

**OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER
FISCAL YEAR 2020 BUDGET TESTIMONY
APRIL 16, 2019**

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Christine Derenick-Lopez, Chief Administrative Officer. Joining me today are DeWayne Gordon, First Deputy Chief Administrative Officer, and Stephanie Tipton, my Chief of Staff. I am pleased to provide testimony on the Office of the Chief Administrative Officer’s Fiscal Year 2020 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 eight 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 eight City departments and offices that report to the CAO include: the Office of Innovation and Technology (OIT), Records, Procurement, the Contracts Unit (CU), the Office of Administrative Review (OAR), the Bureau of Administrative Adjudication (BAA), the Office of Digital Transformation (ODT), and Human Resources and Talent (HR&T).

Plans for Fiscal Year 2020: In Fiscal Year 2020, the CAO is making significant investments in enterprise-wide projects that advance the Administration’s goal of ensuring government runs efficiently, effectively, and always with integrity. These investments also reflect our office’s focus on people, processes, and modernizing City operations.

Two key initiatives that are currently underway and are being supported by the FY20 budget are the *Discover Benefits* and *Vendor Pay* projects. The *Discover Benefits* project will allow residents to learn about the various housing-related assistance programs and benefits offered by the City of Philadelphia through one mobile-friendly web application. Currently, the City of Philadelphia offers many housing-related assistance programs across various City agencies, and each program is marketed separately with different guidelines, entry points, and processes. Program materials may not always be translated in languages other than English or be written at a reading level that is accessible for all Philadelphia residents. The CAO is leading a cross-agency team in developing a “one form” concept to streamline access to these programs. The “one form” will give residents the ability to access the application from any device, answer a series of eligibility questions, and be directed to over 20 housing-related assistance programs based on their eligibility, where they can learn more and apply.

In FY20, the CAO will also continue its work on the *Vendor Pay* project. Spearheaded in FY18 through a partnership with the Commerce Department, the goal of the *Vendor Pay* project is to identify and address the issues inhibiting the City’s ability to pay vendors promptly. Procurement modernization was one of the initial focus areas to address slow payment to vendors on professional services contracts. Specifically, vendors cannot be paid for their work until there is

an executed contract. By implementing e-signatures and an expedited approval process for standard renewals, we are significantly reducing the amount of time it takes to execute these contracts, thus ensuring vendors are paid for their work much faster. The next phase of the project is exploring ways to improve the internal vendor payment process so that payment to vendors can be made in an efficient, timely, and satisfactory manner. The CAO will pilot the new, streamlined process in FY19 with a handful of departments and implement an enterprise-wide technology solution in FY20.

In addition to these projects, the CAO will continue to advance the *HR Services Improvement Project (HRSIP)*, invest in current City leadership through the *Leading for Change Fellowship*, and develop the next generation of public servants through the *Mayor's Internship Program*. The goal of the *HRSIP* is to create a more effective, efficient, and modernized HR system by reducing the time to hire, increasing the quality of hire, and building HR capacity. Focusing on key areas such as improving hiring time, removing barriers to hiring for applicants, and branding the City as an employer of choice, our FY20 investment in *HRSIP* will allow us to continue to engage a consultant, who is supporting our management of the various work-streams related to the project, and to fund several pilots aimed at addressing these key focus areas. We also recognize the importance of investing in our own talent and our FY20 budget affords us the opportunity to do just that. The City will continue its investment in the *Leading for Change Fellowship*, an intensive program focused on developing experienced and emerging public service leaders to measurably spark system change and to create cross-sector social impact in the Philadelphia region. Through a partnership with the LeBow School of Business at Drexel University, the CAO's FY20 budget will support a cohort of fellows from various City departments and offices participating in the fellowship. Additionally, we understand that providing a living wage to interns in the *Mayor's Internship Program* is an important step to eliminating barriers for many students seeking careers in public service. Our FY20 budget provides funding to support 85 interns throughout the summer and school-year by providing them a living wage during their internship with the City.

