

**OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER
FISCAL YEAR 2022 BUDGET TESTIMONY**

MAY 10, 2021

INTRODUCTION

Good Morning, President Clarke and Members of City Council. I am Stephanie Tipton, Chief Administrative Officer. I am pleased to provide testimony on the Office of the Chief Administrative Officer's Fiscal Year 2022 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Office of the Chief Administrative Officer (CAO) works with City departments to transform service delivery, provide people-centered solutions, and strengthen administrative functions to better serve Philadelphia residents and employees. The CAO oversees seven City departments and offices: the Office of Innovation and Technology (OIT), Records, Procurement, the Contracts Unit (CU), the Office of Administrative Review (OAR), Service Design Studio (SDS) (formerly the Office of Open Data and Digital Transformation or ODDT), and Human Resources and Talent (HR&T).

Plans for Fiscal Year 2022:

In FY22, the CAO will rapidly accelerate its mission to transform and modernize the City's administrative functions and ensure a diverse, efficient, and effective government. Transformation and modernization are critically important as we seek to support the future of work, where City services are provided safely, inclusively, and efficiently and aids the City's COVID-19 recovery. We will do this through service and process re-design, workforce development and support, capacity building, and change that is enabled by creativity and technology.

In FY21, the CAO cluster and others provided, and continue to provide, critical support to City departments, residents, and workforce to transform operations as part of the City's response to the COVID-19 pandemic. Some examples, include:

- Enabling the near overnight transition of thousands of City employees to virtual work by providing the workforce with information through remotework.phila.gov as well as deploying the equipment and technology necessary to maintain essential services. As a result, over 5,000 employees throughout City government are working from home, representing 20% of the City's workforce.
- Leading the City's re-opening efforts by facilitating cross-departmental needs assessments, developing enterprise-wide policies and guidance, redesigning services and processes, and developing digital tools to automate various paper-based or in-person processes, such as the online vendor portal for submission of electronic invoices.
- Supporting the City's workforce during an unprecedented crisis by providing resources to promote employee well-being and enacting policies to promote social distancing and employee and family health and safety; and,
- Connecting thousands of K-12 families to free and reliable internet for remote learning through PHLConnectED – a collaboration with the OIT and the Mayor's Office of Education. The program was made operational in three months as a direct response to the COVID-19 pandemic, and since late August 2020 has enrolled over 9,800 households.
- Rapidly responding to public needs for information by creating a reusable "resource locator" digital service for phila.gov that allowed for the quick creation and launch of new programs as needs emerged, such as:
 - Business Resource Finder
 - Mail-In Ballot Drop-Off Finder

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- COVID Test Site finder (over 1 million views)
- Free Food Sites finder
- Immigrant Resources Finder
- Recycling Resource finder
- Access Centers finder
- Contracts hub
- Vendor Invoice Portal

In FY22 and beyond we look to build on our successes and further transform operations through an “Operations Transformation Fund”. The FY22-26 Plan includes \$10 million for this purpose. Since the onset of the pandemic, City government operations have simultaneously expanded, contracted, and evolved. More work shifted to electronic and remote, offering new opportunities, like paperless business processes, and presenting challenges, like barriers to receiving services exacerbating existing digital inequities. The Operations Transformation Fund will underwrite departmental efforts with upfront project costs and capacity-building activities to ensure solutions are people-centered and sustainable. Possible initiatives include digitizing records to allow for remote access to enable work from home for more staff or renovating offices to support different patterns of work that would allow the City to reduce its footprint and leasing costs. Through continued attention to efficient and equitable service provision and adequate funds to enable transformation, the City will continuously improve its service delivery to benefit Philadelphians.

In FY22, the CAO’s Service Design Studio will continue to drive service improvement initiatives that focus on the city’s most disenfranchised residents. Key FY21 accomplishments include:

- The design, testing, and distribution a print and digital Mail-In Ballot Voter Guide, developed in partnership with the Office of Immigrant Affairs and the Office of Innovation and Technology (OIT), which was translated into twelve languages, to help immigrant communities vote by mail in the general election.
- Collaborating with Office of Civic Engagement and Volunteer Services (OCEVS) and the City’s engagement practitioners to co-design strategies, tools, and training and create an Equitable Community Engagement Toolkit to support staff in their engagement work with historically underinvested communities.

