

**OFFICE OF INSPECTOR GENERAL**  
*City of Chicago*



***INSPECTOR GENERAL'S OFFICE ADVISORY  
CONCERNING THE  
EMPLOYEE INDEBTEDNESS PROGRAM***

**JANUARY 2013**

866-IG-TIPLINE (866-448-4754)  
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Joseph M. Ferguson  
*Inspector General*

## OFFICE OF INSPECTOR GENERAL

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### **VIA E-MAIL**

January 17, 2013

Theresa Mintle  
Chief of Staff  
Mayor's Office  
121 N. LaSalle St.  
Room 509  
Chicago, IL 60602

Dear Chief of Staff Mintle:

Over the last two decades, the City periodically has launched various initiatives to reduce or eliminate employee indebtedness (EI)—the overdue debt City and sister agency employees owe to the City. These initiatives include implementing personnel rules that provide for the discipline of City employees with overdue City debt, enacting ordinances that allow the City to garnish the wages of City and sister agency employees with overdue City debt, and entering into an intergovernmental agreement with the State Comptroller's Office to collect overdue debts owed to the City. In October 2011 the City announced an initiative to increase enforcement activities at City departments and sister agencies, at a time when citywide EI was nearly \$3.0 million.<sup>1</sup> Despite these efforts, the City's EI balance totaled over \$3.2 million as of October 31, 2012.

Given the persistence of EI, the Inspector General's Office (IGO) examined the City's and certain sister agencies' EI disciplinary procedures and recovery processes. We examined the legal framework that governs the City's ability to discipline employees for indebtedness and to recover the money owed to it. We interviewed EI liaisons at the following six City departments and sister agencies: Chicago Fire Department (CFD), Chicago Police Department (CPD), Department of Streets & Sanitation (DSS), Department of Water Management (DWM), Chicago Public Schools (CPS), and Chicago Transit Authority (CTA).<sup>2</sup> In addition, we obtained information from the City's Department of Finance (DOF) regarding the number of City and sister agency employees with overdue City debt and the processes used to determine the amount of debt owed.

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<sup>1</sup> City of Chicago, "Mayor Emanuel Announces Plan to Recoup \$3 Million in City Employee Debt," October 4, 2011, accessed January 9, 2013, <http://www.cityofchicago.org/content/dam/city/depts/mayor/Press%20Room/Press%20Releases/2011/October/10.4.11EmployeeDebt.pdf>.

<sup>2</sup> The IGO selected these departments and agencies because they either had a comparatively high number of employees with overdue debt or experienced a significant increase or decrease in the number or percentage of employees with overdue debt in 2012.

IGO analysis of DOF's September 2011 to October 2012 EI data revealed that total EI declined from \$2.9 million in September 2011 to \$2.8 million in February 2012 and \$2.7 million in June 2012. However, this positive trend reversed when EI jumped to \$3.2 million in October 2012.

The IGO also calculated the percentages of employees with overdue City debt in the above-listed departments and agencies. We found that those percentages varied significantly, as did the department or agency's success in reducing EI during the period of a debt cycle.<sup>3</sup> For example, as of February 7, 2012, the day DOF generated one of its three debt cycle reports in 2012, 17.5 percent of CTA's employees had overdue City debt. By June 15, 2012, the last reporting date prior to the issuance of a new debt cycle report, 11.5 percent of CTA's employees still had overdue City debt. In contrast, only 3.8 percent of CFD employees had overdue City debt at the start of the reporting period and by the end of the cycle, the percentage of CFD's EI employees was reduced to zero.<sup>4</sup>

We also observed broadly divergent practices for EI notification, discipline, and collection among the six departments and sister agencies we examined. For example:

- DWM, DSS, CFD, and CPD supervisors personally distribute debt notices to employees. CTA distributes the notices together with employee pay checks. CPS has an automated system that sends each employee debtor an e-mail informing the employee of his or her overdue debt and includes a copy of CPS' EI personnel rule;
- If a CPS employee has not come into compliance with the EI personnel rule after three notifications, CPS' Law Department sets up a pre-disciplinary hearing with the employee. DSS, however, does not hold pre-disciplinary hearings prior to issuing suspensions for EI. CFD's EI liaison calls employees at home to remind them about their indebtedness;
- DWM sometimes allows employees to return to work during an EI suspension if the employee comes into compliance with the EI personnel rule. In contrast, DSS employees, starting in September 2012, have to serve their entire EI suspension, whether or not they pay their debt during the suspension; and
- CTA will garnish employees' wages for EI, but will not discipline them for it. CFD will suspend its employees for EI, but does not discharge them for it. CPS, on the other hand, has terminated a few employees for EI.

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<sup>3</sup> In general, our inquiry revealed a report cycle in which EI is calculated at the beginning, gradually reduced throughout the cycle period, then spikes at the beginning of new reporting period because EI obligations that accrued during the period are aggregated into DOF's report, thereby beginning a new cycle.

<sup>4</sup> However, when DOF generated the next debt cycle report, 3.9 percent of CFD employees had overdue City debt.

The IGO received numerous suggestions from EI liaisons as to how the City's EI program could be improved. Specifically, EI liaisons suggested that the City:

- Dedicate additional staff to EI;
- Negotiate EI discipline into the respective union contracts;
- Have DOF hold annual meetings for EI liaisons where they can discuss concerns and methods for improving the EI program;
- Update its software systems so sister agencies can more easily conduct City debt checks during the hiring process; and
- Have DOF send the debt cycle reports and updates in a more editable format.

The circumstances facing each department and sister agency, both operationally and legally, differ significantly. Thus, practices that are successful in one department may not necessarily be successful, or even possible, in another department. Moreover, measuring success can be difficult because one may employ several different, but arguably valid, metrics (e.g., total EI dollar amount, percentage of employees with overdue debt, average EI dollar amount per department employee, or average EI dollar amount per EI employee).

The IGO appreciates that the City is and has long been dedicated to the reduction, if not elimination of EI and seeks to assist the City in that endeavor. Therefore, based on the data the IGO analyzed, the interviews we conducted, and the suggestions we received, we suggest that the City consider:

- Whether the City should provide for additional EI staff or, alternatively, reduce the City's EI staff and rely instead on outside entities (e.g., the State Comptroller's offset procedures or collection agencies) to reduce EI;
- Whether it is feasible to create standardized and automatized EI notification procedures and train all City departments regarding those procedures to ensure their uniform implementation and administration;
- Whether to generate and report standardized metrics (in addition to the information currently provided on the City's Data Portal) across all departments and sister agencies to better identify the departments and practices that result in a lower incidence and more timely elimination of EI;<sup>5</sup> and
- Whether the Law Department should provide annual training regarding the EI disciplinary guidelines to ensure their uniform execution.

Ultimately, EI is a citywide phenomenon. The debt of a firefighter is no different than the debt of a bus driver. However, the higher, disparate incidence of EI in certain City departments and sister agencies damages the reputation of all these public employees. And divergent practices in the collection of overdue debts result in differing cultures and perceptions of fairness. The City thus may benefit from holistic examination of existing practices and consideration of a more standardized, unified, and thus accountable enforcement mechanism.

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<sup>5</sup> City of Chicago Data Portal, "Employee Indebtedness to the City of Chicago," accessed January 9, 2013, <https://data.cityofchicago.org/Administration-Finance/Employee-Indebtedness-to-the-City-of-Chicago/pasx-mnuv>.

We have attached to this letter a more detailed summary of the information we gathered. We hope that these observations, suggestions, and possible alternatives are useful to you as you work to reduce the outstanding debt owed by City and sister agency employees. We ask that you respond in writing by February 18, 2013. The City's response will be published on our website together with this letter and the attached information. Should you have any questions, please contact Senior Auditor Melanie Mui at 773-478-2573.

Respectfully,

A handwritten signature in blue ink, appearing to be 'J. Ferguson', written in a cursive style.

Joseph M. Ferguson  
Inspector General  
City of Chicago

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## **I. LEGAL FRAMEWORK FOR THE CITY'S EMPLOYEE INDEBTEDNESS PROGRAM**

The legal framework for the City's Employee Indebtedness (EI) program includes the City's personnel rules, the Municipal Code, and State statutes as described below.<sup>6</sup>

### **A. Enforcement through Discipline: EI Personnel Rule**

On October 31, 1996 Mayor Richard M. Daley sent a letter to all City employees informing them of a new personnel rule requiring City employees to pay all debts owed to the City or face disciplinary action.<sup>7</sup>

The City subsequently added paragraph 52 to Personnel Rule XVIII, Section 1, which describes causes for disciplinary action against employees.<sup>8</sup> Paragraph 52 states that a City employee's "failure to pay an overdue debt owed to the City within thirty days of receiving a demand" can be a cause for discipline unless the employee:

- (1) has entered into an agreement with the City of Chicago through the appropriate department for the payment of all debts owed to the City and is in compliance with the agreement; or
- (2) is contesting liability for the amount of the debt in a pending administrative or judicial proceeding; or
- (3) has filed a petition in bankruptcy and the debts owed the City are dischargeable in bankruptcy.<sup>9</sup>

After Paragraph 52 was implemented, the City's Law Department created the following disciplinary matrix for indebtedness to the City:<sup>10</sup>

<u>Past Due Amount</u>	<u>Discipline Penalty</u>
\$1,000 and over	Discharge
\$500 to \$1,000	29 day suspension
\$250 to \$500	15 day suspension
Below \$250	10 day suspension

However, in a 2008 arbitration between the City's Office of Emergency Management and Communications and International Brotherhood of Electrical Workers Local 21, an arbitrator issued an opinion sustaining the grievances of three City employees who each received 10-day suspensions for EI. In that arbitration, the Union argued that two of the grievants were issued

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<sup>6</sup> See Appendix B for full copies of certain of the rules and laws described in this Section.

<sup>7</sup> Letter from Mayor Richard M. Daley to City of Chicago employees October 31, 1996, accessed October 12, 2012, [http://www.cityofchicago.org/dam/city/depts/dhr/supp\\_info/COCEmployeeIndebtedPolicy.pdf](http://www.cityofchicago.org/dam/city/depts/dhr/supp_info/COCEmployeeIndebtedPolicy.pdf).

<sup>8</sup> The Personnel Rules, which generally give department heads "the authority and responsibility to take disciplinary action against any employee whose conduct does not further the efficiency and best interests of the City of Chicago," caution that if an employee is covered by a collective bargaining agreement, that agreement governs in the event of a conflict between the agreement and the Personnel Rules.

<sup>9</sup> Similarly, the Chicago Board of Education rules provide that "[t]he failure by any Board employee to pay a debt due and owing to the City of Chicago shall be cause for discipline or dismissal." Chicago Bd. of Educ. Rules, Section 4-4(g).

<sup>10</sup> The Law Department stated that they believed a retired Deputy Corporation Counsel created the matrix as a disciplinary guide for City departments.



“non-progressive discipline,”<sup>11</sup> and that the other grievant paid his overdue debt to the City within the required timeframe. The arbitrator ultimately held that the City “mechanically applied” the above-detailed disciplinary matrix to the grievants “in such a way as to read just cause out of the rule.”<sup>12</sup> The arbitrator noted that the City’s indebtedness policy and Paragraph 52 itself were “reasonable,” but that the disciplinary matrix “d[id] not correspond to the just cause tenets set forth in Paragraph 52.”<sup>13</sup> The arbitrator therefore found that the City misapplied its EI policy with respect to the grievants.

In February 2012, the City’s Law Department advised DOF that City departments should not use the dollar amount owed as the sole factor when disciplining an employee for indebtedness. Rather, among other factors, the department should consider whether the employee had taken any steps to come into compliance and whether the employee had been disciplined previously for indebtedness.

## **B. Enforcement through Wage Garnishment: State Statute and Municipal Code Provisions**

In June 1997, the Illinois Governor signed into law Public Act 90-0022, allowing the Chicago Park District, Chicago Transit Authority (CTA), Chicago Public Schools (CPS), and City Colleges of Chicago (CCC), upon receiving notice from the City’s Comptroller that their respective employees owed debt to the City, to (1) withhold compensation from those employees in an amount equal to that due the City; and (2) pay that amount to the City.<sup>14</sup> The Act specifies that the amount deducted from any one salary or wage payment cannot exceed 25 percent of the net amount of the payment. In addition, prior to any wage deduction, the City is required to certify that the employee had an opportunity for a hearing to dispute the debt due the City.<sup>15</sup>

In July 1997, the City Council enacted § 2-32-392 of the Municipal Code of Chicago (MCC), which allows the City to garnish the wages of City, CPS, CCC, CTA and Chicago Park District employees (“sister agency employees”) to satisfy their outstanding City debts. Section 392 outlines the notice procedures the City must follow and the proof of debt standard the City must meet before it can begin garnishing the wages of a City or sister agency employee. Section 392 provides that an employee can request a hearing to dispute the wage garnishment and limits the amount that can be deducted from a salary or wage payment to 25 percent of the net amount of such payment.

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<sup>11</sup> Personnel Rule XVIII, Section 2 describes progressive discipline as “a systematic approach to correct unwanted behavior and deter its occurrence by administering disciplinary actions based upon various factors, including, but not limited to, the severity of the infraction, the number of times it has occurred, and the totality of the circumstances surrounding the misconduct.” The rule goes on to state that the City “uses progressive discipline at its discretion and does not solely rely on this concept in every instance when taking disciplinary action.”

<sup>12</sup> Arb. No. 07/024, at 21.

<sup>13</sup> *Id.* at 20-21.

<sup>14</sup> Public Act 90-0022.

<sup>15</sup> In 2001, Public Act 92-0109 added Cook County, Cook County Forest Preserve District, Metropolitan Water Reclamation District, and Chicago Housing Authority to the list of governmental entities that may garnish employees’ wages in order to pay the employees’ City debts. It also made wage garnishment provisions reciprocal among these governments.