Lastly, our Office of Digital Transformation will continue to support the roll-out of the new Phila.gov platform, the City's digital front door where residents can find information about City services, programs, and initiatives. The new Phila.gov platform, which was launched in the beginning of FY19, is designed to be user-friendly, accessible from any device, and written in plain language. The Digital Transformation team will continue to transition the remaining digital content from the City's legacy site to the redesigned Phila.gov site and implement robust analytics so the City can better understand user behavior and measure the effectiveness of the site, among other activities.

The CAO will continue to drive enterprise-wide change and innovation through these and other initiatives in FY20 and to support other City departments as they engage in projects aimed at providing City services efficiently, effectively and with a customer-service focus.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of November 2018): All Funds				
	Total	Minority	White	Female
Number of Full-Time Staff	61	39	22	42
Number of Exempt Staff	46	26	20	33
Number of Executive Staff (deputy level and above)	7	4	3	4
Average Salary, Full-Time Staff	\$64,204	\$53,494	\$83,188	\$62,919
Average Salary, Exempt Staff	\$71,688	\$62,006	\$84,275	\$67,892
Average Salary, Executive Staff	\$131,277	\$123,850	\$141,179	\$130,288
Median Salary, Full-Time Staff	\$49,227	\$42,845	\$76,220	\$49,227
Median Salary, Exempt Staff	\$66,435	\$49,227	\$76,220	\$61,800
Median Salary, Executive Staff	\$121,540	\$118,450	\$127,926	\$118,450

Employment Levels (as of November 2018): All Funds		
	Budgeted in FY19	Filled as of the Increment Run (11/18)
Number of Full-Time Positions	66	61
Number of Part-Time Positions	6	6
Number of Exempt Positions	52	46
Number of Executive Positions (deputy level and above)	8	7
Average Salary of All Full-Time Positions	\$62,804	\$64,204
Median Salary of All Full-Time Positions	\$49,227	\$49,227

General Fund Financial Summary by Class						
	FY18 Original Appropriations	FY18 Actual Obligations	FY19 Original Appropriations	FY19 Estimated Obligations	FY20 Proposed Appropriations	Difference: FY20-FY19
Class 100 - Employee Compensation	\$4,084,873	\$4,045,694	\$4,137,615	\$4,187,271	\$4,934,551	\$747,280
Class 200 - Purchase of Services	\$1,652,049	\$1,795,910	\$2,465,049	\$2,345,049	\$2,627,049	\$282,000
Class 300/400 - Materials, Supplies & Equipment	\$16,665	\$52,426	\$16,665	\$16,665	\$26,665	\$10,000
	\$5,753,587	\$5,894,030	\$6,619,329	\$6,548,985	\$7,588,265	\$1,039,280

Contracts Summary (Professional Services only)				
	FY16	FY17 ¹	FY18	FY19 YTD (Q1 & Q2) ²
Total amount of contracts	n/a	\$1,543,000	\$2,352,410	\$135,600
Total amount to M/W/DSBE	n/a	\$282,500	\$457,026	\$0
Participation Rate	n/a	18%	19%	0%

¹ Total includes a Finance Department contract for a code violation processing system in the Office of Administrative Review. The CAO began managing this contract in FY17 with the transfer of the Office of Administrative Review from the Finance Department to the CAO.

² Total reflects contracts executed in FY19 Q1 and Q2. Consistent with the most recent OEO quarterly report, the total does not include contracts with active terms in FY19 Q1 and Q2 that were executed in FY18 nor contracts executed in FY19 Q3. With the inclusion of all active contracts in FY19 Q1 and Q2 as well as contracts executed in FY19 Q3, the participation rate increases to 24%.

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY18	FY19	FY20
M/W/DSBE Contract Participation Goal	20%	20%	25%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2020 General Fund budget totals \$7,588,265, an increase of \$1,039,280 over Fiscal Year 2019 estimated obligation levels. This increase is primarily due to proposed investments to support the various projects described in prior sections of our testimony.

