

Testimony of Kim L. Yu, MOCS Director

Before the New York City Council Committee on Contracts and the Committee on Children and Youth

April 30, 2025

Good morning, Speaker Adams, Chair Won, Chair Stevens, and members of the Contracts Committee and the Committee on Children and Youth, and all other Members in attendance. My name is Kim Yu, and I serve as Director of the Mayor's Office of Contract Services (MOCS), and the City Chief Procurement Officer. I appreciate the opportunity to discuss the legislation presented today and speak with you about an issue that is not only critical to the strength of our nonprofit sector, but also to the health and equity of our city.

I want to begin by thanking Mayor Adams for this appointment and City Hall leadership for the trust they have placed in me. Today marks my third day in this role, and I recognize the deep responsibility that comes with it. I stand on the shoulders of the leaders who came before me—Lisa Flores, Victor Olds, Dan Symon, Michael Owh, Lisette Camillo, Andrea Glick, Marla Simpson and Claude Millman—each of whom contributed to building and strengthening this agency. I am committed to leading MOCS into this next chapter.

Let me be clear: there are no quick fixes to the challenges we face. This is complex, demanding work. But I am ready to roll up my sleeves and do the work—side by side with our dedicated public servants, our nonprofit partners, and all stakeholders to ensure a contracting system that is more efficient, transparent and equitable for all New Yorkers.

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New York City relies on thousands of nonprofit partners to deliver essential human services—from housing support and mental health care to after-school programs and workforce training. These organizations are on the frontlines, providing vital services to our communities, particularly in our most underserved neighborhoods. It is our responsibility as a City to ensure that they are paid promptly and fairly for their work.

While MOCS operates with a relatively small budget, our responsibilities span the entire contracting process for the City. We have been charged with both providing traditional oversight on the City's procurement process and also helping facilitate that process. To successfully act on these responsibilities, MOCS continues to stand on its three pillars—people, procurement reform and technology. Through this approach, we've been able to successfully carry out our role in the procurement ecosystem—overseeing procurement reform efforts, managing and making improvements to our end-to-end digital procurement system PASSPort, and ensuring our agency partners follow fair, competitive and inclusive practices.

In FY24, NYC awarded over \$34 billion in City contracts for goods, services, and construction. Of that \$34 billion, Human Services accounted for 58% at nearly \$20 billion. The numbers make it clear that our Human Services sector continues to be the cornerstone of the City's procurement system and their partnership is instrumental to the vitality of this City and its people. Despite these contributions from the sector and the vital role nonprofits play in the fabric of our city, they continue to face challenges getting paid on time.

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We wholeheartedly understand the frustration and hardship that these challenges can cause.

Whether it's the executive director trying to make payroll, a case worker using their own funds to buy supplies, or a counselor trying to balance their own needs with the uncertainty of cash flow, we empathize. Throughout this administration, Mayor Eric Adams has announced numerous reforms to streamline processes, increase transparency and support the sector:

1. The City boosted pay for 80,000 human service workers with a \$741 million **cost-of-living adjustment (COLA)**. With the human service workforce overwhelmingly female at 66 percent and 46 percent women of color, this investment represented a critical step towards delivering pay equity across race and gender for this workforce.
2. **Multi-year Discretionary Contracting Reforms:** These reforms enable providers to access funds nearly a year earlier than before.
3. **Joint Task Force Recommendations:** Progress includes expanding access to interest-free loans through the Returnable Grant Fund, adding allowance clauses to reduce amendments for routine changes, and simplifying document management.
4. On the legislative front, the City advocated successfully for changes to contract public hearings, which will shave approximately 20 days off the procurement process for most City contracts.
5. Allowance clause to reduce the burden of amendments.

All these efforts allow nonprofits to focus more on delivering essential services and less on keeping their operations afloat. Further, MOCS launched a series of directives to address the

concerns raised by Council and the nonprofit sector. In addition to the partial payments and advances directives mentioned by my colleague, MOCS, through the support of agency partners like MORMC, MONS, and members of the Vendor Compliance Cabinet, launched the Human Services Disclosure Reform. These reforms will be instrumental in reducing the administrative burden on community-based organizations while increasing transparency and compliance, all of which will reduce delays in the contracting process.

MOCS, as directed by the Council in Local Law 169, also issued a report in 2024 that aims to address the lack of transparency that providers face during the procurement process by putting forth realistic timelines for each step of the procurement process in PASSPort. We are interested in discussing with Council after this hearing for feedback as we work with the Comptroller's Office to develop new rules.

The collaboration between MOCS and the Mayor's Office of Nonprofit Services has also played a key role in driving other reforms that Executive Director Michael Sedillo mentioned in his testimony. By closely coordinating efforts, we've embraced a shared vision: to remove unnecessary obstacles and ensure that nonprofit providers are paid promptly and reliably. While the reforms we're advancing involve systems, policies, and data, at their core they reflect something deeper—a commitment to honoring the essential role that nonprofits play in the life of this City. In close coordination with MONS and City Hall, MOCS launched a multi-phase backlog initiative focused on both aged invoices and unregistered contracts. The first phase of the backlog cleared \$1 billion in outstanding payments from 3,700 delayed invoices in three

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months at the end of 2024. We recently wrapped up the eight-week contract backlog phase, unlocking over \$700 million in retroactive, backlogged contracts for nonprofit organizations. Since the start of the Administration in January 2022, the contract backlog has gone down by \$5.5 billion. While this is encouraging progress, we are committed to chipping away at the remaining \$5.8 billion contract backlog and to using programs like the annual Timely Registration Initiative to prevent a new backlog.

As the newly appointed Director of MOCS, I am affirming MOCS commitment to explore impactful tools and reforms to address the challenges of City procurement and the vendor community. MOCS is actively exploring through multiple avenues, from collaboration with this Council to discussion with agency partners to dialogue with the Charter Revision Commission, changes that will contribute to solutions to these very difficult problems. This is in conjunction with the dedicated work of MOCS staff to closely examine and re-engineer the procurement and invoicing processes, including developing potential pilots for things like discretionary contracts and risk analysis, to enable these improvements while just as importantly protecting the money provided by taxpayers.