In FY22, CAO will continue to provide project management and drive change on key enterprise initiatives. In particular, the CAO will continue as a co-sponsor on the Optimize Procurement, Accounting, and Logistics (“OPAL”) Project, a multi-year project which kicked off in FY20 to replace various legacy financial and procurement systems. As COVID-19 has moved much of the City’s workforce to remote work, the limitations of the City’s legacy systems are now more apparent, likewise are the benefits of OPAL.

In FY22, the CAO will begin preparing our organization for the future implementation of the OPAL project through the consolidation of all contracting functions under the Procurement Department. Additionally, we will continue to build upon the successful implementation in FY21 of the Local Business Purchasing Initiative (LBPI), a package of contract-related legislative and regulatory reforms that streamlined and aligned processes for small contracts to provide greater access to opportunities for Local Business Entities (LBEs) and Minority-, Women-, and Disabled-owned Business Entities (MWDSBEs).

In FY22, CAO will continue to partner with departmental HR leadership and the Office of Human Resources (OHR) to modernize and improve hiring processes, particularly given the additional barriers to traditional testing created by COVID-19, as well as continue to better engage with and develop a largely virtual workforce. CAO will expand use of remote testing and online recruitment platforms piloted by OHR and CAO in FY20 and FY21, as well as promote structured oral assessments and the use of Training and Experience Evaluations. CAO will also provide additional opportunities for departments to support and develop the workforce through the LEAD Academy, the City’s new virtual leadership seminar and

discussion series, and the newly redesigned of the City's Learning Management System, both of which launched in FY21.

COVID-19 has rapidly changed the world we live in. It changed how we work, deliver services, and interact with one another. We learned. We adapted. We are now a more modern and innovative government, but in a post-COVID world, we will need to do more than just adapt. We need forward-looking solutions, not mere quick fixes. We need to build resilience into our systems, operations, and workforce. CAO will support these transformation efforts to enable our recovery from COVID-19 as well as ensure we are prepared for the next crisis on the horizon.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Please refer to attached FY22 Budget Hearing Summary Charts in section 1: Staff Demographics Summary, section 2: Employment Levels, section 3: Financial Summary by Class, section 6: Participation Rate and Goal.

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2022 General Fund budget totals \$10,944,536, an increase of \$4,610,757 over Fiscal Year 2021 estimated obligation levels. This is primarily due to the addition of “Operations Transformation Fund”.

The proposed budget includes:

- \$5,062,173 in Class 100, \$805,608 increase over FY21. This funding will sustain current staff and allow for additional hiring for staff for the Operations Transformation Fund.
- \$3,865,698 in Class 200, \$1,815,140 increase over FY21. This funding will provide for sustainment of some current services, such as the Learning Management System and OAR database and collections services, reduces augmentation services for the Medical Evaluation Unit, and eliminates funding for Discover Benefits and Vendor Pay. \$1,000,000 will support contracts to support Operational Transformation initiatives.
- \$2,016,355 in Class 300/400, a \$2,006,000 increase FY21. This funding will provide the equipment necessary to implement Operational Transformation Initiatives.
- \$0 in Class 500, no change from FY21.
- \$0 in Class 600, no change from FY21.
- \$0 in Class 800, no change from FY21.
- \$0 in Class 900, no change from FY21.

STAFFING LEVELS

The department is requesting 77 budgeted positions for FY22, an increase of 9 positions from FY21 budgeted positions.




The increase is attributed to the request for an additional 13 positions to support Operational Transformation Fund Initiatives in various departments and the reduction of three positions with the transfer of two positions from the Contracts Unit to the Procurement Department and planned phase out of one position within the Human Resources & Talent Unit.

NEW HIRES

Please refer to attached FY22 Budget Hearing Summary Charts in section 8: New Hires Information.

PERFORMANCE, CHALLENGES, AND INITIATIVES

Strategic Direction and Transformation

Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
Average contract conformance time: professional services contracts (days)	80	80	80
Time to hire new, exempt employees (days)	100	90	90
Percentage of exempt new hires onboarded	63.3%	75.0%	75.0%

FY22 Strategic Goals

Administration:

- Drive and accelerate change through its focus on people, process, and technology, taking a multi-disciplinary, holistic approach to addressing the needs of City employees, residents, and businesses with a focus on continuing critical support for our departments and workforce during our recovery from COVID-19.
- Lead and support key enterprise projects and policy initiatives, such as OPAL, and partner with other departments on strategic transformation projects with enterprise-wide impact.

HR&T:

- Drive a high-performance Human Resources (HR) culture and promote racial equity and inclusion in City hiring.
- Increase virtual learning and development opportunities for leadership, HR professionals, and citywide compliance programs.
- Implement strategic initiatives to reduce time-to-hire and better attract and retain talent.
- Utilize data to provide regular reporting on time-to-hire and diversity and inclusion in hiring.
- Grow the City’s reputation as an employer of choice.

