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ANTONIO R. VILLARAIGOSA
MAYOR

April 23, 2012

Honorable Members of the Budget and Finance Committee
c/o Erika Pulst, Legislative Assistant
Room 395, City Hall
Los Angeles, California 90012

OFFICE OF FINANCE – FY 2012-13 PROPOSED BUDGET

The Office of Finance (Finance) would like to thank the Mayor, the City Administrative Officer, and their staff for consideration of our initial budget request. Finance is responsible for the collection of over \$2.5 billion revenue annually, active management of the City's \$8 billion investment portfolio and cash and debt programs exceeding \$50 billion. We are mindful of the fiscal challenges facing the City and would like to respectfully request, as a revenue-generating department, should funds become available that consideration be given to allow the department to restore some of the proposed reduction packages to minimize the service impacts on the collection of revenue.

Filled Clerk Typist Positions

The proposed budget recommends deletion of two filled Clerk Typist positions, which will result in layoffs. While the department has a total of 20 Clerk Typists, they all provide critical and, in most cases, front-line services to our clients and taxpayers. Eleven positions work in our special billing unit processing and collecting revenue. Another seven work at the public counters or Call Center and the remaining two process audit billings and provide overall administrative support for the department. The Department proposes to work with the Office of the City Administrative Officer to identify alternative vacant positions for deletion to avoid these layoffs.

Filled Customer Service Specialist Positions

Three field offices at Westchester, San Pedro, and Watts are recommended for closure along with the elimination of two Customer Service Specialists (CSS) that work at those offices. In addition to this recommendation, the budget proposes deletion of two vacant CSS positions and the elimination of five resolution CSS positions. This is a total of 9 CSS eliminations and represents an 18% decrease in our CSS authorities. Last year, the public counters served 122,312 taxpayers and collected roughly \$80 million. The service impacts in closing the three field offices may result in delayed collection of revenue and an increase in taxpayer complaints since there are not sufficient resources to absorb this work at the remaining field offices.

The five resolution authority CSS positions recommended for elimination are filled and will result in layoffs. The cost to fund a CSS position is \$63,326, yet they collect well over that amount and provide direct service and guidance to taxpayers and permit holders. CSS positions enable the department to provide customer service, reduce backlogs, and avoid the use of other higher revenue producing staff to fulfill this need to service the public. More importantly because of Finance's successful compliance programs, the number of taxpayer accounts managed by the department has increased by 82% since 2000 while staffing levels have remained relatively flat. While Finance is addressing the increase in workload through operational and web-based efficiencies, several web-based programs were recently implemented and still need some time to determine the impact of these programs on our public counters. Again, if funds were to come available we are requesting that consideration be given to restore these front-line positions to avoid potential loss or delay in revenue generation and collection.

AN EQUAL EMPLOYMENT OPPORTUNITY – AFFIRMATIVE ACTION EMPLOYER

Impact of Deletion of Vacancies

Seven vacant positions are recommended for deletion. Two of the seven positions are mentioned above under Customer Service Support. The remaining five positions are from the Systems, Revenue Management, and Accounting Divisions and will impact the department's ability perform a variety of functions. The Principal Clerk position manages the department's document imaging program, which is a critical piece of LATAX and allows staff to have instant access to imaged tax and permit documents used department-wide when interacting with a taxpayers and collecting revenue. The Senior Clerk Typist in Systems provides problem resolution, services the LATAX help desk, and assists with changes to the LATAX system. The Senior Clerk Typist in Revenue Management supports the Special Projects and Litigation Section, which work closely with the City Attorney's Office to resolve delinquent cases. The Management Analyst I in Revenue Management works in the Citywide Unit handling the policy, research, and reporting requirements for the collection of outstanding receivables under the City Charter. It primarily supports collections efforts working with contracted collection agencies and City departments. The Accountant II in Treasury Accounting ensures investment accounting and recording and interest allocation are performed accurately and promptly and works with city auditors. While all efforts will be made to absorb the workload of these vacancies, it is likely that this work have to be delayed or eliminated altogether, impacting revenue collection.

Managed Hiring

The requirement to have all positions subjected to Managed Hiring imposes delays in hiring and negatively impacts revenue. For example, it took Finance on average 232 days (roughly 8 months) to obtain approval and fill Tax Auditors and Tax Compliance Officers from the time a request was submitted to the Managed Hiring Committee. These position classifications generate on average \$400,000 annually. The department has not received approval to fill any positions since mid-December 2011 despite having more than twelve requests submitted. Continued delays in hiring directly impact the department's ability to meet its revenue goals and we request to be exempted from the process.

We appreciate your consideration. I can be reached at (213) 978-1774 if there are any questions.

Sincerely,



Antoinette Christovale, CPA
Director of Finance/City Treasurer

cc: Honorable Wendy Greuel, City Controller
Matt Szabo, Deputy Chief of Staff, Mayor's Office
Neil Guglielmo, Deputy Mayor, Budget and Financial Policy
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