I appreciate the Council's proposal to acknowledge MOCS in the charter. We are reviewing the legislation for structural issues that may make this proposal more suitable for the charter revision commission process. It is our understanding that both charter revision commissions are considering changes related to MOCS and we look forward to working with all interested parties to best meet our shared goals.

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Notwithstanding, I'd like to assure the Council that the goals of the proposed legislation are part of the vision. In the short-term, both PASSPort service response times and reporting on aged invoices are the immediate goals that the MOCS team and I will be tackling in the weeks ahead. With these two KPIs, MOCS will be better positioned to equip all those within the City contracting ecosystem with improved decision making and increased accountability. Additionally, earlier this calendar year, MOCS updated PASSPort to allow agencies to launch budgets for the upcoming fiscal year beginning February 1. This change was based on feedback we received from agencies and brings the PASSPort budget process in line with the previous timeline of the beloved legacy system, HHS Accelerator. MOCS rolled out this change in hopes of alleviating some of the pressure both agencies and providers experience at the end of the fiscal year. We are tracking on the progress of the change weekly.

In closing, I would like to thank Speaker Adams, Chairs Won and Stevens, and the Committees on Contracts and Children and Youth for their continued partnership. While there is still important work ahead, the progress we've made together continues to exemplify our shared commitment to equity, transparency and accountability. Along with my colleagues, I am now happy to answer any questions you may have.

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Mayor's Office of Contract Services

4/30 Examining Late Payments to Human Services Providers

Testimony: Michael Sedillo, Executive Director, Mayor's Office of Nonprofit Services

I. Opening Statement

Good morning, Speaker Adams, Chair Won, Chair Stevens, members of the Contracts Committee, members of the Committee on Children and Youth, and all other Council Members who have joined us this morning.

Thank you for convening today's hearing and for your ongoing commitment to New York City's nonprofit providers who, in partnership with thousands of dedicated public servants across the Administration, maintain our City's robust social safety net and deliver essential services to New Yorkers.

I'm Michael Sedillo, Executive Director of the Mayor's Office of Nonprofit Services, affectionately known as MONS.

I'm joined today by Director and City Chief Procurement Officer Kim Yu from the Mayor's Office of Contract Services - MOCS, who will also be sharing testimony, and leadership from DSS, DYCD, and NYC Aging, all of whom are key partners in navigating and improving our city's contract and payment systems.

I want to begin by thanking Council Member Farah Louis for her leadership as the prime sponsor of Local Law 164 of 2021, which established MONS. Her vision helped institutionalize a permanent City liaison to the nonprofit sector—one focused on streamlining contracting, simplifying bureaucracy, and ensuring nonprofits can access the support and resources they need.

MONS exists to ensure that our nonprofit partners—who are the City's frontline service providers—receive the support they need to navigate our complex contracting system and, crucially, get paid on time for their vital work.

Serving nonprofit providers is core to our mission; however, they are not the only stakeholder we focus on. Our other primary stakeholders are the thousands of public servants who, day-in-and-day-out do the often-thankless work of helping providers navigate through bureaucratic hurdles to get a contract registered and, ultimately, paid.

While some may see bureaucracy as a bad word, I have the utmost respect for these civil servants that I've gotten to know since I started with the City nearly ten years ago as a change management analyst at the MOCS.

Ultimately, our most important customer is New Yorkers. Any law, rule, policy, or budgetary action must first consider an essential question: is this what is best for the New Yorkers who rely on City services? With that lens, I and my colleagues look forward to the discussion today.

Let me start by acknowledging the truth: this past year has been incredibly difficult for nonprofits. Delays in payments and contract registrations paired with new technology and systems have tested the patience and solvency of even our most resilient providers. We recognize this reality—and we are acting urgently to turn the tide.

II. Key Challenges in Nonprofit Payments

While payment delays to nonprofit providers have plagued our system for decades, the current crisis is the result of four converging issues:

The transition to PASSPort, which decommissioned the legacy HHS Accelerator system, brought over 15,000 contracts and 30,000 budgets into a new platform. Providers and agencies alike have had to adapt to a new way of processing the nearly \$20 billion in human services contracting.

Essential investments—like the \$741M human services Cost of Living Adjustment—introduced new budget modifications and contract amendments into an already stressed system.

After being on the frontlines of COVID and the asylum seeker crisis, nonprofit providers and City staff have been stretched thin. Fiscal issues required the City to implement a hiring freeze even as contracting volume rose at certain agencies.

A culture of risk aversion where public servants have to make audits hanging over their heads. This can limit creative solutions that allow them to provide our nonprofits the customer service they deserve.

III. Reasons for optimism (Not specifically MONS related)

However, there are reasons for optimism. Since the successful Clear the Backlog Initiative in the first months of the Adams Administration, we have made significant strides to reduce bottlenecks, hack through bureaucracy, and get nonprofits paid.

One key data point worth noting is that at the start of the Administration in 2022, the backlog of retroactive contracts was at \$11.3 billion, through our efforts it is now at \$5.8 billion. Encouraging progress, but we will not lose sight of our goal to continue chipping away at that backlog. That is not all we have done.

Yesterday, Mayor Adams announced that for the first time in city history, nonprofit providers will receive over \$5 billion in advance payments in fiscal year 2026, an unprecedented amount which is up from \$2.8 billion in initial advances issued this fiscal year.

Earlier this Fiscal Year, OMB exempted from the hiring freeze agency positions that are involved in human service contracting. To date, 183 positions have been unlocked—90% of all positions sent to OMB for exemption.

Last year, after years of advocacy from leaders in the nonprofit sector, the Administration announced a \$741 million cost of living adjustment for human services workers.

Two years ago, we worked with our partners in the City Council and Comptroller's Office to establish the multi-year vehicle for discretionary contracts. This dropped the average time to process discretionary contracts making use of this reform from 366 days in FY24 to just 46 days in FY25 – a nearly 90 percent reduction, slashing nearly 11 months of delays.