The MCC also requires all prospective new employees to pay any debts owed to the City before they are hired.<sup>16</sup> In addition, every person who is given an offer of employment with the City must file an affidavit with the Department of Human Resources disclosing any debt he or she owes to the City.<sup>17</sup>

### **C. Enforcement through State of Illinois Payment Reductions: Recent State Legislation Regarding Collection of Municipal Debt**

In 2011, the Illinois state legislature amended the State Comptroller Act (15 ILCS 405, *et seq.*) to allow local government units, upon entering into an intergovernmental agreement with the Comptroller, to use the Comptroller's offset system to collect delinquent obligations owed to it (the "Local Debt Recovery Program").<sup>18</sup> Previously, the offset system was only used to collect debt owed to the State or the United States.

Under the amended Act, when an individual owes money to a participating local governmental unit, the Comptroller deducts that debt from any funds held by the State Treasurer to which the debtor is entitled (such funds could include, for example, wages of a State employee or tax refunds) and then remits the deducted funds to the local government unit.<sup>19</sup> The local government unit must pay the Comptroller a processing charge of up to \$15 per transaction for such offsets. The Act provides that "upon processing a deduction, the Comptroller shall give written notice to the person subject to the offset."<sup>20</sup> That notice must inform the person that "he or she may make a written protest to the Comptroller within 60 days after the Comptroller has given notice."<sup>21</sup> The Comptroller only pays the deduction to the local government unit if the person subject to the offset has not made a written protest within 60 days of receiving notice or after a final disposition has been made regarding the offset. Like the MCC's wage garnishment provision, the Act limits deductions from a debtor's wage or salary payment to 25% of the net amount of such payment.

In February 2012, the City entered into an intergovernmental agreement with the State Comptroller "regarding access to the Comptroller's Local Debt Recovery Program" (the "Agreement"). The Agreement details the due process, notification, and debt certification procedures the City must follow prior to submitting a debt to the Comptroller for offset. The "Operational Requirements" section of the Agreement states that after the City notifies the Comptroller of a claim eligible for offset, the Comptroller "perform[s] a match with the local unit's debt file using a debtor's name, address, or other unique identifier."<sup>22</sup> According to the Agreement, the City "will receive a weekly file from [the State Comptroller] indicating the matches . . . ."<sup>23</sup> If a debtor has more than one local unit debt, "the debt with the oldest date of delinquency, as determined by the date when the debt was submitted to [the Comptroller] for

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<sup>16</sup> MCC § 2-152-150(c). The Chicago Board of Education rules similarly state that "[t]he Chief Executive Officer or his/her designee may require that applicants for employment verify that they have paid all debts due and owing to the City of Chicago as a condition of employment." Chicago Bd. of Educ. Rules, Section 4-4(g).

<sup>17</sup> MCC § 2-152-150(b).

<sup>18</sup> Public Act 97-0632. 15 ILCS 405/10.05d; *see also* 15 ILCS 405/10.05.

<sup>19</sup> 15 ILCS 405/10.05d; 15 ILCS 405/10.05.

<sup>20</sup> 15 ILCS 405/10.05d.

<sup>21</sup> *Id.*

<sup>22</sup> Agreement, Article III(B).

<sup>23</sup> *Id.*

offset shall be offset first.”<sup>24</sup> With respect to debt protests, the Agreement provides that a hearing officer will determine the amount due and payable to the local unit based on “all information relating to the transaction in the possession of [the Comptroller] and any other information [the Comptroller] may request and obtain from the local unit and the debtor subject to the offset.”<sup>25</sup> The hearing officer’s decision is “binding on the local unit and shall be the final determination on the matter.”<sup>26</sup>

## **II. DEBT CYCLE REPORTS AND EI NOTICES**

The Department of Finance (DOF) generates a debt cycle report (also known as a “bump”) three to four times a year that identifies all the City and sister agency employees who have overdue City debt. DOF generates this report by searching three electronic data systems for overdue debts arising out of, among other sources, unpaid water bills, parking tickets, and administrative hearing fines.<sup>27</sup> Employees do not appear on the debt cycle report unless the City has already sent initial notices to their home addresses.<sup>28</sup>

Once DOF generates the debt cycle report, it notifies the City departments and sister agencies of their employees’ overdue debts. DOF e-mails a summary memorandum and report listing all employees with overdue debt to each department and sister agency head. It sends detailed employee notices, which include the specific parking ticket, water account, or administrative hearing/cost recovery number(s) for each employee, to the department’s EI liaison.<sup>29</sup> In addition, DOF provides the debt cycle report to an outside vendor who prints each employee’s debts on a Notice of Employee Indebtedness form and mails it to the employee’s home.

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<sup>24</sup> *Id.* at Article III(B)(7).

<sup>25</sup> *Id.* at Article III(B)(4).

<sup>26</sup> *Id.* at Article III(B)(5).

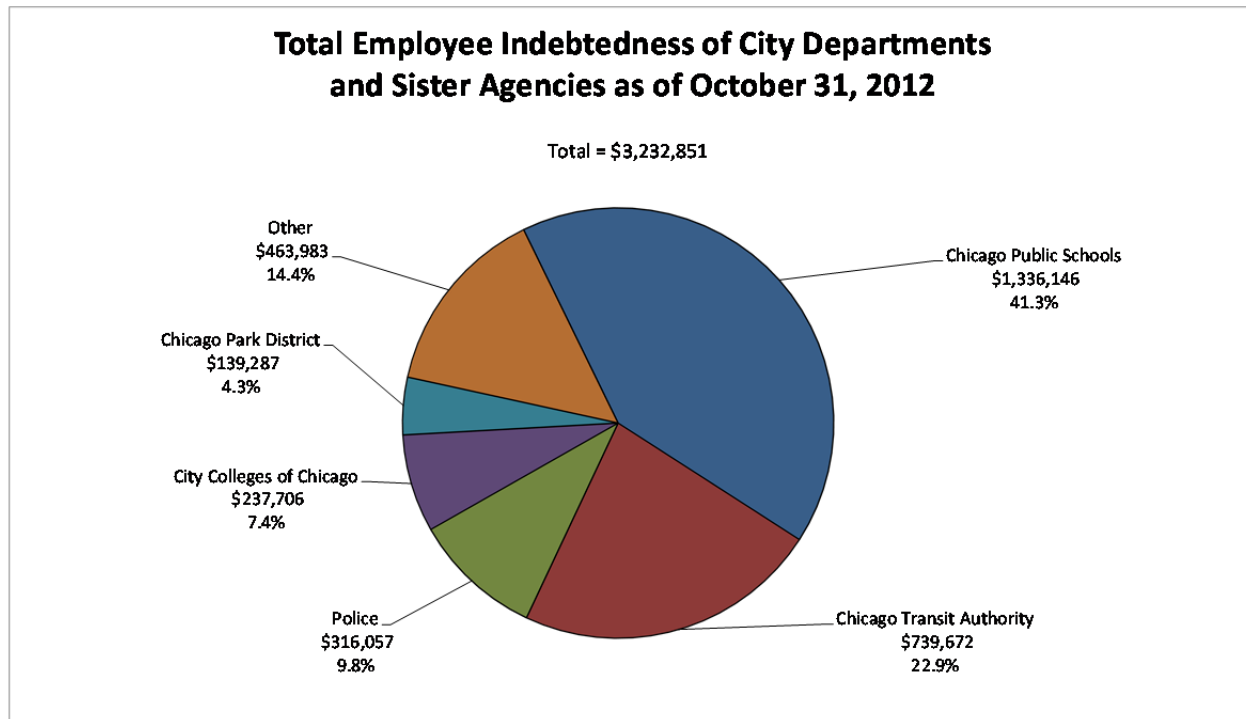
<sup>27</sup> The three systems are Banner (for water/sewer debt), CANVAS (Central Adjudication, Noticing and Violation Administrations System, for parking tickets), and ARMS (Automated Referral Management System, DOF’s data system for employee records).

<sup>28</sup> That initial notice is the same as the notice the City sends to non-City employees with overdue debt.

<sup>29</sup> Due to the large number of employees with overdue debt at CPD, CPS, and CTA, DOF does not send detailed employee debt notices to these agencies. Instead, it provides them with a raw data file which they use to create their own debt notices.

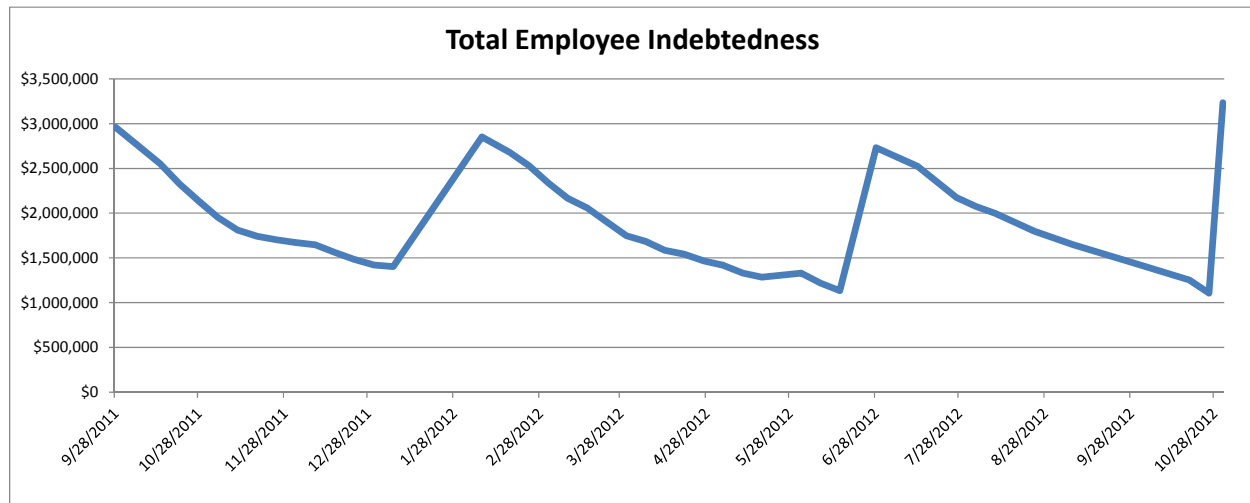
### III. COMPARISON DATA

The pie chart below identifies the organizations with the largest EI balances on October 31, 2012, when DOF generated the last debt cycle report of 2012.<sup>30</sup> The “Other” category includes the Chicago Housing Authority and 31 City departments.

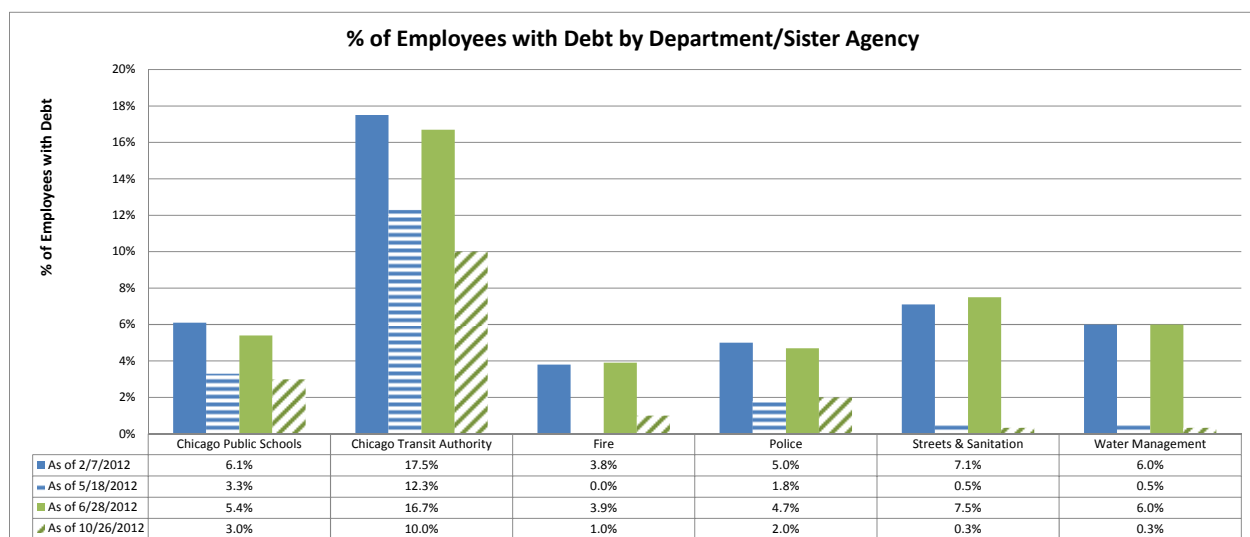


<sup>30</sup> DOF provided all the raw data analyzed in this section. See Appendix A for data related to the June and October 2012 debt cycle reports.

The line graph below tracks the total EI balance from September 2011 to October 2012. The four peaks on the graph occur on the days DOF generated debt cycle reports. From one peak to the next there is a steady decline in EI as employees come into compliance by either paying their debts, having their wages garnished, signing up for a payment plan or signing up for voluntary payroll deductions. No new overdue debt is added to the EI balance until DOF generates a new debt cycle report.



The bar graph below shows the percentage of CPS, CTA, CFD, CPD, DSS, and DWM employees with overdue City debt on four dates in 2012. The solid blue and green bars represent those percentages on the dates that DOF generated debt cycle reports. The striped blue and green bars represent those percentages on the day DOF generated its last update before the issuance of a new debt cycle report. The difference between the solid bars and the adjacent striped bars shows how successful a department or agency was in bringing its employees into compliance during the debt cycle.



#### **IV. NOTIFICATION AND ENFORCEMENT PROCEDURES**

This section details the EI program notification and enforcement procedures as described to the IGO by EI liaisons and related staff.