CU:




- Modernize the internal contracting process by integrating the electronic signature process with the contracts management system.
- Build on the success of the Local Business Procurement Initiative (LBPI) launch and implementation and continue to make the contracting process more transparent, accessible, and inclusive.
- Increase the focus on education, outreach, and preventative compliance for contractors/applicants and project/conformance managers.

The Studio:

- Provide service design consulting, capacity building, and evaluation to support key Mayoral priorities and initiatives that focus on diversity, equity, and inclusion.

- Continue to co-design the Equitable Community Engagement Toolkit with the Office of Civic Engagement and Volunteer Services, City practitioners, and residents.
- Support the Office of Criminal Justice with the development of the Juvenile Assessment Center.
- Work with Planning & Development to improve the Zoning Board of Adjustment process for and with staff and applicants.
- Launch a Service Design School to teach City staff service design methods for use in their work; and support 911 service transformation projects.

Office of Administrative Review (OAR)

Measure	 FY20 ACTUAL	 FY21 TARGET	 FY22 TARGET
<u>Tax Review Board</u> : Median time between petition filed date and hearing date (months)	5	4	3
<u>Office of Administrative Review</u> : Median time between request for review and hearing for Code Violations/Red Light Camera Tickets (weeks)	4	5	5
<u>Code Unit</u> : Median time between violation issued date and first notice for handwritten Code Violation Notices (CVNs) (weeks)	6	6	6
<u>Board of Administrative Adjudication</u> : Average monthly hearing determinations mailed	N/A	N/A	7,000

FY22 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).
- Improve documentation of hearing decisions entered across all categories (in-person, online, mail, phone, other).
- Complete Phase 1 of the OAR case management system upgrade
 - Phase 1 of the TRB Case Management System launched in December 2020. It will integrate online petition submissions and hearings into the current TRB format. We anticipate the TRB staff to complete training and all TRB categories be available online by the beginning of FY22. This will create clear online options for those petitioners who wish to engage with the TRB.
- Phase 2-Complete blueprint and begin building the OARS database replacement system
 - Phase 2 will engage OIT and the Service Design Studio to design a new data management system that works cohesively for both in-person and remote hearings, as well as both paper based on digital communication. This project launched in January 2021. This is a more extensive project, and the project team hopes to be engaging in usability testing and data migration by the end of FY22.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

N/A

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CONTRACTING EXPERIENCE

Please refer to attached FY22 Budget Hearing Summary Charts in section 4: Contracts Summary.

EMPLOYEE DATA

Please refer to attached FY22 Budget Hearing Summary Charts in section 7: Staff Demographics.

LANGUAGE ACCESS

- 1. Provide the name of your language access coordinator, the date of your last department training, and a link to the posting of your language access plan.**

Our department received a language access training May of 2018. Matthew Fisher is the current language access coordinator. The language access plan for CAO and OAR can be found [HERE](#).

- 2. Breakdown new hires and existing staff by race and language. Breakdown how many front-line personnel are trained to provide language access services.**

CAO does not have new hires as of the December 2020 increment run. Five staff total, including two bilingual frontline staff, who received language access training in May of 2018. All front-line personnel are trained to provide language access services.

- 3. How many requests for language access services did your department receive in the past year? How many language access services were delivered by staff? Breakdown language access services provided, by language, including but not limited to the language line, translation of public notices and documents, website language services, and advertisement/publication services.**

CAO does not provide direct services but through its person-centered service design support integrates language access into project partner deliverables. Use of the City's language line is centrally tracked through the Mayor's Office of Immigrant Affairs (OIA).

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

The CAO has integrated language access into project work through the participatory design process. The Service Design Studio, for example, in FY21, in partnership with OIA and OIT, designed, tested, and distributed a print and digital Mail-In Ballot Voter Guide, which was translated into twelve languages, to help immigrant communities vote by mail in the general election.

CLIMATE CHANGE

1. How has climate change affected your department's provision of services?

Extreme weather is likely already discouraging residents who need to come in person to access services offered at the Bureau of Administrative Adjudication and Office of Administrative Review. However, warmer temperatures create conditions where more code violation notices are likely to be issued, as increases in many violations occur in the warm months. These factors can increase the demand for our services and put a strain our resources. Although increased virtual service offerings can mitigate this, those with barriers to physically access services are likely to also have barriers digital access.