We would love to be even more bold in this space by giving agencies the ability to process these Council-designated contracts as grants, and we are excited by the renewed interest from our partners in the Council about this reform.

Through MOCS and the Fund for the City of New York, the City offers an interest- and service-free loan to human service providers contracting with the City. MOCS recently added a third category to eligible expenses: funding release delays. MOCS has also significantly reduced the amount of information needed from the provider on the front-end.

In FY23, MOCS implemented an allowance clause of 25% across human services contracts. This was meant to address the administrative burden of processing amendments for anticipated budgetary changes such as COLAs, indirect cost rate (ICR) increases, and other funding initiatives. Agencies can use the allowance in lieu of an amendment. As a result, non-extension amendment registration decreased by 67% after implementation of the allowance clause.

MOCS and our public servants have not let their foot off the gas – over the past 6 months, MOCS led two sprints to address an invoice and retroactive contract backlogs. Through these efforts, agencies unlocked over \$1B in outstanding invoices and over \$700M in retroactive contracts.

In December, MOCS issued a partial payment directive to agencies to get payments out faster indicating that payments on approved portions of invoices can occur and disputes can be worked out separately.

Just last month, MOCS and OMB issued another directive to make clear to agencies that the City will honor accepted ICR rates, a common concern we hear from providers.

Deputy Mayor Almanzar convenes a weekly meeting called Nonprofit FOCUS (Facilitating On-Time Contracting and Urgent Solutions) with City Hall leadership to discuss and move forward bold policy solutions.

We also issued Executive Order 47 that created the role of Chief Nonprofit Officers at agencies with HHS contracts. CNOs attend regular convenings with us where we present dashboards showing how long payments are taking and how providers perceive their service. They are then charged with using the data to inform an Action Plan to improve processing times at their respective agency.

Everything is on the table for us, and we will explore any avenue that responsibly gets nonprofits paid and makes it easier for New Yorkers to receive the services they rely upon.

We ask that our partners at the Council and Comptroller's Office provide us with additional flexibility and support as we continue to push through bold solutions.

IV. Bills

Thank you for calling this hearing today – we look forward to discussing the bills that have been introduced.

Introduction 1247 would require the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for agency contracts with nonprofit organizations upon registration by the Comptroller and establish a process to recover funds.

We understand this is a unique moment to support nonprofits, which is why we rolled out an unprecedented level of advances for our providers. As the bill is currently written, we see significant operational and fiscal concerns and look forward to further discussion.

Introduction 1249 would require city agencies to submit annual reports on contract registration for the previous fiscal year. An agency would be required to submit a corrective action plan by January 1st if it meets specific criteria with respect to late registered contracts.

These plans would analyze the cause of delays, specify improvements, and set implementation timelines and performance targets. We are committed to improving how nonprofits experience contract registration across all agencies and agree with the spirit of the bill. That is why we have worked with all agency Chief Nonprofit Officers to create

action plans based on their agency's quantitative and qualitative data. We look forward to discussing the bill more.

V. Closing

Speaker Adams, Chairs Won and Stevens, members of the Committees—nonprofits cannot do their jobs if the City doesn't do ours. Our partners are delivering shelter, food, mental health support, legal aid, and more. They need us to deliver in return.

We are making progress—but we are not done. My office is committed to sustained performance improvement, systemic reform, and culture change.

Thank you for the opportunity to testify. I look forward to your questions. I'll now pass it to Director Kim Yu from MOCS who will share more details about the reform efforts currently underway.



April 30, 2025

**Testimony of Stephanie Barreto-Lastra, Director of Capacity Building, ANHD
Before the New York City Council Committee on Contracts.**

Thank you, for the opportunity to testify today on Int. T2025-3367 and Int. T2025-3368. My name is Stephanie Barreto-Lastra, and I serve as the Director of Capacity Building at the Association for Neighborhood & Housing Development (ANHD).

ANHD is one of the City's lead policy, advocacy, technical assistance, and capacity-building organizations. We maintain a membership of 80+ neighborhood-based and city-wide nonprofit organizations that have affordable housing and/or equitable economic development as a central component of their mission. We are an essential citywide voice, bridging the power and impact of our member groups to build community power and ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers. We value justice, equity, and opportunity, and we believe in the importance of movement building that centers marginalized communities in our work.

ANHD's work directly supports the needs of our members who develop, manage, and organize to preserve affordable housing, and who fight to bring equity into low-wealth and historically disinvested communities in New York City. Our groups rely on us for technical assistance and capacity-building resources that allow them to maximize their resources, skills, and impact. The support services, research, analysis, public education, and coalition building we do helps to identify patterns of local neighborhood experiences and uplift citywide priorities and needs. Our work translates into the capacity to win new programs, policies, and systems that ensure the creation and preservation of deeply and permanently affordable housing, and economic justice.

We urge the Council to pass Int. T2025-3367 and Int. T2025-3368. Chronic delays in contract registration and payment have reached a critical point. These delays have forced nonprofit providers to cover the costs of essential housing-stability services—sometimes for years—without reimbursement. This has placed immense pressure on the very organizations the City depends on to address the escalating affordability crisis in New York City. ANHD's members have experienced this firsthand in initiatives funded by the Community Housing Preservation Strategies (CHPS), Partners in Preservation (PIP), and the East NY Community Land Trust, among others, with some organizations still awaiting FY23 agreements.

These issues are the fault of each agency involved along with larger policy constraints they can't individually control; they are the result of compounding breakdowns across several entities involved in the process, each of which adds layers of delay. The root causes include: severe



understaffing due to budget and hiring freezes; an overwhelming backlog of contracts that creates a bottleneck for even timely submissions; and well-intentioned but duplicative, burdensome verification requirements at each step, rather than a streamlined, coordinated review process. The result is a contracting system that is not only inefficient but unsustainable.