##### **A. Chicago Police Department**

CPD provided the IGO with the Department's EI notification procedures document, which is reproduced in its entirety below:

##### **Notification Procedures:**

##### **Indebtedness to City Procedures Human Resources Division**

- A. The Human Resources Division will receive a list (generated by The Department of Revenue) identified by control date, of department members owing overdue debt to the City of Chicago. The control date will be established by the Human Resources Division.
  1. Upon receipt of the list, the Human Resources Division Administration Section will make one master copy to be retained.
  2. The Human Resource Division Administration Section is required to distribute the indebtedness packets.
    - a. The Indebtedness Packets will include:
      - (2) copies of the Notice of Indebtedness for each member owing debt to the City of Chicago;
      - A memo report for each member owing debt to the City of Chicago requesting compliance
      - A memo report providing instructions to Unit Commanding Officers with affected members under their command;
      - A Unit Signature Roster by control date that identifies every member owing debt to the City of Chicago by unit of assignment.

**NOTE:** The Unit Signature Roster and (2) copies of the Notice of Indebtedness will be signed by the affected member and a supervisory member. The supervisor will ensure that (1) copy is signed and returned to the Human Resources Division. The member will retain a copy for his/her records.
    - b. Each Indebtedness Packet for affected units will be labeled with appropriate unit numbers on an Intra-Departmental envelope.
    - c. The Human Resources Division will generate an Indebtedness pick-up log consisting of all units that have affected members.
    - d. The Human Resources Division will prepare and issue an Automated Message Center (AMC) message listing all units who have members with indebtedness. The AMC will requires each unit to send a messenger to retrieve the unit's Indebtedness Packets from the Human Resources Division
    - e. Upon arrival, the designated messenger is required to fill out the Indebtedness Pick-up Log by printing their name, signature, time and date of retrieval.
  3. Notice of Indebtedness for the current and two previous control dates must be retained by the Human Resources Division Administrative Section and will include:

- a. The original signed or refused Notice of Indebtedness which has been forwarded from individual units to the Human Resources Division.
  - b. A copy of the receipts, Indebtedness Agreements, and other appropriate documentation of compliance forwarded to the Human Resources Division by affected members.
4. Indebtedness of department members will be tracked by the Human Resources Division, Administrative Section. This will be done by reviewing documentation submitted by affected members to determine compliance and maintaining a spreadsheet of members in compliance. The documents that determine compliance may include:
- Documented payments or challenges
  - Proof of Payment in Full
  - Payroll Deduction - If a member opts to use payroll deduction, they must sign the City of Chicago Employee Indebtedness Program Voluntary Wage Deduction Agreement. The Human Resources Division will be forwarded a copy from the Finance Division.
  - Payment Plan to City Department (Department of Water)
  - Payment Plan to City Law Firm (Linebarger, Goggan, Blair, and Sampson, LLP)
  - Bankruptcy
- Refer to provisions outlined in **Employee Resource E01-07 - Indebtedness to the City of Chicago**. If submitted documentation meets compliance, Human Resources will include this information in the indebtedness tracking system that will be maintained on a spreadsheet.

#### **Enforcement Procedures:**

CPD issued Employee Resource E01-07 regarding EI on May 19, 2005. It states that the “existence of overdue debts to the City of Chicago is inconsistent with Department Rules & Regulations and policy” and that CPD “will fully participate in the City of Chicago Employee Indebtedness Program.” E01-07 further notes that “non-command staff members represented by a collective bargaining agreement” have 30 days from the date of notification to come into compliance and “command staff members and members not represented by a collective bargaining agreement” have seven days.

After CPD distributes the notices, the supervisors initiate a Summary Punishment, present a Summary Punishment Action Request (SPAR), and order the affected member to come into compliance within the days stated above. According to E01-07, when non-compliant members are identified, CPD Human Resources forwards a report to the Bureau of Internal Affairs.

## **B. Department of Streets and Sanitation**

### **Notification Procedures:**

- The EI liaison receives an e-mail from DOF and prints out the attached Employee Debt Department Notices.
- The EI liaison goes through the Debt Notices to identify which DSS bureau each employee works in and separates the reports by bureau.
- The EI liaison compiles the Debt Notices for each bureau, scans them and sends a mass e-mail to the bureau liaisons and union representatives with the notices attached. This e-mail is sent to the union representatives to inform them which of their members owe overdue debt to the City.
- Each bureau liaison prints out the Debt Notices for their respective bureau and attaches a Notice of Indebtedness letter specifying the type of overdue debt (parking ticket, water bill, and/or administrative fine). The bureau liaisons also complete and attach a suspension notice in the event the employee does not come into compliance with the EI personnel rule within 30 days.
- The bureau liaison distributes the documents to the employees' supervisors, who deliver them to the employees.
- The employee signs a copy of the Notice of Indebtedness letter and forwards it to the EI liaison for her files. The employee keeps a copy as well. If an employee refuses to sign the Notice, the EI liaison is notified by the bureau liaison and the Department treats the refusal to sign as employee notification. The supervisor writes "refused to sign" and notes the date on the signature line. The employee has 30 days from that date to come into compliance.
- If notices are sent to the bureau liaisons and the employee is on some type of leave (i.e. duty disability, medical leave, FMLA), the bureau liaisons notify the EI liaison immediately so she can notify DOF.

Employees who come into compliance with the EI personnel rule are supposed to send the EI liaison a copy of their receipt for her files, but they do not always do so promptly. The EI liaison keeps these receipts on file but does not send them to DOF because as of last year DOF asked department EI liaisons to stop sending it receipts.

### **Enforcement Procedures:**

If the employee does not come into compliance with the EI personnel rule within 30 days (with a few grace days given at management's discretion), DSS enforces the rule pursuant to the following guidelines previously developed by the Law Department:

<u>Past –Due Amount</u>	<u>Disciplinary Action</u>
\$1,000 and over	Discharge
\$500 to \$1,000	29-day suspension
\$250 to \$500	15-day suspension
Below \$250	10-day suspension



When the First Deputy Commissioner became the hearing officer for DSS in 2011, he declared that suspensions for EI would be given automatically and would not go through a pre-disciplinary hearing. The unions did not object to this change in procedure and employees rarely involve their unions in EI matters. An employee's immediate supervisor has no discretion in selecting the employee's discipline for EI.

DSS suspended two people for EI in August 2012. DSS does not usually discharge employees for EI; employees with over \$1,000 in debt generally receive a 29-day suspension. The EI liaison could only recall one discharge that occurred years ago.

Until the most recent debt cycle, DSS allowed employees to go back to work before completing their suspension if they paid their debt during the suspension. Starting with the September 2012 cycle, employees will have to fulfill their entire suspension even if they pay their debt during the suspension. The EI liaison said that amending suspensions requires a lot of paperwork so the First Deputy decided to require fulfillment of the entire suspension.

### **C. Department of Water Management**

#### **Notification Procedures:**

- The EI liaison receives an e-mail from DOF and prints out the attached Employee Debt Department Notices.
- The EI liaison looks up the titles, payroll numbers and divisions of each of the employees on the EI list, then separates the notices by division.
- The EI liaison fills out a template memo from the Commissioner with the employee's name and a pre-disciplinary hearing date and time. DWM includes the pre-disciplinary hearing date and time in case the employee does not come into compliance within the 30-day timeframe. The EI liaison explained that DOF instructed EI liaisons to provide this hearing date and time together with the notice of debt.
- The EI liaison attaches the completed memos (two copies) to the Employee Debt Department Notices and sends them to each division.
- Supervisors in each division distribute the Debt Notices to employees. This usually occurs within a few days from when the EI liaison received the e-mail from DOF.
- The employee signs one copy of the memo and sends it back to the EI liaison. The employee keeps the second copy.

Due to the substantial amount of work that is required to prepare these memos and notices, an Administrative Services Officer sometimes assists the EI liaison by creating a spreadsheet to track EI data.

#### **Enforcement Procedures:**

If an employee has not come into compliance within 30 days of receiving a debt notice, the EI liaison usually gives him or her an extra week grace period. After the grace period, the EI liaison will remind the employee of the possibility of suspension, at which point the employee usually comes into compliance. However, DWM has issued suspensions for EI using the discipline guidelines previously developed by the Law Department:

<u>Past –Due Amount</u>	<u>Disciplinary Action</u>
\$1,000 and over	Discharge
\$500 to \$1,000	29-day suspension
\$250 to \$500	15-day suspension
Below \$250	10-day suspension

Sometimes employees go back to work after only a one-day suspension because they come into compliance on the first suspension day. DWM attempted to discharge an employee for EI but the Law Department rejected the termination because DWM did not apply progressive discipline.

AFSCME is the only union that has ever expressed concerns about EI discipline, according to the EI liaison.

## **D. Chicago Fire Department**

### **Notification Procedures:**

- The EI liaison receives an e-mail from DOF and prints out the attached Employee Debt Department Notices.
- The EI liaison then looks up the district of every employee listed on the debt summary in order to distribute the Debt Notices to the employees by district.
- The EI liaison fills out a template memo from the Deputy Commissioner with the employee's name, attaches the completed memos (two copies) to the Employee Debt Department Notices and sends them to each district Battalion Chief.
- Battalion Chiefs ensure the Debt Notices are delivered to each firehouse's officer.
- The officers distribute the Debt Notices to the employees.
- The employee signs one copy of the memo and sends it back to the EI liaison. The employee keeps the second copy.

Because firefighters usually go to the firehouse fewer than ten days per month, it takes several days and sometimes weeks to distribute all the Debt Notices. Therefore, employees are given 30 days from the day they sign the notice to come into compliance.

If an employee refuses to sign the notice, the EI liaison is notified by the officer and the refusal to sign is treated as notification. The officer will write "refused to sign" and the date on the signature line. The employee has 30 days from that date to come into compliance.

The current EI liaison calls employees at home to remind them about their indebtedness. The previous EI liaison would call employees at home and discuss their indebtedness with their spouses. That EI liaison also went to the firehouses to speak with indebted employees one-on-one, like a counseling session. According to that EI liaison, these methods were effective in reducing EI. At one point, that EI liaison was able to achieve a 100% EI compliance rate. In addition, that EI liaison created a "Father/Son Spreadsheet" to assist her in determining the validity of an employee's claim that his son or father was responsible for the City debt at issue.

### **Enforcement Procedures:**

If an employee has not come into compliance within 30 days of receiving notification, CFD will suspend the employee. The suspension guidelines are as follows:

<u>Past -Due Amount</u>	<u>Disciplinary Action</u>
\$1,000 and over	Discharge
\$500 to \$1,000	29-day suspension
\$250 to \$500	15-day suspension
Below \$250	10-day suspension

CFD will not discharge employees for EI, but will issue a 29-day suspension. Because many CFD employees work 24-hour shifts, the Department calculates the suspension for eight-hour days. For example, if a member is given a 10-day suspension, one shift is equivalent to three suspension days.

The previous EI liaison described CFD's process for initiating EI discipline: the EI liaison requests a suspension and the Labor Division assigns the matter an investigative review (IR) number. The EI liaison then provides the Labor Division with information about the debt for a "Statement of Facts," which states the allegation and often labels it as "conduct unbecoming" a City employee. The Labor Division gives the Statement of Facts to the employee to review. Fire personnel have 72 hours to respond to the Statement of Facts; EMS personnel have 96 hours to respond. If the employee pays the debt and submits a paid receipt, the IR is stopped.

## **E. Chicago Transit Authority**

The CTA provided the IGO with a copy of its EI notification and enforcement procedures, which are reproduced in their entirety below:

### **Notification Procedures and Efforts to Identify Employees Who Owe Money to City:**

1. The Human Resources Department sends to the City of Chicago an encrypted file for all active employees.
2. The City of Chicago processes the active employee file and sends an encrypted employee debt file back to CTA. CTA's server support group automatically retrieves the incoming file and places it in the interface's inbound directory.
3. An e-mail notification is sent to Employee Relations notifying them that notices to employees who owe money to the City are ready for print.
4. The employee debt notices are printed and contain information on an employee's debt to the City. A letter is attached to each employee notice regarding how to pay the debt.
5. A memo addressed to the General Managers and Vice Presidents regarding employee indebtedness is placed on top of all the employee notices for the employee who reports to the particular work location (see example attached as exhibit B).
6. The notices are separated based on the employees' work locations. The work locations distribute the notices along with the employees' pay checks.
7. CTA advises the City of CTA employee work locations and allows City access to CTA's parking lots to check employees' license plates against the City's databases of individuals who owe money to the City and to boot vehicles.

### **Enforcement Procedures:**

1. CTA's Law Department has cautioned Employee Relations and operations that if CTA disciplines or discharges bargained-for employees due to indebtedness to the City, an arbitrator may reverse the discipline or discharge because indebtedness to the City is not likely to be "just cause" for discipline or discharge under CTA's collective bargaining agreements with its Unions. Because CTA is a municipal corporation created by the state legislature, and not a City agency, an arbitrator is likely to determine that there is no connection between the indebtedness to the City (or any other entity to which the employee owes money) and the employee's job duties at CTA.
2. The City indicated that it has lost arbitration decisions on the issue but possesses favorable arbitration decisions that may be useful for the Law Department to review. CTA awaits receipt of those decisions.
3. When CTA receives an appropriate garnishment order obtained by the City, CTA garnishes the employee's wages as it is allowed to do within the parameters of the Metropolitan Transit Authority Act. 70 ILCS 3605/28c.
4. When an employee who must have a driver's license to perform his/her job has his/her license suspended due to parking tickets, CTA may administratively separate the employee for not having a valid driver's license. Generally, CTA allows the employee up to 30 days to pay his/her parking tickets before administrative separation.