The proposed budget includes:

- \$4,934,551 in Class 100, an increase of \$747,280 over FY19. This funding will provide for the transfer of seven (7) positions from the IT Capital Fund to the CAO's Operating Fund, the addition of five (5) positions to provide general analytical support and to manage the *Discover Benefits* and *Vendor Pay* projects, and the ability to pay interns participating in the *Mayor's Internship Program*.
- \$2,627,049 in Class 200, a \$282,000 increase over FY19. This funding will be utilized to fund consulting contracts for the *HR Services Improvement Project* as well as technology and outreach related to the *Discover Benefits* and *Vendor Pay* projects.
- \$26,665 in Class 300/400, a \$10,000 increase over FY19. This funding will support the purchase of additional collateral and promotional materials for our Office of Human Resources and Talent as part of their City-wide recruitment efforts.

STAFFING LEVELS

The department is requesting 76 General Fund budgeted positions for FY20, an increase of 12 positions over FY19.

The increase is attributed to the planned transfer of seven (7) positions supporting the Phila.gov website from the IT Capital Fund to the Operating Fund as well as the addition of five (5) positions to provide general analytical support and to manage the *Discover Benefits* and *Vendor Pay* projects.

NEW HIRES

New Hires (from 7/1/2018 to 11/25/18) ¹		
	Total Number of New Hires	French
Black or African American	2	
White	1	1
Total	3	1

The CAO has had no new hires since the increment run.

PERFORMANCE, CHALLENGES, AND INITIATIVES

STRATEGIC DIRECTION AND TRANSFORMATION PROGRAM

FY20 Strategic Goals				
<i>HR&T:</i>				
<ul style="list-style-type: none"> • Grow the City’s reputation as an employer of choice. • Develop skills and competencies within HR staff that align with business goals and objectives. • Drive a high-performance culture and promote diversity and inclusion in all areas. • Develop an employment brand for the City. 				
<i>Contracts:</i>				
<ul style="list-style-type: none"> • Identify areas of opportunities within the City for process improvements and process re-engineering and implement improvements. 				
<i>Open Data & Digital Transformation:</i>				
<ul style="list-style-type: none"> • Continue to migrate and redesign content and improve and maintain phila.gov. • Build stronger relationships with the public and local civic design and technology professionals to improve City service delivery through official pathways. • Collaborate with City departments and the public to design and develop digital products that better connect the public to City programs, services, or resources in resident-focused ways. • Partner with City departments and the public to redesign City services to be more efficient and effective through the application of human-centered design methods and the development of responsible technology solutions. 				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Average contract conformance time: professional services contracts (days) ¹	110	108	90	90

¹ Each year, in Q2, there is an uptick in this measure due to an increase in the volume of contracts processed. This change in volume increases the processing times. CAO has rolled out a new expedited process for handling certain contract amendments to help drive down processing times further.

OFFICE OF ADMINISTRATIVE REVIEW (OAR) PROGRAM

FY20 Strategic Goals				
<ul style="list-style-type: none"> • Implement a broad-based training program for staff, focusing on improved customer service and personal development. • Continue focus on stream-lining and improving internal processes. • 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). • Improve documentation of hearing decisions entered across all categories (in-person, online, mail, phone, other). 				
FY20 Performance Measures				
Measure	FY18 Actual	FY19 YTD (Q1 + Q2)	FY19 Target	FY20 Target
Time between notification of hearing date and hearing date (All Tax Review Board Hearing Types) (months)	5	4	4	4
Time between request for review and hearing for Red Light Camera Tickets (weeks)	5	5	5	5
Hearing decisions entered across all categories (in-person, online, mail, phone, other)	120,610	67,101	130,000	130,000