The reforms proposed in these bills are critical. Int. T2025-3367 would establish agency-level corrective action plans when more than 30 percent of contracts are registered 90 days or more after their start dates. Int. T2025-3368 would require that 80 percent of a contract's value be disbursed immediately upon registration - providing desperately needed liquidity to nonprofits that are asked to do more with less, year after year, as inflation has reduced the value of these contracts by 35% since funding was last updated 10 years ago. These common-sense changes would help align city processes with the urgency of New Yorkers' housing needs.

We respectfully urge swift passage, robust oversight, and continued collaboration to ensure nonprofit partners can remain focused on their mission, not mired in bureaucracy.

Thank you again for the opportunity to testify. If you have any questions or for more information, please contact Stephanie Barreto-Lastra, stephanie.bl@anhd.org.



Asian American Federation

**Testimony for the New York City Council
Committee on Contracts,
Jointly with the Committee on Children and Youth
*April 30, 2025***

Written Testimony

Thank you, Chair Won, Chair Stevens, and the Committees on Contracts and Children and Youth. I am Andrew Sta. Ana, Deputy Director of Research and Policy at the Asian American Federation, where we proudly represent the collective voice of more than 70 member nonprofits serving 1.5 million Asian New Yorkers. We deliver this oral testimony today and will follow up with a more detailed written submission.

We are here to discuss late payments to human service providers across the city. We thank you for your leadership and vision to address this perennial issue in our community. Indeed, a recent report released by the Comptroller's office found that [80%](#) of contract payments in this fiscal year have arrived at the comptroller after their prescribed start date and that almost 40% of contracts are over a year late. This situation has compelled nonprofits to devise strategies to fund the human services they provide as they fill significant gaps between payments.

At AAF, we recognize that New York City's procurement system is the foundation of how we deliver essential services, encompassing education, public health, and community development. Yet, it is clear that the current system is broken. It is unnecessarily slow, complex, and burdensome, harming not just contractors but the millions of New Yorkers who depend on timely and effective services. Small nonprofits and community-based organizations that deliver vital services often struggle to do so promptly due to issues such as lengthy delays in contract registration, late payments, and excessive auditing. Service providers are frequently forced to deliver programming without a signed agreement or payment. Payment delays can weaken local community organizations, leading to debt, payroll issues, staff reductions, and program eliminations. Rather than providing essential human services in language and culturally appropriate ways, they are in a contract abyss. Delayed contracts can result in delayed service, delayed safety, delayed justice, delayed housing, delayed healing, prolonged hunger, and prolonged suffering.

Contract delays are particularly harmful to Asian American nonprofits, which are historically underfunded. We are regularly required to do more with less. For example, according to Asian American/Pacific Islanders In Philanthropy, for every \$100 awarded by foundations, only 20 cents was designated for Asian American and Pacific Islander Communities. Given the wide gap in foundation support, many Asian American Community-Based Organizations (CBOs) rely on government funding. We fear that ongoing delays weaken the community-based organizations and their dedicated staff, who serve tens of thousands of Asian New Yorkers with the services and resources that the government cannot provide. Delays in payment through City Contracts exacerbate our work, making it more urgent and the circumstances more dire.

Furthermore, this unique moment, late payments persist, as our community faces a triple crisis.

1. Wild swings in the economy from job losses, tariffs, and other factors have created an existential crisis for many nonprofits and our communities
2. A sharp rise in harmful policies from the Federal Administration, which impacts the programming and delivery of essential human services to youth, seniors, immigrants, survivors of violence, and families.
3. Draconian cuts in federal funding at a time when communities need stability, leadership, support, and action from the government to sustain and protect community-based organizations.

Through these crises, however, AAF's member organizations continue to demonstrate resilience and extraordinary courage in this unstable climate by serving, housing, feeding, educating, and protecting low-income Asian New Yorkers. Indeed, while our communities are acutely targeted, our members continue to provide life-saving services because the stakes have never been higher. It would be an extraordinary, foreseeable, and preventable tragedy if a key reason for a CBO closure is due to late payments by the city.

The Council's legislative proposals, if introduced, would represent a pivotal step toward strengthening the City's ability to genuinely partner with the nonprofit sector, with significant benefits for Asian American CBOs and ultimately the communities we serve. We are supportive of Speaker Adams and Finance Committee Chair Brannan's introduction of the following bills, which we support.

- Intro 1247 mandates the immediate disbursement of 80% of contract funds upon registration, addressing the chronic issue of delayed payments that hinder nonprofits' ability to deliver timely services. This is especially critical for AAPI-led nonprofits, which often operate with limited reserves and serve communities facing language barriers, economic challenges, and the lingering impacts of anti-Asian bias.
- Regarding Intro 1248 and Intro 1249, which would establish a Department of Contract Services under, would centralize procurement oversight, and require corrective action plans, AAF believes that enhancing transparency and efficiency in contract management is critical. For AAF and our member and partner organizations, creating a centralized system to foster accountability and transparency in the contracting process would go a long way toward developing a clearer understanding of the depth of this issue and the roadmap ahead to address it.

Collectively, these bills could empower AAPI nonprofits to maintain consistent operations, expand culturally and linguistically appropriate services, and better support the diverse needs of their communities. By streamlining funding processes and reinforcing institutional support, the proposed legislation acknowledges and addresses the systemic challenges faced by AAPI organizations, fostering a more equitable and responsive nonprofit landscape in New York City.

Ultimately, AAF believes in a streamlined procurement system: We need a procurement system that is efficient, equitable, and accountable. We know we have been here before, the city revisits this issue on a regular basis, and while there have been some technological advances to ease the system, chronic issues exist, late payments persist. We need and deserve a system that is efficient, fair, and accountable. The City Council can ensure this by: cutting unnecessary steps that delay contract registration and payment, setting and enforcing strict internal deadlines for contract execution and reimbursement.

Recommendations:

1. **Designate a primary point person for all contracts within an organization.** A designated point person can lead a coordinated team to guide a human service provider through the entire contracting process, from start to finish. The coordinated team could include a budget and

PASSPort expert to troubleshoot the common barriers that organizations face in completing the registration process.