## **F. Chicago Public Schools**

### **Notification Procedures:**

- The CPS IT Department receives a data file from DOF and converts it into a more readable format.
- Once CPS IT converts the data, the Department informs the CPS EI liaison that it received the data from the City.
- The EI liaison must give CPS IT the approval to start the notification process. CPS IT has a system that automatically sends indebted employees an e-mail informing them of their debt and the personnel rule that they are violating.
- The employee has 30 days from the date of notification to come into compliance. After 30 days, the automated system sends the employee a second notification.
- If the employee has not come into compliance within 45 days of the first notification, he or she will receive a third e-mail notification directing him or her to pay the debt within 14 days.
- If the debt has still not been resolved within 14 days of receiving the third notification, the employee's files are turned over to the CPS Law Department for discipline hearings.

As described in the notification messages, CPS employees have the option of going online to the CPS intranet and enrolling in a Voluntary Payroll Deduction (VPD) plan that directs the CPS payroll department to take a certain amount out of an employee's paycheck and apply it to his or her City debt. The debt must be paid within 12 pay periods unless special arrangements have been made with DOF.

### **Enforcement Procedures:**

According to the CPS EI liaison, the CPS Law Department handles EI discipline. The CPS Law Department schedules hearings for the employees who have not come into compliance after the third notification. Employees can send proof of payment or compliance to the Department before or at their hearings. The CPS Law Department usually sets up hearings for employees who have more than \$500 in overdue City debt.

According to the CPS EI liaison, unions have not been involved CPS's EI process because the CPS personnel rules state that indebtedness to the City is not tolerated. The CPS Law Department does not report back to the EI liaison as to the discipline ultimately issued to CPS employees. The EI liaison only learns who has resolved their debt when DOF sends an updated list.

## **V. EI LIAISON SUGGESTIONS FOR IMPROVEMENT**

The IGO asked each EI liaison how he or she would improve the City's EI program. The EI liaisons made the following suggestions.

### **A. City Department Liaison Suggestions**

- The head of each department should send a notice to all employees about the importance of paying one's City debt. Such a notice may encourage employees to take EI more seriously.
- The City should dedicate more staff to EI. An EI liaison suggested that at least one additional full-time equivalent position should be added in her department for EI.
- Direct supervisors should be trained on the importance of EI discipline as an enforcement tool.
- The EI liaison should always be notified if an employee is disciplined for EI.
- Wages of all employees with overdue City debts should immediately be garnished.
- Employees who sign up for VPD should be exempt from further penalties (e.g., booting, water shut-off).<sup>31</sup>
- DOF should bring its records up-to-date so that overdue debts from prior years no longer appear in new debt cycle reports.
- EI liaisons should seek more creative and effective ways to contact employees with overdue City debt.
- DOF should hold regular meetings (at least annually) for the EI liaisons so they can share ideas. An annual meeting would give new EI liaisons a chance to ask questions and make contacts with other liaisons.

### **B. Sister Agency Liaison Suggestions**

- EI discipline should be negotiated into all union contracts.
- The City should boot more at sister agency parking lots because it is a powerful, visual warning to all employees of the consequences of overdue parking tickets.
- The City should update its software systems so sister agencies can more easily conduct City debt checks during the hiring process.
- DOF should send debt cycle updates in a more editable format. They are currently in PDF format, making them difficult to work with.
- DOF's debt cycle summaries should include individual identifiers to make it easier to determine which employee has overdue debt. This is especially true if the employee has a relative with the same name.

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<sup>31</sup> Currently, employees who sign up for payment plans are exempt from further penalties, but employees who sign up for VPD are not.



**VI. APPENDIX A: EI DATA BY DEPARTMENT FOR JUNE AND OCTOBER 2012 DEBT CYCLES**

Department or Sister Agency Name	As of 6/15/2012 (weekly update before "bump")				As of 6/28/2012 ("bump")			
	Total # of Employees	# of Employees with Debt	% Employees with Debt	Total Dollar Amount	Total # of Employees	# of Employees with Debt	% Employees with Debt	Total Dollar Amount
Administrative Hearings	38	0	0.0%	\$ 0	38	0	0.0%	\$ 0
Animal Care & Control	52	0	0.0%	\$ 0	48	3	6.3%	\$ 848
Aviation	1,446	1	0.1%	\$ 171	1,268	52	4.1%	\$ 16,139
Board of Elections	111	0	0.0%	\$ 0	110	5	4.5%	\$ 1,511
Board of Ethics	7	0	0.0%	\$ 0	7	0	0.0%	\$ 0
Budget & Management	50	0	0.0%	\$ 0	42	1	2.4%	\$ 85
Buildings	263	0	0.0%	\$ 0	258	10	3.9%	\$ 2,511
Business Affairs & Consumer Protection	180	0	0.0%	\$ 0	178	10	5.6%	\$ 2,681
Chicago Housing Authority	494	0	0.0%	\$ 0	470	17	3.6%	\$ 5,644
Chicago Park District	3,052	110	3.6%	\$ 56,733	3,613	257	7.1%	\$ 124,372
Chicago Public Library	835	2	0.2%	\$ 580	850	22	2.6%	\$ 6,875
Chicago Public Schools	50,469	1,491	3.0%	\$ 515,318	49,332	2,644	5.4%	\$ 1,103,617
Chicago Transit Authority	10,136	1,166	11.5%	\$ 351,465	10,083	1,685	16.7%	\$ 708,738
City Clerk	96	0	0.0%	\$ 0	114	3	2.6%	\$ 604
City Colleges of Chicago	6,910	143	2.1%	\$ 108,691	6,490	320	4.9%	\$ 197,527
City Council	376	8	2.1%	\$ 1,019	379	27	7.1%	\$ 6,731
City Treasurer	22	0	0.0%	\$ 0	22	0	0.0%	\$ 0
Cultural Affairs & Special Events	61	0	0.0%	\$ 0	61	0	0.0%	\$ 0
Emergency Management & Communications	1,387	23	1.7%	\$ 10,648	1,400	97	6.9%	\$ 46,925
Family & Support Services	820	2	0.2%	\$ 858	819	31	3.8%	\$ 11,679
Finance	570	3	0.5%	\$ 493	587	24	4.1%	\$ 6,689
Fire	4,890	2	0.0%	\$ 214	4,873	188	3.9%	\$ 79,901
Fleet & Facilities Management	1,048	6	0.6%	\$ 3,074	1,040	42	4.0%	\$ 18,749
Housing & Economic Development	216	0	0.0%	\$ 0	217	7	3.2%	\$ 2,520
Human Relations	28	0	0.0%	\$ 0	28	0	0.0%	\$ 0
Human Resources	70	0	0.0%	\$ 0	72	1	1.4%	\$ 400
Independent Police Review Authority	88	0	0.0%	\$ 0	86	1	1.2%	\$ 400
Innovation & Technology	85	0	0.0%	\$ 0	70	0	0.0%	\$ 0
Law	436	0	0.0%	\$ 0	441	5	1.1%	\$ 1,254
Mayor's Office for People with Disabilities	29	0	0.0%	\$ 0	29	0	0.0%	\$ 0
Office of the Mayor	72	0	0.0%	\$ 0	72	0	0.0%	\$ 0
Police	13,655	232	1.7%	\$ 67,929	13,552	635	4.7%	\$ 231,297
Procurement Services	59	0	0.0%	\$ 0	66	1	1.5%	\$ 146
Public Health	806	6	0.7%	\$ 1,151	754	38	5.0%	\$ 12,979
Streets & Sanitation	2,219	32	1.4%	\$ 12,058	2,131	160	7.5%	\$ 64,018
Transportation	1,068	3	0.3%	\$ 979	1,221	69	5.7%	\$ 28,025
Water Management	1,765	8	0.5%	\$ 1,921	1,822	110	6.0%	\$ 48,910
<b>Total</b>				<b>\$ 1,133,302</b>				<b>\$ 2,731,778</b>

Employee Indebtedness Review Background Information

Department or Sister Agency Name	As of 10/26/2012 (weekly update before "bump")				As of 10/31/2012 ("bump")			
	Total # of Employees	# of Employees with Debt	% Employees with Debt	Total Dollar Amount	Total # of Employees	# of Employees with Debt	% Employees with Debt	Total Dollar Amount
Administrative Hearings	38	0	0.0%	\$ 0	38	1	2.6%	\$ 248
Animal Care & Control	49	0	0.0%	\$ 0	49	3	6.1%	\$ 1,397
Aviation	1,214	3	0.2%	\$ 871	1,214	61	5.0%	\$ 19,662
Board of Elections	110	0	0.0%	\$ 0	107	3	2.8%	\$ 409
Board of Ethics	7	0	0.0%	\$ 0	7	0	0.0%	\$ 0
Budget & Management	41	0	0.0%	\$ 0	41	0	0.0%	\$ 0
Buildings	258	0	0.0%	\$ 0	258	9	3.5%	\$ 2,244
Business Affairs & Consumer Protection	172	0	0.0%	\$ 0	172	7	4.1%	\$ 5,005
Chicago Housing Authority	470	0	0.0%	\$ 0	466	23	4.9%	\$ 5,525
Chicago Park District	3,613	71	2.0%	\$ 39,370	3,475	237	6.8%	\$ 139,287
Chicago Public Library	883	1	0.1%	\$ 387	883	27	3.1%	\$ 7,092
Chicago Public Schools	49,332	1,319	2.7%	\$ 522,700	48,025	2,907	6.1%	\$ 1,336,146
Chicago Transit Authority	10,083	1,031	10.2%	\$ 312,357	10,196	1,734	17.0%	\$ 739,672
City Clerk	99	0	0.0%	\$ 0	138	4	2.9%	\$ 1,064
City Colleges of Chicago	6,490	128	2.0%	\$ 89,268	6,702	380	5.7%	\$ 237,706
City Council	433	0	0.0%	\$ 0	433	19	4.4%	\$ 7,883
City Treasurer	22	0	0.0%	\$ 0	22	0	0.0%	\$ 0
Cultural Affairs & Special Events	61	0	0.0%	\$ 0	61	0	0.0%	\$ 0
Emergency Management & Communications	1,455	22	1.5%	\$ 18,667	1,455	122	8.4%	\$ 72,233
Family & Support Services	840	2	0.2%	\$ 1,705	840	42	5.0%	\$ 16,060
Finance	578	2	0.3%	\$ 745	578	36	6.2%	\$ 7,673
Fire	4,838	33	0.7%	\$ 27,347	4,838	235	4.9%	\$ 107,120
Fleet & Facilities Management	1,018	4	0.4%	\$ 1,733	1,018	53	5.2%	\$ 27,640
Housing & Economic Development	211	0	0.0%	\$ 0	211	10	4.7%	\$ 2,711
Human Relations	28	0	0.0%	\$ 0	28	0	0.0%	\$ 0
Human Resources	70	0	0.0%	\$ 0	67	4	6.0%	\$ 890
Independent Police Review Authority	90	0	0.0%	\$ 0	90	11	12.2%	\$ 3,148
Innovation & Technology	70	0	0.0%	\$ 0	83	1	1.2%	\$ 120
Law	437	0	0.0%	\$ 0	437	11	2.5%	\$ 3,206
Mayor's Office for People with Disabilities	29	0	0.0%	\$ 0	29	2	6.9%	\$ 413
Office of the Mayor	72	0	0.0%	\$ 0	109	4	3.7%	\$ 709
Police	13,486	238	1.8%	\$ 81,064	13,486	767	5.7%	\$ 316,057
Procurement Services	66	0	0.0%	\$ 0	66	0	0.0%	\$ 0
Public Health	752	3	0.4%	\$ 3,193	752	44	5.9%	\$ 15,201
Streets & Sanitation	2,112	7	0.3%	\$ 764	2,112	185	8.8%	\$ 72,998
Transportation	1,205	7	0.6%	\$ 2,341	1,205	80	6.6%	\$ 31,915
Water Management	1,796	6	0.3%	\$ 5,140	1,796	109	6.1%	\$ 51,418
<b>Total</b>				<b>\$ 1,107,651</b>				<b>\$ 3,232,851</b>

January 17, 2013

**VII. APPENDIX B: ARBITRATION NO. 07/024**

**IN THE MATTER OF THE ARBITRATION BETWEEN**

**CITY OF CHICAGO,  
Office of Emergency Management and  
Communications,  
(Employer)**

**-and-**

**INTERNATIONAL BROTHERHOOD  
OF ELECTRICAL WORKERS,  
LOCAL 21,  
(Union).**

Indebtedness Suspensions

Grievants: Laura Espinosa,  
Stephanie Lewis; Johnny  
Matthews

RECEIVED  
CORPORATION COUNSEL  
LABOR DIV.-CHICAGO  
08 APR 21 AM 11:50  
BY \_\_\_\_\_

BEFORE: ANN S. KENIS, ARBITRATOR  
Arb. No. 07/024

**OPINION AND AWARD**

**APPEARANCES:**

**On Behalf of the Employer:**

Jessica Kimbrough  
Tamie Sepulveda  
Marista Keating  
Cora Joiner  
David Johnson

Assistant Corporation Counsel  
Project Manager, OEMC  
Dept of Water Management  
OEMC  
Chief Labor Negotiator

**On Behalf of the Union:**

Robert E. Bloch  
Jerry Rankins  
Vera Edmerson  
Charles Grant

Attorney  
Business Representative  
Union Steward  
Union Steward

## **I. INTRODUCTION**

The hearing in this case was held on November 9, 2007 and December 7, 2007 at 30 North La Salle Street, Chicago, Illinois, before the undersigned Arbitrator who was duly appointed by the parties to render a final and binding decision in this matter. At the hearing the parties were afforded full opportunity to present such evidence and argument as desired, including an examination and cross-examination of witnesses. A 107-page transcript of the hearing was made. The parties filed post-hearing briefs, the second of which (the City's) was received on March 15, 2008. In addition, the Arbitrator received email correspondence from the Union on March 21, 2008 and from the City on March 28, 2008, whereupon the hearing was declared closed.

## **II. STATEMENT OF THE ISSUE**

The parties stipulated that the issue in this case is as follows:

Whether the City had just cause to issue the 10-day suspensions to Grievants Johnnie Matthews, Laura Espinosa, and Stephanie Lewis, dated June 27, 2006, August 12, 2004 and August 12, 2004, respectively, and, if not, what shall the remedy be?