2. How might worsening climate change increase costs and demands for your department?

There is a potential for extreme temperatures to overwhelm internal climate control capacity in our office buildings and put pressure on infrastructure like SEPTA or electric grids might also make it difficult for employees to come in and complete their work. Continued demands for new technology solutions might increase as departments look to enhance service offerings remotely. There is also risk exposure to our vendor companies, including those in different geographic locations that may be higher risk, that that increases the risk of their services and/or supply chain being disrupted.

3. How does your department intend to mitigate and adapt to climate change?

CAO, with the Operational Transformation Fund, and its continuing focus on diversity, equity, and inclusion, will continue to work to increase our operational resilience to adapt to climate change or other emergencies/disasters. Through the Operational Transformation Fund, we may have the opportunity to scale up projects that will allow us to work differently, create new and better systems, and engage with and serve our residents better.

The COVID-19 pandemic has shown how important it is for the City to maintain its administrative operations in the face of a natural disaster. Moving to cloud-based software for operations makes it easier for employees to continue business processes remotely. Expanding and improving the services we offer to residents online (such as hearing appeals) and improving accessibility of our services to the public will allow us to maintain these services in times of crisis.

1. Staff Demographics Summary

Staff Demographics Summary (as of December 2020)				
	Total	Minority	White	Female
Number of Full-Time Staff	57	44	13	40
Number of Exempt Staff	43	32	11	30
Number of Executive Staff (deputy level and above)	9	4	5	4
Average Salary, Full-Time Staff	\$65,691	\$58,622	\$87,488	\$61,393
Average Salary, Exempt Staff	\$71,297	\$62,255	\$89,423	\$66,947
Average Salary, Executive Staff	\$122,723	\$125,121	\$132,974	\$134,827
Median Salary, Full-Time Staff	\$53,323	\$50,197	\$75,000	\$55,125
Median Salary, Exempt Staff	\$59,400	\$53,684	\$75,000	\$53,685
Median Salary, Executive Staff	\$126,350	\$123,445	\$130,000	\$130,625

2. Employment Levels

Employment Levels (as of December 2020)		
	Budgeted	Filled
Number of Full-Time Positions	63	57
Number of Part-Time Positions	0	0
Number of Exempt Positions	54	43
Number of Executive Positions (deputy level and above)	9	9
Average Salary of All Full-Time Positions	\$47,666	\$65,691
Median Salary of All Full-Time Positions	\$53,323	\$53,323

3. Financial Summary by Class

Some departments may also want to provide financial summary tables for other funds, such as the Grants Fund. Departments should delete any budget lines that have \$0 in every year (i.e. if a department has no Class 500 appropriations, actuals, or proposed appropriations, the Class 500 row should be deleted).

General Fund Financial Summary by Class						
	FY20 Original Appropriations	FY20 Actual Obligations	FY21 Original Appropriations	FY21 Estimated Obligations	FY22 Proposed Appropriations	Difference: FY22-FY21
Class 100 - Employee Compensation	\$4,784,551	\$4,435,378	\$4,256,565	\$4,256,565	\$5,062,173	\$805,608
Class 200 - Purchase of Services	\$2,627,049	\$2,315,960	\$2,050,549	\$2,050,549	\$3,865,698	\$1,815,149
Class 300/400 - Materials, Supplies & Equipment	\$26,665	\$13,507	\$26,665	\$26,665	\$2,016,665	\$1,990,000
	\$7,438,265	\$6,764,845	\$6,333,779	\$6,333,779	\$10,944,536	\$4,610,757

4. Contracts Summary

This table focuses on large professional services contracts with for-profit vendors.

"Large" is defined as meaning that an RFP was required.

Departments should focus on contracts that have been conformed to date.

Any departments that have large contracts with non-profit providers are encouraged to provide board makeup information in the optional "Non-Profit Vendor Demographics" table below.