2. **Centralize the contracting and reimbursement process across city agencies.** Centralizing the process can prevent organizations from having to provide piecemeal information to multiple parties repeatedly or to comply with different guidelines based on the contracting agency.
3. **Require a single set of standard documents for all contracts across city agencies.** To reduce the administrative burden, a standardized set of documents creates consistency and continuity for organizations seeking funding through the City.
4. **Ensure proper language access and technical assistance for the full spectrum of human service organizations.** At AAF, our member nonprofits with city contracts range from multi-million-dollar human service organizations to smaller nonprofits that heavily rely on city funding to provide life-saving services to their communities. For the broad spectrum of nonprofits under our umbrella, some nonprofits may struggle with the logistical challenges of contracting. Therefore, establishing a technical assistance hub, as proposed by Int. 1248, could be beneficial with contracting, compliance, technical, and administrative support.

We thank you for allowing us to testify on this critical subject. We are grateful to see the City Council make progress with policies that protect our nonprofit organizations and local communities. We are grateful for your leadership and for your ongoing commitment to this work, alongside all of you.

Written Testimony

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At AAF, we recognize that New York City's procurement system is the foundation of how we deliver essential services, encompassing education, public health, and community development. Yet, it is clear that the current system is broken. It is unnecessarily slow, complex, and burdensome, harming not just contractors but the millions of New Yorkers who depend on timely and effective services. Small nonprofits and community-based organizations that deliver vital services often struggle to do so promptly due to issues such as lengthy delays in contract registration, late payments, and excessive auditing. Service providers are frequently forced to deliver programming without a signed agreement or payment. Payment delays can weaken local community organizations, leading to debt, payroll issues, staff reductions, and program eliminations. Rather than providing essential human services in language and in culturally appropriate ways, they are in a contract abyss. Delayed contracts can result in delayed service, delayed safety, delayed justice, delayed housing, delayed healing, prolonged hunger, prolonged suffering.

These delays are particularly harmful to Asian American nonprofits, which are historically underfunded. We are regularly required to do more with less. For example, according to Asian American/Pacific Islanders In Philanthropy, for every \$100 awarded by foundations, only 20 cents was designated for Asian American and Pacific Islander Communities. Given the wide gap in foundation support, many Asian American CBOs rely on government funding. We fear that ongoing delays weaken the community-based organizations and their dedicated staff, who serve tens of thousands of Asian New Yorkers with the services and resources that the government cannot provide. Delays in payment through City Contracts exacerbate our work, making it more urgent and the circumstances more dire.

Furthermore, this unique moment, late payments persist, as our community faces a triple crisis.

4. Wild swings in the economy from job losses, tariffs, and other factors have created an existential crisis for many nonprofits and our communities
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Through these crises, however, AAF's member organizations continue to demonstrate resilience and extraordinary courage in this unstable climate by serving, housing, feeding, educating, and protecting low-income Asian New Yorkers. Indeed, while our communities are acutely targeted, our members

continue to provide life-saving services, because the stakes have never been higher. It would be an extraordinary, foreseeable, and preventable tragedy if a key reason for a CBO closes is due to late payments by the city.

The Council's legislative proposals, if introduced, would represent a pivotal step toward strengthening the City's ability to genuinely partner with the nonprofit sector, with significant benefits for Asian American Community-Based Organizations (CBOs) and ultimately the communities we serve. We are supportive of Speaker Adams and Finance Committee Chair Brannan's introduction of the following bills, which we support.

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Collectively, these bills could empower AAPI nonprofits to maintain consistent operations, expand culturally and linguistically appropriate services, and better support the diverse needs of their communities. By streamlining funding processes and reinforcing institutional support, the proposed legislation acknowledges and addresses the systemic challenges faced by AAPI organizations, fostering a more equitable and responsive nonprofit landscape in New York City.

Ultimately, AAF believes in a streamlined procurement system: We need a procurement system that is efficient, equitable, and accountable. We know we have been here before, the city revisits this issue on a regular basis, and while there have been some technological advances to ease the system, chronic issues exist, late payments persist. We need and deserve a system that is efficient, fair, and accountable. The City Council can ensure this by: cutting unnecessary steps that delay contract registration and payment, setting and enforcing strict internal deadlines for contract execution and reimbursement.

Recommendations:

5. **Designate a primary point person for all contracts within an organization.** A designated point person can lead a coordinated team to guide a human service provider through the entire contracting process, from start to finish. The coordinated team could include a budget and PASSPort expert to troubleshoot the common barriers that organizations face in completing the registration process.
6. **Centralize the contracting and reimbursement process across city agencies.** Centralizing the process can prevent organizations from having to provide piecemeal information to multiple parties repeatedly or to comply with different guidelines based on the contracting agency.
7. **Require a single set of standard documents for all contracts across city agencies.** To reduce the administrative burden, a standardized set of documents creates consistency and continuity for organizations seeking funding through the City.
8. **Ensure proper language access and technical assistance for the full spectrum of human service organizations.** At AAF, our member nonprofits with city contracts range from multi-million-dollar human service organizations to smaller nonprofits that heavily rely on city

funding to provide life-saving services to their communities. For the broad spectrum of nonprofits under our umbrella, some nonprofits may struggle with the logistical challenges of contracting. Therefore, establishing a technical assistance hub, as proposed by Int. 1248, could be beneficial with contracting, compliance, technical, and administrative support.

We thank you for allowing us to testify on this critical subject. We are grateful to see the City Council make progress with policies that protect our nonprofit organizations and local communities. We are thankful for your leadership and for your continued commitment to this work with all of you.

FOR THE RECORD

**CAMBA
Testimony before the New York City Council
Committee on Children and Youth
April 30, 2025
Valerie Barton-Richardson**

Council Member Stevens and Members of the Committee, my name is Valerie Barton-Richardson and I am the President and CEO of CAMBA, Inc. I want to thank you for holding today's hearing and affording me the opportunity to testify. CAMBA has been providing quality services to our City's youth for nearly four decades. Since its founding in 1977, CAMBA has been dedicated to enhancing the well-being of New Yorkers through various programs, including education and youth development, family and community support, economic development, health, housing, and legal services. In the wake of uncertainty regarding federal funding for services in these areas, we ask the Council fight to ensure continuous funding for these programs.