## **III. PERTINENT CONTRACTUAL PROVISIONS**

### **ARTICLE 2** **MANAGEMENT'S RIGHTS**

#### **Section 2.1 Management's Rights**

It is agreed that the Unions and the employees will cooperate with the Employer to liberally construe this Agreement to facilitate the efficient, flexible and uninterrupted operation of the Employer. The Union recognizes that certain rights, powers, and responsibilities belong solely to and are exclusively vested in the Employer except only as they may be subject to a specific and express obligation of this Agreement. Among these rights, powers, and responsibilities, but not wholly inclusive, are all matters concerning or related to the management of the City and administration thereof, and the right:

\* \* \*

m. to suspend, demote, discharge, or take other disciplinary action against employees for just cause; and;

n. to add to, delete or alter policies, procedures, rules and regulations.

Inherent managerial functions, prerogatives and rights, whether listed above or not, which the Employer has not expressly restricted by a specific provision of this Agreement are not in any way, directly or indirectly, subject to review, provided that none of these rights is exercised contrary to or inconsistent with other terms of this Agreement or law.

**Section 2.3 Rules and Regulations**

The Employer shall have the right to make, and from time to time change, reasonable rules and regulations, after prior notice to and discussion with the Union, and to require employee compliance therewith upon notification to employees, provided that no such rule or regulation or change therein shall be contrary to or inconsistent with this Agreement or law.

**ARTICLE 6**  
**EMPLOYEE SECURITY**

**Section 6.1 Just Cause Standard**

No non-probationary employee covered by this Agreement shall be discharged or disciplined without just cause.

**ARTICLE 21**  
**MISCELLANEOUS**

**Section 21.5 Residency**

All employees covered by this Agreement shall be actual residents of the City of Chicago.

**IV. CITY OF CHICAGO PERSONNEL RULES**

**RULE XVIII – DISCIPLINARY ACTIONS AND PROCEDURES FOR CAREER SERVICE EMPLOYEES**

**Section 1 – Causes for Disciplinary Action**

The City of Chicago has an interest in promotion of order and general welfare of all employees, as well as the general public. The City of Chicago, a public employer, requires that its employees perform their duties in a manner which furthers the efficiency and best interests of the City, and which results in the highest level of public trust and confidence in municipal government.

The department head has the authority and responsibility to take disciplinary action against any employee whose conduct does not further the efficiency and best

interests of the City of Chicago. The degree of discipline to be meted out is dependent on various factors including, but not limited to the seriousness of the offense, the employee's work record and the totality of the circumstances. The following conduct, discussed below, when engaged in by an employee, will result in disciplinary action which may include discharge unless the employer, taking all circumstances into account, deems it to be excusable.

As with all the Personnel Rules, it should be noted that if an employee is covered by a collective bargaining agreement, that agreement shall govern in the event of a conflict between any part of this rule and any such agreement. Employees covered by such agreement can only be discharged for just cause.

\* \* \*

48. Violating any departmental regulations, rules or procedures.

\* \* \*

50. Conduct unbecoming an officer or public employee.

\* \* \*

52. Failure to pay an overdue debt owed to the City within thirty (30) days of receiving a demand therefore, unless the employee:

- (1) has entered into an agreement with the City of Chicago through the appropriate department for the payment of all debts owed to the City and is in compliance with the agreement; or
- (2) is contesting liability for the amount of the debt in a pending administrative or judicial proceeding; or
- (3) has filed a petition in bankruptcy and the debts owed the City are dischargeable in bankruptcy.

## **V. FACTUAL BACKGROUND**

This case concerns the propriety of the disciplinary suspensions issued by the Office of Emergency Management and Communications (OEMC) to Grievants Laura Espinosa, Stephanie Lewis and Johnny Matthews. All three employees work in the City's 911 Center. The Grievants were issued 10-day suspensions for alleged failure to comply with a demand for payment of debts owed to the City, in accordance with Personnel Rule

XVIII, Section 1, Paragraph 52 (Paragraph 52). The parties have stipulated that the grievances protesting the discipline are timely and properly before the Arbitrator for resolution.

**A. The Promulgation and Dissemination of Paragraph 52**

Paragraph 52 has its genesis in a series of newspaper articles beginning in October 1996 which reported the existence of outstanding debts for unpaid parking tickets, water bills and city sticker fees owed by hundreds of City employees to the City of Chicago. David Johnson, currently employed as Chief Labor Negotiator for the City, was the Chief Assistant Corporation Counsel in the City's Department of Law in 1996. He testified that the widespread reporting of the large amount of unpaid debts owed by public employees, including City employees, undermined public confidence in the City's government and resulted in the perception that the City failed to "mind our own house."

As a result, the City developed a policy, now set forth in Paragraph 52, whereby employees on the City's payroll would be subject to discipline for failure to pay their debts to the City within 30 days of receipt of notice of indebtedness. The City began its implementation by collecting debts owed by its Shakman exempt employees. According to Johnson, these high-ranking employees and principal representatives of the City's administration were without career service protection and thus could be discharged at will. The City gave Shakman exempt employees notice of their debts, and a period of time to pay those debts, after which time they were subject to discharge.

Before implementing Paragraph 52 with respect to other employees, the City gave written notice to all the unions that represented City employees at that time, including the predecessor of the Union in this case. Two unions, The American Federation of State,



County and Municipal Employees (AFSCME) and the Illinois Nurses' Association, demanded to bargain over the effects of the new policy. The City took the position that it had the right to implement Paragraph 52 under the management rights provision in the collective bargaining agreement, which gives the City the right to promulgate and enforce reasonable rules. There is no evidence that IBEW Local 165, which is the predecessor to IBEW Local 21, objected or demanded to bargain upon receiving notice of the new policy.

In a letter dated January 16, 1997, the City Commissioner of Personnel informed all City employees that Paragraph 52 was in effect and that failure to comply with the rule would result in discipline up to and including discharge. Several weeks later, in a letter to IBEW Local 165, the City's Director of Labor Relations informed the Union that the City would begin disciplinary measures against employees who had not settled their obligations with the City or made payment arrangements. There is no evidence that the predecessor Union grieved the policy when it was implemented or at any time thereafter until the present grievances were filed.

Each Department is responsible for enforcing Paragraph 52 with respect to employees who work in that department. On September 5, 2001, OEMC issued Directive No. D2001-01, informing all personnel that they were expected to conform to Paragraph 52. Employees were further told that failure to discharge an overdue debt to the City, within the 30-day deadline after receipt of notification, would result in disciplinary action ranging from a ten-day suspension to possible termination, based on the amount of the debt. Johnson testified that Paragraph 52 is subject to the traditional tenets of just cause, including progressive discipline. He stated that discipline would depend on the history of

the employee's conduct, the steps the employee took to pay off the debt, the number of infractions incurred and the period of time involved.

The Union maintains that Paragraph 52 is unnecessary for collecting unpaid bills because the City can garnish employee wages for all unpaid debt. Section 2-32-393 of the Chicago Municipal Code establishes an expedited procedure for garnishing wages of City employees who fail to pay parking tickets or any other City debt. Johnson conceded on cross-examination that employees represented by the Union are covered under the Municipal Code.

**B. Discipline of the Grievants**

There is no dispute as to the underlying facts involving the issuance of the disciplinary suspensions to the three Grievants in this case.

**Laura Espinosa**

On June 29, 2004, Espinosa received a letter notifying her that she may have an overdue debt to the City and that she was required to provide proof that she had paid the bill within 30 days of receipt of the notice or face a disciplinary penalty according to the following schedule:

<u>Past Due Amount</u>	<u>Discipline Penalty</u>
\$1,000 and over	Discharge
\$500 to \$1,000	29 day suspension
\$250 to \$500	15 day suspension
Below \$250	10 day suspension

Espinosa was also issued a second notice on that same date regarding a pre-disciplinary hearing scheduled for August 3, 2004 in the event she hadn't timely paid the debt. The record shows that Espinosa owed the City \$100, resulting from a \$50 parking ticket and a \$50 penalty. Espinosa paid the full amount of her indebtedness on August 2,

2004, which was outside the 30-day notice period but prior to her pre-disciplinary hearing. She provided evidence of payment at her pre-disciplinary hearing on August 3, 2004. Espinosa's disciplinary record shows that prior to this incident, she had received one unrelated reprimand and no other discipline.

Espinosa was issued a ten (10) day suspension notice on or about August 12, 2004 for violation of Paragraph 52.<sup>1</sup> OEMC Personnel Director Tamie Sepulveda testified that she recommended the ten (10) day suspension based on the standard guidelines for discipline expressed in the June 28, 2004 notice. Ms Sepulveda's recommendation was approved by the OEMC Chief of Staff and Executive Director.

On cross-examination, Sepulveda acknowledged that she did not examine Espinosa's prior disciplinary record before making her disciplinary recommendation. In addition, Sepulveda conceded that she knew Espinosa had paid her indebtedness prior to the pre-disciplinary hearing. Sepulveda stated, however, that the policy requires payment within the thirty (30) day period, and when Espinosa failed to pay within the required time, the disciplinary phase of the policy was applied.

Stephanie Lewis

By letter dated June 28, 2004, OEMC employee Stephanie Lewis was notified that she may have an overdue debt to the City and that she was required to verify the debt and provide proof of compliance within thirty (30) days of receipt of the notice. Lewis also received a second letter dated June 28, 2004 advising her of a pre-disciplinary hearing scheduled for August 3, 2004. Just as in Espinosa's case, the letters from the City informed her of a disciplinary progression based on the amount of the indebtedness.

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<sup>1</sup> Espinosa was further notified that she violated Rule XVII, Paragraph 50 of the Personnel Rules, which prohibits conduct unbecoming an officer or public employee.

Lewis owed the City \$200, resulting from a \$100 parking ticket and a \$100 penalty. Like Grievant Espinosa, Lewis paid the full amount of the indebtedness outside the thirty (30) day notice period but before the pre-disciplinary hearing. She also presented evidence of payment at the August 3 hearing. Lewis's disciplinary record shows that prior to this incident, she had received two unrelated written reprimands.

OEMC Personnel Director Sepulveda determined that Lewis had violated Paragraph 52 and recommended a ten (10) day suspension. As in the case of Espinosa, the disciplinary recommendation was made without regard for the fact that Lewis had already paid the indebtedness at the time of the pre-disciplinary hearing and without consideration of her disciplinary record. Sepulveda's recommendation was approved by the OEMC Chief of Staff and the Executive Director.

Johnny Matthews

In a letter dated April 4, 2006, Grievant Johnny Matthews was notified of an overdue debt to the City and informed that failure to pay the debt to the City within 30 days of notification would result in discipline. A second letter on that same date scheduled a pre-disciplinary hearing for May 10, 2006 in the event the debt was not timely paid. Like the other two Grievants, Matthews was advised that noncompliance would result in progressive discipline ranging from a ten-day suspension to discharge, depending upon the amount of the indebtedness.

Grievant Matthews had \$200 in parking fines and penalties, the record shows. The parties stipulated that he received his 30-day demand letters on April 6, 2006. They further stipulated that he paid his indebtedness on May 3, 2006. Thus, he made payment

27 days after receipt of the City's indebtedness notification, within the City's 30-day timeline.

Notwithstanding the fact that the pre-disciplinary hearing was scheduled for May 10, 2006, Investigator Arthur Steinmeier conducted the pre-disciplinary hearing on May 8, 2006 and issued his report on that same date. The report states that Matthews had not provided proof of payment as of May 8, 2006, and therefore he was in noncompliance with Paragraph 52.<sup>2</sup> On that basis, Matthews was issued a ten (10) day suspension notice on July 19, 2006.

Marista Keating, Acting Deputy Director of Police Dispatch Operations in 2006, testified that she made the penalty recommendation because no defense had been offered by Matthews and because he had previously been issued a written reprimand for violation of the policy. The Acting Managing Deputy Director and the Executive Director concurred with Keating's recommendation.

#### **C. Prior Incidents of Paragraph 52 Violations**

Several years prior to the discipline issued to Grievant Matthews in the instant case, he had been disciplined for the same infraction. His record shows that he owed \$80 in parking tickets and \$80 in penalties, totaling \$160. By notice dated November 5, 2003, Matthews was advised that he had thirty days to produce proof that the indebtedness had been satisfied. He did not pay the fine until December 29, 2003, after the thirty-day period. Grievant Matthews was issued a written reprimand.

OEMC employee Tracey Otis's file shows that she incurred \$134.00 in parking tickets and penalties in 2004. She made payment, but not until after the 30-day deadline.

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<sup>2</sup> The report also states that Matthews had not complied with paragraph 48 ("Violating any departmental regulations, rules or procedures) when he failed to notify the City of his compliance within the 30 day period.

According to the report of the investigation, Otis was notified by letter dated November 7, 2003 of her indebtedness and was given thirty days to satisfy the debt. On January 9, 2004, a pre-disciplinary hearing was held. Otis produced evidence of compliance on January 15, 2003. She was issued a written reprimand.

OEMC employee Julie Guerrero's file shows that she had incurred \$420 in parking fines and penalties in 2003. After being notified by letter dated November 15, 2003 regarding the unpaid tickets and fines, a pre-disciplinary hearing was conducted on January 3, 2004. At the hearing, Guerrero provided documentation that the indebtedness had been satisfied on December 16, 2003. The investigator sustained the charges against her based on the fact that Guerrero failed to timely pay the debt. Keating recommended a written reprimand and it was approved.

Finally, OEMC employees Cynthia McCall incurred a total indebtedness of \$316.03 for parking fines and penalties and a late water bill in 2003. She received notice of the indebtedness on November 13, 2003 and was given thirty days to satisfy the entire debt. The thirty-day time period expired on December 13, 2003. A pre-disciplinary hearing was held on January 13, 2004, where it was determined that McCall had paid the parking tickets within the 30-day time frame, but she had not paid the outstanding water bill until December 23, 2003. McCall was issued a written reprimand.