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts with For-Profit Vendors											
Top Largest Contracts over \$34,000 for FY19											
Vendor Name	Brief Description of 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	Is This a Local Business? (principal place of business located within City limits) [yes / no]	Does the Vendor Have a Waiver for Living Wage Compliance? [yes / no]
Conduent State & Local Solutions	Code Unit Violations System and Associated Services	\$1,255,000	2/1/2017	4/1/2018	MBE: 20-25%	20%	\$251,000	20%	\$251,000	No	No
					WBE: 10-15%	0%	\$0				
					DSBE: 0%	0%	\$0				
Philadelphia Occupational Health P.C.	Augmentation services pilot for Medical Evaluation Unit	\$300,000	9/5/2018	1/1/2019	MBE: BGFE ¹	0%	\$0	0%	\$0	Yes	No
					WBE: BGFE ¹	0%	\$0				
					DSBE: BGFE ¹	0%	\$0				
Career Concepts, Inc. dba CCI Consulting	Sexual Harassment Prevention e-Learning Solutions	\$100,000	8/22/2018	3/1/2019	MBE: BGFE	0%	\$0	100%	\$100,000	No	No
					WBE: BGFE	100%	\$100,000				
					DSBE: BGFE	0%	\$0				

¹ The ranges originally provided by OEO (MBE: 10-15% and/or WBE: 10-15%) for the RFP were subsequently amended to Best and Good Faith Efforts (BGFE) by OEO before the contract was awarded.

EMPLOYEE DATA

Staff Demographics (as of November 2018)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	10	19	<i>Total</i>	2	2
<i>% of Total</i>	16%	31%	<i>% of Total</i>	29%	29%
<i>Average Salary</i>	\$62,569	\$50,635	<i>Average Salary</i>	\$134,930	\$112,770
<i>Median Salary</i>	\$45,279	\$44,857	<i>Median Salary</i>	\$134,930	\$112,770
	White	White		White	White
<i>Total</i>	7	15	<i>Total</i>	1	2
<i>% of Total</i>	11%	25%	<i>% of Total</i>	14%	29%
<i>Average Salary</i>	\$81,535	\$83,960	<i>Average Salary</i>	\$127,926	\$147,850
<i>Median Salary</i>	\$82,282	\$75,190	<i>Median Salary</i>	\$127,926	\$147,850
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	2	4	<i>Total</i>	0	0
<i>% of Total</i>	3%	7%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$38,691	\$46,993	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$38,691	\$43,316	<i>Median Salary</i>	\$0	\$0
	Asian	Asian		Asian	Asian
<i>Total</i>	0	3	<i>Total</i>	0	0
<i>% of Total</i>	0%	5%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$0	\$67,407	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$0	\$72,100	<i>Median Salary</i>	\$0	\$0
	Other	Other		Other	Other
<i>Total</i>	0	1	<i>Total</i>	0	0
<i>% of Total</i>	0%	2%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$0	\$30,944	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$0	\$30,944	<i>Median Salary</i>	\$0	\$0
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	1	8	<i>Total</i>	0	0
<i>% of Total</i>	2%	13%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$84,460	\$65,037	<i>Average Salary</i>	\$0	\$0
<i>Median Salary</i>	\$84,460	\$72,300	<i>Median Salary</i>	\$0	\$0
	Male	Female		Male	Female
<i>Total</i>	19	42	<i>Total</i>	3	4
<i>% of Total</i>	31%	69%	<i>% of Total</i>	43%	57%
<i>Average Salary</i>	\$67,043	\$62,919	<i>Average Salary</i>	\$132,595	\$130,288
<i>Median Salary</i>	\$49,227	\$49,227	<i>Median Salary</i>	\$127,926	\$118,450

LANGUAGE ACCESS

1. Has your leadership received language access training?

Yes, the entire CAO staff received language access training in April 2018. Additionally, new staff receive information regarding the CAO's language access plan and all CAO staff have access to the plan on the CAO's shared drive, a link to which is sent out to all staff on a bi-weekly basis.

2. Do you currently have a language access coordinator?

Yes, Stephanie Tipton, the Chief of Staff for the CAO is our language access coordinator.

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

Yes. The plan can be found here: <https://www.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.

We provided all staff with easy-to-read, one-page documents that detail how to access telephonic language access services for the CAO. We've also put the CAO language access plan on the CAO's shared drive, for which CAO staff now all have access.