Today, I specifically wish to highlight two critical areas of concern: the timing of the release of the DYCD COMPASS Afterschool Program RFP and funding for literacy programs not covered by the most recent DYCD Adult Literacy RFP.

COMPASS:

CAMBA is a longtime COMPASS provider. We have seven contracts, which served 1,745 students in the most recently completed fiscal year. Activities include physical recreation, literacy, STEM, homework help, and clubs. Students gain much more than afterschool supervision and recreation: our program design incorporates positive youth development, social and emotional learning, and youth leadership, fostering crucial skills that participants may not gain in other places. All sites consistently exceed DYCD's enrollment standards.

As the end of the current contract term approaches, we are pleased that the City has announced a schedule for a concept paper and RFP, and an expansion of 20,000 new K-5 slots over the next three school years through an increase in base funding of \$195,000 starting in FY27. At the same time, we are concerned about the certainty of these funds as well as the rising costs associated with providing quality services, particularly regarding staff salaries. The City previously committed to a 3% cost-of-living adjustment. We urge you to clarify that this new \$195,000 investment will be on top of this already-promised continued COLA. We also urge you to confirm that this funding will be permanently committed to the COMPASS program in the long-term, regardless of a potential change to the mayoral administration in the coming months.

LITERACY:

For nearly 40 years, CAMBA has operated an Education Center serving immigrants with limited English language skills, and English speakers who want to improve their skills in reading comprehension, language arts, math and test-taking skills. We thank the City Council for its support for our Education Center, especially for filling an urgent funding gap over the past year. The Education Center's English for Speakers of Other Languages (ESOL) classes are offered at six different levels and served 875 individuals in the most recently completed fiscal year. The program is highly effective, with 72% of these students progressing to higher levels of English proficiency, exceeding DYCD's expected rate of 58% by 14 percentage points. We employ a wide range of teaching styles in order to meet students' diverse learning needs, including text-based collaborative learning, as well as opportunities for self-directed learning as a means to strengthen participants' motivation to read and write, develop the habit of reading and writing, and build identities as English language readers and writers. Specific strategies are tailored to the needs of

our students. Instruction is contextualized to support students' broader goals, including numeracy skills, digital literacy and problem-solving skills, critical thinking skills, and career readiness. Literacy programs, including CAMBA's are an essential resource to New Yorkers, leading to notable gains in English proficiency, connecting clients to additional community support, and functioning as a bridge to the workforce and to higher education.

The Literacy Assistance Center estimates that fewer than 3% of New Yorkers in need of adult literacy education are able to access classes each year due to inadequate public funding. Between 2009 and 2024, CAMBA's ESOL program received funding from the DYCD Literacy Programs RFP. In 2024, DYCD provided only \$12.7 million in annual baseline funding for community-based adult literacy programs, a 24% reduction from their previous procurement of \$16.8 million. Specifically, the RFP that year significantly limited the neighborhoods eligible for funding based on poverty and English proficiency data. This decision allowed applications from only 13 of Brooklyn's 69 Neighborhood Tract Allocations, excluding many neighborhoods in need of service and many existing, highly experienced service providers like CAMBA who hold a strong presence in the community and experience high demand for their programs. Only two applications from Brooklyn were funded. Across the city, DYCD's new eligibility criteria excluded nearly 70% of adult literacy programs that had received funding at the time the RFP was issued (January 2024). Our neighborhood of Flatbush was not eligible, and we did not receive funding for the FY25-FY27 grant term. CAMBA acknowledges the value of data-driven analysis to prioritize funding decisions. While our program did not fit in DYCD's geographic parameters, it is a longstanding key resource in the community, with a highly experienced staff ready to hit the ground running, a proven track record of successful outcomes, and a waitlist of over 500 adults in the Flatbush and East Flatbush areas seeking to enroll and improve their English literacy. This waitlist indicates an extensive need for ESOL programming in our neighborhoods that cannot fully be met by funded programs in DYCD priority neighborhoods. In FY'25, geographically ineligible service providers including CAMBA received City Council discretionary funding through the Adult Literacy Pilot Project and the Adult Literacy Initiative to continue operating our programs. While we are grateful for this funding, it is not a permanent solution. Given that service providers will not have the opportunity to receive funding under the RFP process until FY28, we implore the Council to fill the gap for existing service providers. This funding will ensure that longstanding programs with proven track records of success can continue to operate and that hundreds of individuals with low literacy levels can build skills that transform their lives.

In closing, I express my gratitude for the opportunity to testify today and urge the Council to heed our call for action. By ensuring sufficient funding for afterschool programs and continued resources for top-performing literacy programs, we can prevent interruptions to vital services, safeguarding New Yorkers' well-being and fostering a brighter future for all.

Thank you for allowing me to testify. I hope that our testimony on these important issues proves helpful to you as you work to craft a Children and Youth budget that will provide for the health, welfare, and education of our City.

CENTER FOR EMPLOYMENT OPPORTUNITIES

FY25 Preliminary Hearing Committee on Oversight and Investigations

April 30, 2025

Good morning Chair Brewer and members of the Committee,

My name is Christopher Watler, and I serve as Executive Vice President at the Center for Employment Opportunities (CEO). I want to thank Chair Brewer and the Committee for the opportunity to testify today on the critical importance of ensuring timely payments to nonprofit providers.

CEO is a proud member of the New York City Employment and Training Coalition (NYCETC), a network of over 220 workforce development organizations advocating for equitable and sustainable employment systems across the city.

Our mission is to provide immediate, effective, and comprehensive employment services to individuals recently released from incarceration. We do this by offering paid transitional employment through social enterprise work crews, alongside job coaching, vocational training, and support securing long-term employment. Here in New York City, CEO operates more than 20 transitional work crews that partner with city agencies to deliver general labor services while connecting justice-impacted New Yorkers to daily wages and career pathways.