In none of these instances did the Union file a grievance. Union business representative Jerry Rankins testified that prior to the disciplinary suspensions that are the basis of the three grievances in this proceeding, he was not aware of any other employee suspensions under Paragraph 52.

**VI. CONTENTIONS OF THE PARTIES**

**A. THE CITY**

The City contends that it has the right under the Management Rights provision of the contract to make reasonable rules and regulations so long as they are not in conflict with the contract or the law. Paragraph 52 is a reasonable rule tailored to the legitimate objectives of the City – to operate in a fashion which results in the highest level of public trust and confidence in municipal government. Paragraph 52 does not conflict with any provision of the contract or with the law and thus it should be upheld. Further, the City argues that the Union had knowledge of the City's promulgation and enforcement of Paragraph 52 long before it filed the grievances at issue in the instant case. The Union's failure to address the issue of discipline by the City for employee indebtedness must bar an award in the Union's favor at this late date.

The City acknowledges that there is a just cause provision in the collective bargaining agreement. It asserts, however, that there was just cause for imposing discipline to each of the three Grievants. Matthews failed to provide proof of payment of his outstanding debt to the City within 30 days as required. This conduct by Matthews was in violation of Paragraphs 52 and 48. Espinosa and Lewis both failed to pay their outstanding debts to the City within 30 days as directed by the City. The misconduct by Grievants Espinosa and Lewis was in violation of Paragraphs 50 and 52.

It is well settled that it is a function of management to determine the appropriate penalty for misconduct. An arbitrator should not disturb that determination in the absence of a showing that the employer failed to act in good faith. By the same token, there is no basis to interfere with the City's determination of discipline where, as here, there is

insufficient evidence that the penalty was inconsistent with discipline imposed in similar cases. In determining the appropriate penalty for the Grievants, the City acted in good faith and upon a fair investigation. Moreover, a ten-day suspension for Matthews was reasonable in light of the fact that he did not appear at his pre-disciplinary hearing to present a defense to the charges and because he had previously been issued a written reprimand for the same offense. With respect to Espinosa and Lewis, the City argues that the ten-day suspensions were properly based on the guidelines for progressive discipline that had been communicated to the Grievants in their pre-disciplinary notice. Neither Espinosa nor Lewis provided proof of payment of the indebtedness within the required time period. Since both Grievants were found to have violated Paragraph 52, the level of discipline should not be modified.

For all the foregoing reasons, the City requests that the grievances be denied in their entirety.

**B. THE UNION**

The Union contends, first, that basic notions of fairness embedded in the just cause requirement of the labor contract bar the City from suspending or discharging employees in order to collect parking fines and water bills that are unrelated to their OEMC employment. The parties have never mutually agreed that the City may discipline employees under Paragraph 52 and the City is entitled to no deference merely because it has inserted the rule in its Personnel Policy. The City promulgated Paragraph 52 unilaterally and without bargaining and it introduced suspensions and discharges under Paragraph 52 without notifying the Union. It created the policy for political reasons, due to the embarrassing press coverage for the Mayor.



Moreover, the policy has no nexus to the employment relationship in that it has no bearing upon the work performed by the Grievants. In reality the City improperly uses its position as an employer to enhance its role as a creditor. City employees stand in no different position than any other consumer of City services. In the Union's view, the disciplinary process is not an appropriate available remedy to enforce the City's creditors' rights, particularly since wage garnishment under its municipal code is a fully effective means to collect unpaid bills and parking tickets without suspending or firing City employees.

In addition, the Union argues that the City has offered no valid justification for Paragraph 52. It has not shown that the uncollected revenue impairs City operations, and its claim that the employee debts reflect adversely upon the City in reality means nothing more than the media coverage relating to the matter was a political issue. Equally important, the City has failed to demonstrate any justification for each disciplinary step imposed pursuant to the rule. The penalties are not proportionate to the severity of the misconduct or rationally related to any legitimate employment objective.

Even if the Arbitrator should somehow find that Paragraph 52 is reasonable on its face, it is clear to the Union that its application has been inconsistent and unfair. Grievants Espinosa and Lewis were issued more onerous, non-progressive discipline than other OEMC employees disciplined under the same rule for the same infraction. As the record showed, other OEMC employees who submitted payment of their indebtedness after the thirty-day period were issued reprimands. Even Grievant Matthews was issued a reprimand in 2004 when he owed \$160 in parking fines and made payment after the 30-day deadline. The rigid application of disciplinary consequences set forth in the demand

letters to Grievants Espinosa and Lewis cannot be reconciled with the lesser discipline issued to other employees at the same time under the same rule.

Perhaps even more egregious to the Union is the case of Grievant Matthews, who actually paid his indebtedness to the City within the time frame required yet still received a ten-day suspension. In addition, the City conducted the pre-disciplinary hearing and issued its investigatory report two days prior to the hearing date given to Grievant Matthews. His discipline cannot possibly stand because, despite the inherent flaws in Paragraph 52, Grievant Matthews never violated the rule.

In light of all the foregoing, the Union submits that the suspensions imposed on the Grievants should be rescinded and the Grievants should be made whole.

#### **VII. FINDINGS AND DISCUSSION**

The dispute in this case centers on the City's indebtedness policy, set forth in Rule XVIII, Section 1, Paragraph 52 of the Personnel Rules (Paragraph 52). Stripped to its essentials, Paragraph 52 subjects City employees to discipline for failure to pay an overdue debt owed to the City within thirty (30) days of receipt of a demand for payment. There are certain exceptional circumstances which may exempt an employee from the rule, but none of those exceptions has application to the instant case. The contentions of the parties raise thorny questions about the validity of the policy on its face and as applied to the particular facts involving three Grievants. Accordingly, I have carefully reviewed the evidence and arguments presented in the record, as well as the precedent awards cited by the parties for my consideration.

**A. The Indebtedness Policy**

The City possesses the right, by virtue of the Management Rights provision in the collective bargaining agreement, to establish rules, regulations and policies. Under Section 2.1(n), the City has the right to “add to, delete or alter policies, procedures, rules and regulations.” Section 2.3 of the contract expressly confers on the City the authority “to make, and from time to time change, reasonable rules and regulations, after prior notice to and discussion with the Union, and to require employees’ compliance therewith upon notification to employees, provided that no such rule or regulation or change therein shall be contrary to or inconsistent with this Agreement or law.”

In accordance with these contractual provisions, the City has the ability to promulgate a rule regarding indebtedness so long as it complies with the requirements of Sections 2.3 of the parties’ contract. Section 2.3 of the Agreement incorporates concepts that are well known in the labor relations field. Absent provisions to the contrary in the contract or the law, management generally is permitted to promulgate rules regarding employee conduct if adequate notice has been given and/or discussion has taken place before the rule is enforced and the rule is reasonable. Tests of reasonableness include a determination as to whether the rule is: 1) logical and sensible in its design; 2) reasonably related to the legitimate objectives of management; and 3) is enforced in a non-discriminatory manner.<sup>3</sup>

As I read the record, notice was properly given to the predecessor Union – IBEW Local 165 -- prior to the time the City began to enforce Paragraph 52. Letters in 1996 and 1997 put the Union on notice of the City’s proposed amendment to its Personnel

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<sup>3</sup> Ore-Ida Foods, Inc., 69 LA 377 (Curry, 1977); United-Carr Tennessee, 59 LA 883 (Cantor, 1972); Doxsee Food Corp., 57 LA 1107 (Farinholt, 1971);

Rules. Unlike other unions signatory to agreements with the City who demanded to bargain over the effects of the new rule, Local 165 made no such demand. There is no evidence that it sought to discuss the proposed rule nor is there evidence that it was protested or objected to in any way. I note that employees were notified about Paragraph 52 as well.

Notwithstanding the Union's argument to the contrary, the City was not obligated to bargain over the implementation of Paragraph 52. The City had the right to unilaterally implement Paragraph 52 after it complied with the notice and discussion requirements. And, while it is true that the City did not seek to have the rule incorporated into the labor agreement, that route was not necessary. The City complied with its responsibilities under the contract before it proceeded to implement Paragraph 52. At that point, the Union had the right to challenge the rule under the grievance procedure. That is the process agreed upon by the parties in their labor agreement. The Union did not establish that anything more was required from a contractual standpoint.

Next, we turn to the question of reasonableness. I am persuaded that Paragraph 52 is reasonable, at least on its face. The rule incorporates important elements of just cause. The degree of discipline is based on consideration of factors including the seriousness of the offense, the employee's work record and the totality of the circumstances, according to the language of the rule. Enumerated exceptions seem adequate in scope. Employees are provided a pre-disciplinary hearing prior to the issuance of discipline and there is higher level review of the recommended discipline. All of these features support the reasonableness of the rule.

The Union contends that there was a critical defect in the promulgation of Paragraph 52. It argues that the rule has no nexus to the employment relationship and that it came about only as a means of tamping down a political problem that arose as a result of negative publicity. Moreover, the Union asserts that the City cannot show that it needs to threaten employees with discipline when it already has an effective means of collecting City debts through wage garnishment. Thus, in the Union's view, the City has been unable to show that there were legitimate management objectives in the promulgation of Paragraph 52.

I understand the Union's concerns and have carefully reviewed the evidence in this case with those concerns in mind. However, it is well-established that off-duty misconduct can be a justifiable basis for discipline when a nexus to the employment relationship has been established. The test has been described as follows:

...Off-duty conduct is relevant when the conduct relates to and harms the employer's business. Off-duty conduct is notorious when, although not otherwise relevant, it becomes so widely known and is so deplorable that it harms the employer's business interests.<sup>4</sup>

In the instant matter, we see that the City has established that there were adverse effects as a result of employee indebtedness that related to the City's role both as a public employer and a municipal government. Indebtedness by City employees reduces monies that would otherwise be available for public purposes. Moreover, the City has an obligation to taxpayers and the citizens of Chicago to "operate in a fashion which results in the highest level of public trust and confidence in municipal government," as Paragraph 52 states.

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<sup>4</sup> Discharge and Discipline in Arbitration, N. Brand (Ed.) (BNA 1998), p. 305.

City witness Johnson testified that there were hundreds of City employees who owed money to the City in the form of unpaid parking tickets, water bills or other utilities. The matter had not been addressed previously in a comprehensive fashion and there was extensive adverse publicity that reflected negatively on the City's governance. This factual predicate distinguishes the cases cited by the Union, wherein it was held that there was no just cause to discipline employees who failed to repay overpayments of disability benefits. The City is not just a creditor here. All the factors cited above were detrimental to the City's reputation and its commitment to the public. Perhaps the problem could have been addressed by garnishing wages, as the Union suggests, but this is not the Arbitrator's call to make. Based on the evidence presented, I find that the indebtedness of City employees had an adverse effect on the City, thereby establishing a logical nexus.

It must also be emphasized that the Union's arguments concerning the validity of Paragraph 52 might have more weight if they had been raised earlier. The Union's actions, or more accurately, its failure to act with respect to Paragraph 52, cannot be overlooked. The Union (or its predecessor) was as aware as the employees of the implementation of Paragraph 52 in 1997. No written objection, let alone a grievance, was filed by the Union with respect to the rule. Understanding as I do the practicalities and financial necessities which accompany a decision to pursue a particular grievance, I would not necessarily require the Union to have protested the policy to arbitration when it was first implemented, particularly if there were no employees disciplined immediately after the rule was disseminated. However, it is my view that the grievance process should have been utilized at a much earlier point in time – not seven years later – to challenge

the legitimacy of the rule. Even the filing of a grievance over a reprimand would have been sufficient to preserve a strong objection to the validity of the rule. The City maintained that it has implemented the policy without challenge for that period of time and by any fair standard it had a sufficient basis upon which to believe that the Union considered the policy, but not necessarily its application to each and every fact situation, to be reasonable. A facial challenge to a rule or policy must be made within a reasonable time or the weight of the challenge is diminished by the passage of time in which the parties have lived with the rule.<sup>5</sup>

In light of all the above considerations it is my view that the City's indebtedness rule is reasonable.

#### **B. The Application of Paragraph 52 to the Grievants**

The final test of reasonableness is the way it has been applied. Any policy can be rational in its design but arbitrarily implemented or applied in a less than evenhanded manner. And so it is in the instant case.

Just cause requires that like situations be treated in a similar fashion. As the Union's evidence showed, however, OEMC employees Otis, Guerrero and McCall paid their outstanding indebtedness after the 30-day demand letter and they were issued written reprimands. Even Grievant Matthews, who in 2004 owed \$160 in parking fines, was issued only a reprimand at the time, when he made payment after the 30-day

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<sup>5</sup> The Union argues that the City waived any objection to the facial challenge of Paragraph 52. I disagree. Having now had the opportunity to fully review the entire record, there is absolutely no evidence that the City was put on notice prior to arbitration that such a challenge would be made. Significantly, the grievances do not so indicate and no evidence was forthcoming about the parties' discussions throughout the grievance procedure. Indeed, as I indicated, the City could have reasonably concluded that, after seven years, there had been at least tacit acceptance to Paragraph 52. It is clear to me now that the first the City heard about this issue was at arbitration. Therefore, in my award, I have determined that the cost of the second day of hearing -- necessitated for the presentation of further evidence to rebut the Union's challenge -- should be borne by both parties.

deadline. The 10-day suspensions of Grievants Espinosa and Lewis cannot be reconciled with these prior incidents. Like the other OEMC employees to have accrued parking fines and water bills, they made full payment, though after the 30-day deadline. Neither Grievant incurred more than \$200 in debts, though others had as much as \$420. Neither Grievant had more than one or two prior reprimands on unrelated matters, though other employees had equal or worse disciplinary records. Neither Grievant had been disciplined for violating Paragraph 52 previously. It is readily apparent based on these facts that OEMC Personnel Director Sepulveda mechanically applied the disciplinary “guidelines” in the demand letters in such a way as to read just cause out of the rule. Where those “guidelines” came from or how they were devised is anyone’s guess, but they do not correspond to the just cause tenets set forth in Paragraph 52 itself. A written reprimand to Grievants Lewis and Espinosa for paying their indebtedness after the 30 day deadline would have been consistent with earlier discipline and a reasonable application of the rule.