M/W/DSBE Participation on Large Professional Services Contracts

Top Five Largest Contracts, FY21

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 and Local Solutions, Inc.	Code Unit violations systems and services	\$1,398,000	2/1/2017	4/1/2018	MBE: 20-25%	20%	\$279,600	25%	\$349,500	no	no
					WBE: 10-15%	5%	\$69,900				
					DSBE:	0%	\$0				
Jane Hires Inc	On-call staffing services for senior or hard-to-fill positions	\$500,000	5/14/2019	1/1/2020	MBE: BGFE	0%	\$0	0%	\$0	yes	no
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
Career Concepts, Inc.	On-call staffing services for senior or hard-to-fill positions	\$500,000	5/14/2019	1/1/2020	MBE: BGFE	0%	\$0	100%	\$500,000	yes	no
					WBE: BGFE	100%	\$500,000				
					DSBE: BGFE	0%	\$0				
Philadelphia Occupational Health P.C	To add additional testing types to the scope of work.	\$300,000	9/26/2018	1/1/2019	MBE: BGFE*	0%	\$0	0%	\$0	no	no
					WBE: BGFE*	0%	\$0				
					DSBE: BGFE*	0%	\$0				
Stephanie Kim	Hearing Master Services	\$10,000	12/1/2020	1/1/2021	MBE:	0%	\$0	0%	\$0	no	no
					WBE:	0%	\$0				
					DSBE:	0%	\$0				

* The ranges originally provided by OEO (MBE: 10-15% and/or WBE: 10-15%) for the RFP were subsequently amended to Best & Good Faith Efforts by OEO prior to the contract award

Non-Profit Vendor Demographics: N/A

6. Participation Rate and Goal

The Contract Participation Goal table is for all contracts (Public Works, SS&E, and Professional Services, combined).

Contracts Summary (Professional Services only)

	FY18	FY19	FY20	FY21	FY22	FY21 YTD (Q1 & Q2)
Total amount of contracts	\$2,352,410	\$2,664,400	\$2,872,400	\$2,718,000	\$3,865,698	\$2,718,000
Total amount to M/W/DSBE	\$457,026	\$351,000	\$813,600	\$849,500	\$1,159,709	\$424,750
Participation Rate	19%	13%	28%	31%	30%	16%

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)

	FY20	FY21	FY22
M/W/DSBE Contract Participation Goal	20%	25%	25%

7. Staff Demographics

Biracial employees should be included under "Other."

Staff Demographics (as of December 2020)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	10	24	<i>Total</i>	2	2
<i>% of Total</i>	18%	42%	<i>% of Total</i>	22%	22%
<i>Average Salary</i>	\$64,615	\$53,952	<i>Average Salary</i>	\$133,656	\$116,585
<i>Median Salary</i>	\$51,760	\$46,630	<i>Median Salary</i>	\$133,658	\$116,585
	White	White		White	White
<i>Total</i>	6	7	<i>Total</i>	2	2
<i>% of Total</i>	11%	12%	<i>% of Total</i>	22%	22%
<i>Average Salary</i>	\$92,968	\$86,803	<i>Average Salary</i>	\$119,578	\$153,069
<i>Median Salary</i>	\$59,415	\$54,000	<i>Median Salary</i>	\$120,935	\$153,069
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	1	4	<i>Total</i>	0	0
<i>% of Total</i>	2%	7%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$44,289	\$48,527	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$44,289	\$59,414	<i>Median Salary</i>	N/A	N/A
	Asian	Asian		Asian	Asian
<i>Total</i>	0	4	<i>Total</i>	0	0
<i>% of Total</i>	0%	7%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	N/A	\$71,470	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	N/A	\$81,225	<i>Median Salary</i>	N/A	N/A
	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>	N/A	\$73,260	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	N/A	\$73,260	<i>Median Salary</i>	N/A	N/A
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	0	5	<i>Total</i>	0	0
<i>% of Total</i>	0%	9%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	N/A	N/A	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	N/A	N/A	<i>Median Salary</i>	N/A	N/A
	Male	Female		Male	Female
<i>Total</i>	17	40	<i>Total</i>	5	4
<i>% of Total</i>	30%	70%	<i>% of Total</i>	56%	44%
<i>Average Salary</i>	\$75,247	\$61,393	<i>Average Salary</i>	\$125,210	\$134,827
<i>Median Salary</i>	\$56,340	\$55,125	<i>Median Salary</i>	\$120,935	\$130,625

Detail for non-binary employees, if applicable: N/A

8. New Hire Information/Language Access

Date range is 7/1/20 to December 2020 increment run. Detail for any hires since then can be added in the text box below the table.

New Hires (from 7/1/2020 to December 2020): N/A

Detail for new hires since December 2020, if applicable: N/A

All Staff			
	Spanish	Cantonese	Hindi
Black or African American	0	0	0
Asian	0	1	1
Hispanic or Latino	3	0	0
White	0	0	0
Other	0	0	0
Total	3	1	1

Frontline Staff	
	Spanish
Black or African American	0
Asian	0
Hispanic or Latino	2
White	0
Other	0
Total	2