For people returning home from incarceration, city-contracted services are often the first gateway to opportunity. These contracts enable CEO and other reentry providers to offer that all-important first paycheck, essential job experience, and a path out of poverty. When those contracts are delayed, so is that chance—creating a ripple effect that can jeopardize participants' stability, increase the risk of recidivism, and delay access to services at a time when timing is everything.

Timely contracting also ensures continuity for the nonprofit workforce that powers our sector. Employment counselors, job developers, case managers, and peer mentors—many with lived experience—deserve stable pay and the assurance that they can continue serving our communities without interruption. Payment delays put these staff members at risk and compromise the ability of service providers to deliver consistent, high-quality services.

We must not overlook the essential wraparound supports—transportation assistance, counseling, ID access, and housing or food assistance—that help participants remain engaged and on track. These aren't extras; they are critical to successful reentry. When contracts are stalled, so too are the support services that meet these fundamental needs.

CEO urges the Council to pass bills #1247, #1248, and #1249. Together, these bills will:

- Ensure payments are disbursed promptly upon contract registration;
- Create a centralized Department of Contract Services; and
- Require annual reporting on contract registration delays, including corrective action plans.

These reforms would mark a meaningful step toward a more efficient, equitable procurement process that reflects the urgency of the services we provide and the people we serve.

These are sound investments the city can and should adopt through the budget. With timely disbursement and enhanced procurement processes, organizations like CEO can expand their impact and strengthen partnerships with local businesses and government agencies to create a more holistic, sustainable reentry process.

Thank you for your time and consideration.

Submitted by Christopher Watler, Executive Vice President, Center for Employment Opportunities (CEO)



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Courtney Bryan, Chief Executive Officer

innovatingjustice.org

**Center for Justice Innovation
New York City Council
Joint Committees on Contracts
and Children and Youth
April 30, 2025**

Good afternoon Chairs Won and Stevens and esteemed members of the Committees on Contracts and Children and Youth. My name is Hailey Nolasco, and I serve as the Senior Director of Government Relations for the Center for Justice Innovation (the Center). Thank you for the opportunity to testify today.

Nonprofit and human services organizations play a critical role in the infrastructure of our city. These 13,000 organizations contribute \$77.7 billion dollars a year to the local economy and employ nearly one fifth of the City's workers. The nonprofit workforce is predominantly women and people of color, making the industry an important component of financial wellness for communities that are often marginalized and excluded from higher earning professions. In fact, over one-third of residents of the Bronx are employed by nonprofits.¹ These workers provide critical services across our city, in our hospitals, schools, child care centers, courts, and family services organizations, knitting together the fabric of our social safety net.

However, these organizations are facing a crisis. According to a recent survey from the Human Services Council, sixty eight nonprofit organizations holding over 1,000 city contracts are struggling to keep their doors open due to delayed payments.² The organizations surveyed reported that they were owed a staggering \$385 million. Combined, nearly half of the organizations surveyed took out a whopping \$87 million in private loans, with interest on these loans surpassing \$6 million.³ That is money that could be spent growing and maintaining the workforce, paying rent and providing services. While completely avoidable, this financial burden results in strained relationships with vendors, delayed provision of services, and unnecessary reductions in workforce.

¹ New York City Comptroller Brad Lander. (2020, July 2). The Economic Impact of NYC Nonprofit Organizations. https://comptroller.nyc.gov/wp-content/uploads/documents/NYC_Nonprofit_Organizations.pdf

² Brannan, J., & Stevens, A. (2024, November 14). Opinion: Nonprofits keep New York running, but the city's pushing them off a cliff. <https://www.cityandstateny.com/opinion/2024/11/opinion-nonprofits-keep-new-york-running-citys-pushing-them-cliff/401025/>

³ Human Services Council. (2024, November 14). Human Services Council Procurement Survey Results.. https://humanservicescouncil.org/wp-content/uploads/2024/11/111924_HSC-City-Procurement-Survey-Results.pdf

According to a report from Philanthropy New York, nonprofits supporting people impacted by the criminal legal system face particularly unreliable financing through government contracts, which on average are registered ten months late, resulting in \$78.9 million in services for work that remains unpaid.⁴

The Center is not immune to this plight. The Center is currently waiting on payments from the city totalling approximately \$38 million. This is money we've invested in grants to local businesses and a wide range of programming, including services and case management for thousands of participants in Supervised Release and alternative-to-incarceration programs, stipends for young people in our youth internship and leadership programs, and creating educational and employment opportunities in our gun and gender-based violence prevention programs. Meanwhile, we have paid interest on bridge loans from banks (\$400,000 in 2022 alone) that would be much better spent on delivering services to people in need.

At a time when many organizations, including the Center, are facing the cancellation of substantial federal grants that support our work, it is imperative that we solve the problem of delayed payments. Nonprofits need to be able to pay staff and vendors in order to provide vulnerable populations with the services they need. Paying interest on bridge loans diverts critical resources from service delivery, a cost too great to bear in these times of stress and financial uncertainty.

We thank the City Council for bringing attention to this topic and appreciate the opportunity to testify.

⁴ Philanthropy New York. (2024b, October 24). Insights from “Resilient Resolve: Supporting Justice in NYC’s Nonprofit Crisis.”

<https://philanthropynewyork.org/news/insights-resilient-resolve-supporting-justice-nyc-s-nonprofit-crisis>



New York City Council
Oversight Hearing Examining Late Payments to Human Service Providers
Testimony for Submission: Children's Aid

Wednesday, April 30, 2025

Thank you, Chair Stevens, Chair Won, and members of the Committee on Children and Youth and the Committee on Contracts, for the opportunity to submit testimony for this hearing on late payments to human services providers. My name is Michelle Avila and I am the Director of Public Policy at Children's Aid.