Grievant Matthews was disciplined despite the fact that he paid his indebtedness within the required 30-day period. City witness Keating testified that she determined that a 10-day suspension was an appropriate penalty for Matthews based on the fact that he did not appear at his pre-disciplinary hearing and present a defense to the allegation that he violated Paragraph 52 and because he had previously been issued a written reprimand for violation of the same rule. Keating’s testimony overlooks one critical fact, however. For reasons not explained on this record, the pre-disciplinary hearing was conducted not on May 10, 2006, as the demand letter stated, but two days earlier, on May 8, 2006. The Arbitrator does not understand how Grievant Matthews could have presented his defense



at a pre-disciplinary hearing that was held two days before the scheduled date, without notice to the Grievant. This is a fatal flaw in the disciplinary process.

**C. Summary**

The indebtedness rule is not unreasonable per se. It is a reasonable policy that was misapplied in the case of Grievants Espinosa, Lewis and Matthews. The Union has established that the Grievants Espinosa and Lewis were disparately treated. In the case of Grievant Matthews, the City did not comply with its own procedure. The grievances are sustained on that basis.

**VIII. AWARD**

For the reasons set forth above and incorporated herein, I find as follows:

A. The City's indebtedness policy, set forth in Personnel Rule 18.1.52, is reasonable on its face.

B. The City's application of Personnel Rule 18.1.52 in an inconsistent and arbitrary fashion violates just cause.

C. The disciplinary suspensions of Grievants Espinosa and Lewis are hereby reduced to written reprimands. Grievants Espinosa and Lewis are to be compensated forthwith for any monetary benefits or pay lost as a result of the improper 10-day suspensions.

D. The disciplinary suspension of Grievant Matthews was not for just cause. His record is to be expunged and he is to be made whole for any and all monetary benefits and pay lost as a result of the improper 10-day suspension.

E. The parties are to divide the fees and expenses of the Arbitrator equally.

  
ANN S. KENIS, Arbitrator

Dated this 15<sup>th</sup> day of April, 2008.

**VIII. APPENDIX C: CITY OF CHICAGO PERSONNEL RULE XVIII - DISCIPLINARY ACTIONS AND PROCEDURES FOR CAREER SERVICE EMPLOYEES**

**Section 2 -Progressive Discipline**

(a) The City of Chicago approves of the concept of progressive and corrective discipline for Career Service employees and recommends its use when appropriate. Progressive discipline is a systematic approach to correct unwanted behavior and deter its occurrence by administering disciplinary actions based upon various factors, including, but not limited to, the severity of the infraction, the number of times it has occurred, and the totality of the circumstances surrounding the misconduct. The City of Chicago uses progressive discipline at its discretion and does not solely rely on this concept in every instance when taking disciplinary action.

While it is not possible to list every act which will or might result in disciplinary action, actions itemized in Section 1 reflect conduct which is deemed to be inappropriate and which may result in disciplinary action. This list is not exhaustive, but is offered instead to generally provide notice of inappropriate conduct. Supervisors may deem that conduct other than that itemized above is improper and warrants discipline. Further, the department head, or her/his designee, has the discretion to determine what degree of discipline is appropriate after weighing all the situational factors involved in the misconduct.

(b) **TYPES OF DISCIPLINARY ACTION** - The types of disciplinary action which may be imposed include the following:

Reprimand, which is a censure expressing formal disapproval of the actions of an employee, but carrying no loss of privileges. A reprimand may be oral or in writing, but in either case is made part of the employee's record.

Suspension, which is the temporary removal from employment, accompanied by a concurrent and temporary loss of the privileges of employment, including, but not limited to, salary or wages. The department head has authority to suspend an employee for thirty (30) days or less.

Demotion, which is the reduction of the grade or class of employment and corresponding permanent reduction in salary or wages.

Discharge, which is the act of dismissal from employment and the permanent loss of all privileges of employment. Discharge includes the withdrawal of any right to reinstatement from layoff or leave of absence.

(Accessed January 9, 2013,

[http://www.cityofchicago.org/content/dam/city/depts/dhr/supp\\_info/HRpolicies/Personnel\\_Rules\\_DHR\\_03\\_2012\\_Choi.pdf](http://www.cityofchicago.org/content/dam/city/depts/dhr/supp_info/HRpolicies/Personnel_Rules_DHR_03_2012_Choi.pdf))

**IX. APPENDIX D: CHICAGO BOARD OF EDUCATION (CHICAGO PUBLIC SCHOOLS) RULES**

**Section 4-4 (g)**

*g. Failure to Pay Municipal Debts.* The Chief Executive Officer or his/her designee may require that applicants for employment verify that they have paid all debts due and owing to the City of Chicago as a condition of employment. The failure by any Board employee to pay a debt due and owing to the City of Chicago shall be cause for discipline or dismissal. For purposes of this Rule, “a debt due and owing” means a specified sum of money owed to the City for city services, work or goods after the period granted for payment has expired and/or a specified sum of money owed to the City pursuant to a court or administrative order after the exhaustion of or failure to exhaust judicial review. Upon request of the City Comptroller, the Board may withhold wages to pay municipal debts in accordance with the provisions of the Illinois School Code.

(Accessed January 9, 2013,  
[http://www.cps.edu/About\\_CPS/The\\_Board\\_of\\_Education/Documents/BoardRules/ChapterIV.p  
df](http://www.cps.edu/About_CPS/The_Board_of_Education/Documents/BoardRules/ChapterIV.pdf))

**X. APPENDIX E: MUNICIPAL CODE OF CHICAGO § 2-32-392**

**Wage garnishment for municipal debts**

(a) *Power to Deduct Wages for Municipal Debts.* The failure by an employee of the City of Chicago, the Chicago School Reform Board of Trustees or the successor Chicago Board of Education, the Board of Trustees of Community College District 508, the Chicago Transit Authority or the Chicago Park District to pay a debt due and owing to the city shall be considered a violation of the Municipal Code of Chicago. Any person who violates this section shall be subject to wage garnishment proceedings to satisfy the outstanding debt.

(b) *Notice.* The notice shall state: (1) the name and residence address of the employee; (2) that the employee has an outstanding debt that is due and owing the municipality; (3) the amount and nature of the debt; and (4) that the department of administrative hearings may issue a final order of deduction which shall authorize the comptroller to initiate wage deduction measures, if the employee fails, within 30 days of the date of the notice, to (i) pay any debt due and owing to the city; (ii) enter into a voluntary payment plan approved by the city; or (iii) file a written request for a hearing to dispute the debt.

(c) *Hearing.*

(1) If the employee elects to dispute the wage deduction and elects to appear in-person and/or by legal counsel, he or she must file a written request with the department of administrative hearings to schedule a hearing within 30 days of the date of the notice. If the employee fails to file a written request for a hearing within 30 days of the date of the notice, the employee shall be deemed to have waived his or her opportunity for a hearing and the city may proceed with a default hearing before the department of administrative hearings.

(2) (i) If the alleged debt is due and owing to the city for a violation of the Municipal Code for which a final determination of liability has been entered, the administrative law officer in determining whether the debt is due and owing shall abide by the final determination of liability and the scope of review shall be limited to the amount of the debt, whether and to what extent the debt has been paid and whether the respondent is the debtor. The respondent shall not be entitled to raise any defenses related to his or her liability for the violation which gave rise to the debt.

(ii) If the alleged debt is due and owing for any other reason, the administrative law officer shall determine de novo whether a debt exists against the respondent and whether there is any valid defense to the debt.

(d) *Proof of Debt.*

(i) Before an order of deduction is entered by an administrative law officer, including an order issued after a default hearing, the city shall be required to provide proof by a preponderance of evidence of the existence of the debt and the debt amount.

(ii) The case for the city shall be presented before the department of administrative hearings by the corporation counsel or a representative of the issuing department of the underlying source of the debt. In no event shall the case for the city be presented by an employee of the department of administrative hearings; provided, however, that documentary evidence, including a notice of violation, which has been prepared by another department or agency of the city may be presented at the hearing by the administrative law officer.

(e) *Order.* After the conclusion of the hearing, the administrative law officer shall make a final determination on the record as to whether or not a debt due and owing to the city exists against the employee. If the administrative law officer finds that a debt does exist, he or she shall issue a written order of deduction which shall also state the total amount found due and owing to the city by the employee.

(f) *Deduction of Wages.*

(i) Upon receipt of a written order of deduction against an employee of the city, the comptroller shall deduct the full or a partial amount of the debt from any warrant for a salary or wage payment to which the employee is entitled, provided, however, that the amount deducted for any one salary or wage payment shall not exceed 25 percent of the net amount of such payment.

(ii) Upon receipt of a written order of deduction against an employee of the Chicago School Reform Board of Trustees or the successor Chicago Board of Education, the Board of Trustees of Community College District 508, the Chicago Transit Authority or the Chicago Park District, the comptroller shall provide notice to the employee's employer and request the withholding of compensation of that employee in accordance with the Illinois School Code, 105 ILCS 5/34-18 (19a), the Public Community College District Act, 110 ILCS 805/7-1.2, the Chicago Park District Act, 70 ILCS 1505/16b, or the Metropolitan Transit Authority Act, 70 ILCS 3605/28c.

(iii) For purposes of this section, "net amount" means that part of the salary or wage payment remaining after the deduction of any amounts required by law to be deducted; "salary or wage payment" includes hourly pay, salaries, commissions, bonuses or other compensation; and "debt due and owing" means a specified sum of money owed to the city for city services, work or goods after the period granted for payment has expired; and/or a specified sum of money owed to the city pursuant to a court order or order of an administrative hearing officer after the exhaustion of, or the failure to exhaust, judicial review.

(Added Coun. J. 7-30-97, p. 49898; Amend Coun. J. 11-12-97, p. 56813; Amend Coun. J. 4-29-98, p. 66564)

(Accessed January 9, 2013,  
[http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago\\_il/municipalcodeofchicago?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chicago\\_il](http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates$fn=default.htm$3.0$vid=amlegal:chicago_il))

**XI. APPENDIX F: MUNICIPAL CODE OF CHICAGO § 2-152-150(B)(C)**

**Applicants for employment – Disclosure of indebtedness to city.**

(b) Every person who is given an offer of employment with the city shall file an affidavit with the department of human resources disclosing any debt owed by the applicant to the city and any outstanding parking violation complaint issued to any vehicle owned by the applicant prior to his appointment.

(c) No person who is given an offer of employment who owes a debt to the city shall be hired by the city until such indebtedness is paid in full.

(Accessed January 9, 2013,

[http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago\\_il/municipalcodeofchicago?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chicago\\_il](http://www.amlegal.com/nxt/gateway.dll/Illinois/chicago_il/municipalcodeofchicago?f=templates$fn=default.htm$3.0$vid=amlegal:chicago_il))

**XII. APPENDIX G: INTERGOVERNMENTAL AGREEMENT ON LOCAL DEBT RECOVERY PROGRAM**

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**INTERGOVERNMENTAL AGREEMENT WITH ILLINOIS OFFICE OF COMPTROLLER  
REGARDING ACCESS TO LOCAL DEBT RECOVERY PROGRAM.**

[O2012-53]

The Committee on the Budget and Government Operations submitted the following report:

CHICAGO, February 15, 2012.

*To the President and Members of the City Council:*

Your Committee on the Budget and Government Operations, having had under consideration an ordinance authorizing the execution of an intergovernmental agreement between the State of Illinois Comptroller and the City of Chicago necessary for participation in the Comptroller's Local Debt Recovery Program, and having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Respectfully submitted,

(Signed) CARRIE M. AUSTIN,  
*Chairman.*

On motion of Alderman Austin, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

*Yeas* -- Aldermen Dowell, Burns, Harris, Beale, Pope, Balcer, Quinn, Burke, Foulkes, Thompson, Thomas, Lane, O'Shea, Brookins, Muñoz, Zalewski, Solis, Maldonado, Burnett, Ervin, Graham, Reboyras, Suarez, Waguespack, Mell, Austin, Colón, Mitts, Cullerton, Laurino, P. O'Connor, M. O'Connor, Reilly, Smith, Tunney, Arena, Cappleman, Pawar, Osterman, Moore, Silverstein -- 41.

*Nays* -- Alderman Moreno, Fioretti, Hairston, Sawyer, Cárdenas, Cochran, Chandler, Sposato -- 8.

Alderman Pope moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

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of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any other provisions of this ordinance.

SECTION 5. This ordinance shall be in full force and effect from and after the date of its passage and approval.

Exhibit "A" referred to in this ordinance reads as follows:

*Exhibit "A".*

*Intergovernmental Agreement  
By And Between  
The Illinois Office Of The Comptroller  
And  
The City Of Chicago  
Regarding Access To The Comptrollers's Local Debt Recovery Program.*

This intergovernmental agreement (the "Agreement") is hereby made and entered into as of the date of execution by and between the Illinois Office of the Comptroller (hereinafter "IOC") and the City of Chicago (hereinafter "the local unit"), in order to provide the named local unit access to the Local Debt Recovery Program for purposes of collecting both tax and non-tax debts owed to the named local unit. Each of the parties hereto is a "public agency" as defined in Section 2 of the Intergovernmental Cooperation Act [5 ILCS 220/2].

