a | n/a | n/a | n/a | $282,500 | $202,010 |
| Participation Rate | n/a | n/a | n/a | n/a | 18% | 19% |

*Note: The Office of the Chief Administrative Officer did not exist prior to January 2016, so there are no contracts to report prior to FY17.*

| Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined) | FY17 | FY18 | FY19 |
|---|---|---|---|
| M/W/DSBE Contract Participation Goal | N/A | 20% | 25% |

*Note: The Office of the Chief Administrative Officer did not exist prior to January 2016, so an OEO goal was not set for the department until FY18.*

## PROPOSED BUDGET OVERVIEW

**Proposed Funding Request**:

The proposed Fiscal Year 2019 General Fund budget totals $6,169,329 a decrease of $1,972,126 over Fiscal Year 2018 estimated obligation levels. This decrease is primarily due to the deduction of $2.5 million in one-time funding provided in FY18 for the Parking Amnesty program and is partially off-set by the Class 200 allocations described below.

The proposed budget includes:

- $4,137,615 in Class 100, an $139,874 increase over FY18. The increase is to hire additional staff to support the HR Service Improvement project and the Bureau of Administrative Adjudication.
- $2,015,049 in Class 200, a $2,112,000 decrease from FY18. This decrease is primarily due to the deduction of $2.5 million in one-time funding provided in FY18 for the Parking Amnesty Program, offset by a funding increase for consulting services in support of the HR Service Improvement Project and the vendor contract that supports collections activities for the Office of Administrative Review.
- $11,665 in Class 300, level funding with FY18.
- $5,000 in Class 400, level funding with FY18.

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## STAFFING LEVELS

The department is requesting 66 budgeted full-time positions for FY19, an increase of 1 full-time position over FY18.

The increase is attributed to the proposed hire of one additional full-time employee to support the HR Service Improvement project.

## NEW HIRES

| New Hires (from 7/1/2017 to December 2017) | | | |
|---|---|---|---|
| | Total Number of New Hires | Hindi | French |
| Black or African American | 3 | - | - |
| Asian | 1 | 1 | - |
| Hispanic or Latino | 1 | - | - |
| White | 2 | - | 1 |
| Total | 7 | 1 | 1 |

Since December 2017, the CAO has hired three employees: 2 who identify as Black or African American, and 1 who identifies as White.

**PERFORMANCE, CHALLENGES, AND INITIATIVES**

**Strategic Direction and Transformation**:

| FY19 Strategic Goals |
| --- |
| • Identify areas of opportunities within the City for process improvements and process re-engineering. |
| • Lead cross-functional teams on projects with the goal of producing key and measurable benefits. |
| • Establish a platform to ensure the capture of critical knowledge across CAO departments so that institutional information is retained. |

| FY19 Performance Measures | | | | |
| --- | --- | --- | --- | --- |
| Measure | FY17 Actual | FY18 YTD (Q1 + Q2) | FY18 Target | FY19 Target |
| Number of exempt positions posted using the citywide exempt hiring process | 179 | 128 | 200 | 200 |
| Number of new hires onboarded centrally[1] | 226 | 207 | 300 | 400 |
| Average contract conformance time: professional services contracts (days)[2] | 121 | 110 | 90 | 90 |
| Percent of web traffic fulfilled by pages that meet digital standards[3] | 42.3% | 46.0% | 60.0% | 70.0% |

[1] This is a function of the number of new hires.

[2] During calendar year 2017, Docusign was rolled out across departments. As a result, metrics from this time period reflect contracts using Docusign as well as contracts using the older, paper process and may reflect longer processing times, on average, than just contracts conformed using Docusign.

[3] A page that meets digital standards is mobile-friendly, accessible, clearly organized, and written using plain language. The "beta" site will be transformed into the new Phila.gov site in calendar year 2018 and is expected to result in increased web traffic.

**Bureau of Administrative Adjudication (BAA)**:

| FY19 Strategic Goals |
| --- |
| • Reduce the average number of days from receiving a hearing request via regular mail to making a disposition (decision by hearing officer). |
| • Reduce the average number of days from receiving a hearing request online to making a disposition (decision by hearing officer). |

| FY19 Performance Measures | | | | |
| --- | --- | --- | --- | --- |
| Measure | FY17 Actual | FY18 YTD (Q1 + Q2) | FY18 Target | FY19 Target |
| Average number of days from receiving a hearing request via regular mail to making a disposition (decision by hearing officer) | 52 | 45 | 45 | 45 |
| Average number of days from receiving a hearing request online to making a disposition (decision by hearing officer)[1] | 91 | 129 | 90 | 90 |
| Hearing decisions entered across all categories (in-person, online, mail, phone, other)[2] | 137,923 | 62,973 | 135,000 | 144,000 |

[1] Increased enforcement by PPA has generated demand for in-person services and BAA is reallocating resources to accommodate the in-person requests.

[2] The addition of another hearing officer in FY19 will allow BAA to reach this target.