Whereas, Both the State of Illinois and the local unit have a responsibility to collect debts owed to its respective public bodies; and

Whereas, IOC operates a system, known as the Comptroller's Offset System (hereinafter, the "System"), for collection of debt owed the State by persons receiving payments from the State; and

Whereas, The Illinois General Assembly specifically provided for the ability of the local unit to utilize the System when it amended Section 10.05 and added Section 10.05d to the State Comptroller Act [P.A. 97-632; 15 ILCS 405/10.05 and 10.05d]; and

Whereas, IOC and the local unit are empowered under the Illinois Constitution [Ill. Const., Art. VII, Sec. 10], Section 3 of the Intergovernmental Cooperation Act [5 ILCS 220/3], and Section 10.05d of the State Comptroller Act (hereinafter, "the Act") [15 ILCS 405/10.05d] to contract with each other in any manner not prohibited by law;



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Now, Therefore, In consideration of the foregoing recitals and the mutual covenants and promises contained herein, the sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

*Article I.*

*Purpose.*

The purpose of the Agreement between the IOC and the local unit is to establish the terms and conditions for the offset of the State's tax and non-tax payments in order to collect tax and non-tax debts owed to the local unit.

*Article II.*

*Authority.*

The authority for State payment offset is granted under Section 10.05 of the Act [15 ILCS 405/10.05] and the authority for entering into this Agreement is granted under Section 10.05d of the Act [15 ILCS 405/10.05d], Section 3 of the Intergovernmental Cooperation Act [5 ILCS 220/3], and Article VII of the Illinois Constitution [Ill. Const., Art. VII, Sec. 10].

*Article III.*

*State Payment Offset Requirements And Operations.*

A. Legal Requirements.

The offset of State payments shall be conducted pursuant to the authority granted in Section 10.05 and 10.05d of the Act [15 ILCS 405/10.05 and 10.05d] and the requirements set forth in this Agreement.

1. Due Process And Notification.

(a) Before submitting a debt to IOC for State payment offset, the local unit must comply with all of the notification requirements of this Agreement. For purposes of this Agreement, notification of an account or claim eligible to be offset shall occur when the local unit submits to IOC the following information:

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- (i) the name and address and/or another unique identifier of the person against whom the claim exists;
- (ii) the amount of the claim then due and payable to the local unit;
- (iii) the reason why there is an amount due to the local unit (i.e., tax liability, overpayment, et cetera.);
- (iv) the local entity to which the debt is owed;
- (v) a copy of the local unit's municipal code and other policies and procedures that indicate the process for providing notice to alleged debtors and the process for adjudicating the debt, provided that such copies will be submitted to IOC prior to submitting the first debts for offset, and whenever the policies and procedures are amended, and not with each individual request; and
- (vi) a statement prior to submitting the first debts for offset that no debts shall be submitted to IOC for offset unless the adjudication of such debt is final, whether a hearing was requested by the debtor or not, but no such statement shall be required for each individual debt submitted for offset.

(b) IOC will not process a claim under the Agreement until notification has been received from the local unit that the debt has been established through notice and opportunity to be heard and that it has been resolved in a final adjudication.

## 2. Certification.

(a) The chief officer of the local unit must, at the time the debt is referred, certify that the debt is past due and legally enforceable in the amount stated, and that there is no legal bar to collection by State payment offset.

(b) Only debts finally determined as currently due and payable may be certified to IOC as a claim for offset.

(c) The chief officer of the local unit may delegate to a responsible person or persons the authority to execute the statement of the claim required by the Agreement.

(d) This delegation of authority shall be made on forms provided by the Comptroller and shall contain a signature sample of the person(s) to whom the delegation is made.

(e) For purposes of this Agreement, "chief officer of the local unit" means the City of Chicago Comptroller.

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3. Notification Of Change In Status.

(a) The local unit must notify IOC as soon as possible after receiving notice of a change in the status of an offset claim.

(b) A change in status may include, but is not limited to, payments received other than through a successful offset, the filing of a bankruptcy petition, or the death of the debtor.

B. Operational Requirements.

Upon receiving a data file from the local unit, IOC will perform a match with the local unit's debt file using a debtor's name, address, or other unique identifier. The local unit will receive a weekly file from IOC indicating the matches, at which time the local unit will update its debtor records.

1. Technical Requirements. IOC agrees to work with the local unit to facilitate information and data procedures necessary for the implementation of this Agreement. The local unit agrees to adhere to the standards and practices of IOC when transmitting and receiving data. Each signatory shall immediately designate in writing a person who shall, on their behalf, take all steps necessary to ensure that the practices and standards relating to data transmission and collection are developed and executed collaboratively and in an efficient manner. Such persons so designated shall work cooperatively to develop such policies, procedures, processes, forms and documents as are necessary or helpful for the purposes of this Agreement.

2. Fee. A fee shall be charged to the debtor in order to recover the cost to IOC for administrating the System. The fee shall be per payment transaction and shall be \$15, unless the offset is for an amount less than \$30, in which case the fee shall be for one-half of the amount offset. The fee will be deducted from the payment to be offset prior to issuance to the local unit.

3. Offset Notices. IOC will send offset notices to the debtor upon processing a claim under the Act and this Agreement. The notice will state that a request has been made to make an offset against a payment due to the debtor, identify the local unit as the entity submitting the request, provide the debtor with a phone number made available pursuant to Article III, paragraph B, Section 6 of the Agreement, and inform the debtor that they may formally appeal the offset by providing a written protest to IOC within sixty (60) days of the notice.

4. IOC Protest Process. If a protest is received, IOC will determine the amount due and payable to the local unit. This determination will be made by a Hearing Officer and will be made in light of all information relating to the transaction in the possession of IOC and any other information IOC may request and obtain from the local unit and the debtor subject to the offset. If IOC requests information from the local unit relating to the offset, the local unit will respond within sixty (60) days of IOC's request. IOC may grant the local unit an additional sixty (60) day extension for time to respond.

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5. **IOC Hearing Officer.** The local unit hereby agrees to provide the Hearing Officer with any information requested in an efficient and timely manner in order to facilitate the prompt resolution to protests filed as a result of this Agreement. For purposes of this Agreement, any decision rendered by the Hearing Officer shall be binding on the local unit and shall be the final determination on the matter. However, any decision shall only concern offsetting of the debt by the IOC and shall not affect the legitimacy or enforceability of any debts owed to the local unit pursuant to judgments resulting from the adjudication of such debts. The Hearing Officer may continue the review of a protest at his/her discretion and will be granted access to the local unit's database in order to assure an equitable resolution.

6. **Local Unit Call Center.** The local unit hereby agrees to provide a working phone number which IOC will furnish to persons offset under this Agreement. The local unit shall ensure that the phone number is properly staffed in order to provide information about the debt the local unit is offsetting under this Agreement. The chief officer of the local unit shall notify IOC of the phone numbers required by this section and the Agreement prior to submitting any debts to IOC for State payment offset.

7. **Debt Priorities.** If a debtor has more than one local unit debt, the debt with the oldest date of delinquency, as determined by the date when the debt was submitted to IOC for offset shall be offset first.

8. **Transfer Of Payment.** The form and frequency of the transfer of payments by IOC to the local unit shall be established by the IOC. Nothing in this section or this Agreement shall limit the ability of either party to modify this Agreement at a later date in order to provide for an alternative method(s) of payment transfer.

9. **IOC Refunds.** If IOC determines that a payment is erroneous or otherwise not due to the local unit, IOC will process a refund of the offset, and refund the amount offset to the debtor. In the event the refund results in only a partial refund to the debtor, IOC will retain the fee referenced in Article III, paragraph B, Section 2 above. The fee will only be refunded to the debtor in the event of a full refund of the offset amount.

10. **Local Unit Refunds.** The local unit is responsible for refunding monies to the debtor if an offset occurred due to inaccurate debt information or over collection, and the local unit has already received payment from IOC. IOC will only refund monies in the event that a payment has not yet been made to the local unit.

#### *Article IV.*

##### *Permissible Use Of Information.*

IOC acknowledges that the local unit is providing sensitive information about local debts for the purpose of conducting offsets under the Agreement. As such, IOC will use the

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information solely in connection with the Local Debt Recovery Program. IOC shall safeguard the local information in the same manner as it protects State debt information.

The local unit acknowledges that IOC is providing sensitive information about State payments for the purpose of conducting offsets under the Agreement. As such, the local unit will use the information solely in connection with the Local Debt Recovery Program. The local unit shall safeguard State information in the same manner as it protects local debt information.

The parties may use information in any litigation involving the parties when such information is relevant to the litigation.

The parties agree that any information or documentation provided by the local unit to IOC shall remain the property of the local unit and are being provided solely for IOC's inspection and use as part of the Local Debt Recovery Program. If IOC shall receive a request for any records of the local unit that it has accessed pursuant to the Illinois Freedom of Information Act, or for any other purpose, IOC agrees to promptly contact the local unit prior to IOC responding to any request. IOC agrees to release information or documentation only to the extent necessary for compliance with the Freedom of Information Act.

#### *Article V.*

##### *Term Of The Agreement And Modifications.*

The Agreement becomes effective as of the Effective Date and shall remain in effect until it is terminated by one of the parties. Either party may terminate this Agreement by giving the other party written notice at least thirty (30) days prior to the effective date of the termination. Any modifications to the Agreement shall be in writing and signed by both parties.

#### *Article VI.*

##### *No Liability To Other Parties.*

Except for the fees described in Article III, paragraph B, Section 2 above, each party shall be responsible for its own costs incurred in connection with the Agreement. Each party shall be responsible for resolving and reconciling its own errors, but shall not be liable to any other parties for damages of any kind as a result of errors. Each party shall be liable for the acts and omissions of its own employees and agents. The Agreement does not confer any rights or benefits on any third party.

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*Article VII.*

*Issue Resolution.*

The parties acknowledge that IOC is ultimately responsible for the development, design and operation of the System. Subject to that understanding, the parties agree to work cooperatively to resolve any matters that arise during the development, design and implementation of the program. If an issue cannot be resolved informally by mutual agreement of staff personnel, then the parties agree to elevate the issue to a senior level manager for resolution of the issue. For purposes of the Agreement, the "senior level managers" are:

1. IOC: Ray Marchiori, Director -- Department of Government and Community Affairs.
2. Local Unit: Tina Consola -- Managing Deputy Director, Department of Finance.

*Article VIII.*

*Contacts.*

The points of contacts for this Agreement are:

IOC: Alissa Camp, General Counsel  
Illinois Office of the Comptroller  
325 West Adams Street  
Springfield, Illinois 62704  
Phone: 217-782-6000  
Fax: 217-782-2112  
E-mail: CampAJ@mail.ioc.state.il.us

Local Unit: Keith May, Assistant Corporation Counsel  
City of Chicago Law Department  
Finance and Economic Development Division  
121 North LaSalle Street, Suite 600  
Chicago, Illinois 60602  
Phone: 312-744-5817  
Fax: 312-744-8538  
Email: keith.may@cityofchicago.org

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Article IX.

Acceptance Of Terms And Commitment.

The signing of this document by authorized officials forms a binding commitment between IOC and the City of Chicago. The parties are obligated to perform in accordance with the terms and conditions of this document, any properly executed modification, addition, or amendment thereto, any attachment, appendix, addendum, or supplemental thereto, and any documents and requirements incorporated by reference.

By their signing, the signatories represent and certify that they possess the authority to bind their respective organizations to the terms of this document, and hereby do so.

In Witness Whereof, The Illinois Office of the Comptroller and the City of Chicago by the following officials sign their names to enter into this reciprocal agreement.

Illinois Office of the Comptroller

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

City of Chicago

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: Amer Ahmad

Title: Comptroller

INTERGOVERNMENTAL AGREEMENT WITH METROPOLITAN WATER  
RECLAMATION DISTRICT OF GREATER CHICAGO REGARDING INFORMATION  
SHARING.

[O2012-63]

The Committee on the Budget and Government Operations submitted the following report:

(Accessed January 9, 2013,  
[http://docs.chicityclerk.com/journal/2012/feb15\\_2012/feb15\\_2012\\_part2.pdf](http://docs.chicityclerk.com/journal/2012/feb15_2012/feb15_2012_part2.pdf))

**CITY OF CHICAGO OFFICE OF THE INSPECTOR GENERAL**

<b>Public Inquiries</b>	Jonathan Davey, (773) 478-0534 <a href="mailto:jdavey@chicagoinspectorgeneral.org">jdavey@chicagoinspectorgeneral.org</a>
<b>To Suggest Ways to Improve City Government</b>	Visit our website: <a href="https://chicagoinspectorgeneral.org/get-involved/help-improve-city-government/">https://chicagoinspectorgeneral.org/get-involved/help-improve-city-government/</a>
<b>To Report Fraud, Waste, and Abuse in City Programs</b>	Call the IGO's toll-free hotline 866-IG-TIPLINE (866-448-4754). Talk to an investigator from 8:30 a.m. to 5:00 p.m. Monday-Friday. Or visit our website: <a href="http://chicagoinspectorgeneral.org/get-involved/fight-waste-fraud-and-abuse/">http://chicagoinspectorgeneral.org/get-involved/fight-waste-fraud-and-abuse/</a>

**MISSION**

The Chicago Inspector General's Office (IGO) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, and integrity in the administration of programs and operations of City government. The IGO achieves this mission through:

- Administrative and Criminal Investigations
- Audits of City programs and operations
- Reviews of City programs, operations and policies

From these activities, the IGO issues reports of findings, and disciplinary and policy recommendations to assure that City officials, employees and vendors are held accountable for the provision of efficient, cost-effective government operations and further to prevent, detect, identify, expose and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

**AUTHORITY**

The authority to produce reports and recommendations on ways to improve City operations is established in the City of Chicago Municipal Code § 2-56-030(c), which confers upon the Inspector General the following power and duty:

*To promote economy, efficiency, effectiveness and integrity in the administration of the programs and operations of the city government by reviewing programs, identifying any inefficiencies, waste and potential for misconduct therein, and recommending to the mayor and the city council policies and methods for the elimination of inefficiencies and waste, and the prevention of misconduct.*