**Office of Administrative Review (OAR)**:

| FY19 Strategic Goals |
| --- |
| • Improve reporting capabilities.<br>• Enhance and streamline internal notifications for hearing scheduling.<br>• Increase consistency and efficiency of the administration of processing appeals. |

| FY19 Performance Measures | | | | |
| --- | --- | --- | --- | --- |
| Measure | FY17 Actual | FY18 YTD (Q1 + Q2) | FY18 Target | FY19 Target |
| Time between violation issued date and first notice for handwritten CVNs (weeks) | 6 | 6 | 6 | 6 |
| Time between request for review and hearing date for CVNs (weeks)[1] | 6 | 8 | 7 | 7 |
| Time between request for review and hearing date for Tax Review Board: Real estate interest and penalty (months)[2] | 5 | 5 | 4 | 4 |
| Time between request for review and hearing date for Tax Review Board: Water Revenue/Water Department (months) | 4 | 3 | 4 | 4 |
| Time between request for review and hearing date for Tax Review Board: Business taxes (months)[3] | 5 | 3 | 3 | 3 |
| Time between request for review and hearing date for Tax Review Board: Refuse collection fees (months) | 5 | 4 | 4 | 3 |

[1] *The issuance of CVNs is highest in the warmer months. This causes higher wait times.*

[2] *OAR expects a decrease in the second half of FY18 to meet the target of four months.*

[3] *Additional hearings have been added to schedule to reduce backlog.*

**OTHER BUDGETARY IMPACTS**

**Federal and State (Where Applicable)**

N/A

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## CONTRACTING EXPERIENCE

| M/W/DSBE Participation on Large Professional Services Contracts | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Top Largest Contracts, FY18 | | | | | | | | | | | |
| 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) *[yes / no]* | Waiver for Living Wage Compliance? *[yes / no]* |
| Conduent State & Local Solutions, Inc. | Code Unit Violations System & Notices | $1,010,050 | 12/15/2012 | 7/1/2017 | MBE: 20-25% | 20% | $202,010 | 20% | $202,010 | Yes | No |
| | | | | | WBE: 20-25% | 0% | $0 | | | | |
| | | | | | DSBE: 0% | 0% | $0 | | | | |

## EMPLOYEE DATA

| Staff Demographics (as of December 2017) | | | | | |
|---|---|---|---|---|---|
| **Full-Time Staff** | | | **Executive Staff** | | |
| | Male | Female | | Male | Female |
| | African-American | African-American | | African-American | African-American |
| Total | 9 | 18 | Total | 2 | 2 |
| % of Total | 15% | 30% | % of Total | 25% | 25% |
| Average Salary | $61,526 | $53,500 | Average Salary | $126,680 | $133,000 |
| Median Salary | $47,793 | $45,088 | Median Salary | $126,680 | $133,000 |
| | White | White | | White | White |
| Total | 8 | 16 | Total | 2 | 2 |
| % of Total | 13% | 26% | % of Total | 25% | 25% |
| Average Salary | $82,501 | $80,763 | Average Salary | $131,057 | $143,500 |
| Median Salary | $77,225 | $74,426 | Median Salary | $131,057 | $143,500 |
| | Hispanic | Hispanic | | Hispanic | Hispanic |
| Total | 2 | 5 | Total | 0 | 0 |
| % of Total | 3% | 8% | % of Total | 0% | 0% |
| Average Salary | $35,239 | $43,769 | Average Salary | $0 | $0 |
| Median Salary | $35,239 | $45,088 | Median Salary | $0 | $0 |
| | Asian | Asian | | Asian | Asian |
| Total | 0 | 2 | Total | 0 | 0 |
| % of Total | 0% | 3% | % of Total | 0% | 0% |
| Average Salary | $0 | $53,084 | Average Salary | $0 | $0 |
| Median Salary | $0 | $53,084 | Median Salary | $0 | $0 |
| | Other | Other | | Other | Other |
| Total | 0 | 1 | Total | 0 | 0 |
| % of Total | 0% | 2% | % of Total | 0% | 0% |
| Average Salary | $0 | $90,000 | Average Salary | $0 | $0 |
| Median Salary | $0 | $90,000 | Median Salary | $0 | $0 |
| | Bilingual | Bilingual | | Bilingual | Bilingual |
| Total | 1 | 8 | Total | 0 | 0 |
| % of Total | 2% | 13% | % of Total | 0% | 0% |
| Average Salary | $82,000 | $57,570 | Average Salary | $0 | $0 |
| Median Salary | $82,000 | $60,500 | Median Salary | $0 | $0 |
| | Male | Female | | Male | Female |
| Total | 19 | 42 | Total | 4 | 4 |
| % of Total | 31% | 69% | % of Total | 50% | 50% |
| Average Salary | $67,591 | $63,577 | Average Salary | $128,869 | $138,250 |
| Median Salary | $47,793 | $48,037 | Median Salary | $131,057 | $133,000 |

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**LANGUAGE ACCESS**

1) **Has your leadership received language access training?**

   Language access training for CAO employees is scheduled for April 2018.  OAR staff received training in December 2017.  BAA staff is covered by a separate language access plan that is co-managed by the PPA.  All BAA staff have received training on the policy and protocols of accessing interpretation services and use these services regularly as needed.

2) **Do you currently have a language access coordinator?**

   Yes.  Stephanie Tipton, Chief-of-Staff to the Chief Administrative Officer is the Language Access Coordinator.

3) **Has your department written a language access plan and is it posted online?**

   Yes.  It is available at:  https://beta.phila.gov/media/20170602143455/Chief-Administrative-Office-LAP-2017.pdf

4) **Explain what your department has done to improve language access services over the past year.**

   The CAO is primarily internal-facing; however, the two public-facing divisions within the CAO purview (the Bureau of Administrative Adjudication and Office of Administrative Review) have developed and implemented their own language access plans and regularly utilize language access services to meet resident needs.  Wherever possible, the CAO offers in-person interpretation for scheduled public events and meetings and will continue to notify residents of the availability of language access services through the City's beta.phila.gov website, which is managed by the Office of Open Data and Digital Transformation.