With a mission to help children living in poverty to succeed and thrive, Children's Aid provides comprehensive support to children, youth, and their families in some of the most under-resourced neighborhoods in New York City. Since our founding in 1853, Children's Aid has been anchored in the knowledge that poverty cannot be overcome with a single service delivered at a single point in time. We are a solutions-driven, multi-service agency employing a holistic strategy that serves children and their families at every stage of development, from cradle through college and career; and in every key setting — home, school, and community. Today, our 2,000 full- and part-time staff members empower 50,000 children, youth, and their families through our network of 40 locations, including early childhood education centers, public schools, community centers, and community health clinics. Our comprehensive services are clustered in the neighborhoods of Harlem, Washington Heights, the South Bronx, and the north shore of Staten Island.

As an organization with a strong city advocacy and legislative agenda, Children's Aid is a member and supports the platforms of Campaign for Children (C4C), Fair Futures, Human Services Council (HSC), the New York City Coalition for Community Schools Excellence (CCSE), and the Council of Family and Child Caring Agencies (COFCCA).

We thank the New York City Council for its continued support of human service providers and for recognizing the persistent challenges we face with delayed



contracting and payments—issues that significantly harm both individual providers and the communities we serve.

While the City has previously cleared a backlog of more than \$4 billion in unpaid contracts and amendments, much more remains to be done. The City must ensure that every agency is held accountable for registering contracts in a timely manner, paying invoices on time, and clearing the remaining backlog of unpaid contracts and amendments.

Nonprofits like Children's Aid fill critical gaps, partnering with government to keep our communities resilient and thriving. Yet, decisions made by our government partners—at the city, state, and federal levels—regarding procurement, contracting, and funding continue to jeopardize our financial stability and threaten the essential services that families rely on every day.

The challenges we face stem from delayed contract registration, late payments, underfunded indirect cost rates, shifting directives, and inconsistent policies across city agencies that frequently require contract amendments. These systemic barriers directly interfere with our ability to focus on what matters most: delivering quality programs and services.

For contracts that support staffing, delays in registration are especially disruptive. Often, we must hire and open positions without a clear commitment that funding will be received—or when it will arrive. In many cases, we are forced to front expenses and seek reimbursement for costs dating back two to three fiscal years. This places an unsustainable financial burden on our organization.

We cannot overstate the impact of delayed contracts and payments on our day-to-day operations—particularly our capacity to hire and retain qualified staff and to consistently deliver high-quality services to the communities that depend on us.

In FY25, government grants (city, state, and federal) represented 64% of our annual budget, and City contracts, in particular, were 53% of our total budget. We currently hold contracts with the Administration for Children's Services (ACS), New York City Department of Education (DOE), Department of Health and Mental Hygiene (DOHMH), Department for Youth and Community Development (DYCD), the Human



Resources Administration (HRA), New York City Housing Authority (NYCHA) and Safe Horizon. Through these contracts, we operate programs like foster care and prevention services, Birth-to-Five early childhood education, Community Schools, School-based health centers, afterschool and summer programs, summer youth employment (SYEP), and more. In FY25, these services were funded primarily by 76 contracts with the City, totaling \$96,346,456. Of those contracts, 13 contracts totaling \$5,888,745 are currently unregistered. For FY24 and FY25, we are owed \$7,726,513 in outstanding payments. We currently have 78 invoices totaling \$3,089,354 pending approval in PASSPort.

Bills Under Consideration

Int. 1247

We thank the Council for recognizing the serious impact that delayed payments have on nonprofit providers and for taking meaningful steps to address it. We strongly support Int. 1247-2025, which would require the Procurement Policy Board to establish rules mandating the immediate disbursement of 80% of a contract's annual funds upon registration by the Comptroller for nonprofit contracts.

Payment delays severely strain our organizational resources and capacity. Withholding funds while requiring providers to deliver services forces us to dip into limited reserves. Disbursing 80% of contract funds at the point of registration would allow us to put those dollars directly toward what they are intended for: hiring and retaining staff, running programs, and meeting the needs of our communities—without fronting costs and waiting months, or even years, for reimbursement. This change would immediately improve service stability and financial sustainability across the sector.

Int. 1248

We also support Int. 1248-2025, which would establish a Department of Contract Services to ensure consistency and oversight across city agencies. Many of the issues we face are not limited to delays in registration but occur throughout the contract lifecycle. Payment procedures, documentation requirements, and timelines vary significantly between agencies—and even within agencies over time—creating confusion and inefficiency.



Our grants and contract staff spend an extraordinary amount of time chasing down agency-specific guidance, navigating inconsistent systems, and responding to evolving rules. Although the transition to PASSPort was intended to streamline these processes, in reality, its inconsistent implementation has created additional burdens. Agencies vary widely in their familiarity with the platform and impose divergent requirements. For example, we currently have 72 pending invoices with the Department of Youth and Community Development (DYCD) in PASSPort, highlighting just one example of how inconsistent processes cause major payment delays.

A centralized Department of Contract Services could standardize processes, enforce accountability, and relieve providers of the bureaucratic tangle that is costing us time, staff, and ultimately, services to the public.

Int. 1249

We also support Int. 1249-2025, which would require contracting agencies to issue annual reports on registration delays, along with corrective action plans. This is a critical step toward transparency and accountability. Understanding the root causes of delays and establishing clear performance targets will give both the Council and the public tools to monitor progress and drive improvement. Providers deserve to know when—and why—contracts and payments are delayed, and what is being done to fix it.

We are deeply grateful to the City Council for advancing this package of legislation and for your continued commitment to the human services sector. As these bills move forward, we urge you to keep at the forefront the immense administrative burdens and complex systems that providers currently navigate—barriers that pull resources away from service delivery and stretch already thin capacity. These reforms are not just about operational improvements—they are about stabilizing a system that families and communities rely on every day. Thank you for the opportunity to submit this testimony. If you have any questions about this testimony, please contact Michelle Avila at mavila@childrensaidnyc.org.



**Chinese-American Planning Council
Testimony Before the Committee on Contracts
Chair, Council Member Julie Won
April 30th, 2025**

Thank you Chair Won and members of the City Council for the opportunity to testify today. The mission of the Chinese-American Planning Council, Inc. (CPC) is to promote social and economic empowerment of Chinese American, immigrant, and low-income communities. CPC was founded in 1965 as a grassroots, community-based organization in response to the end of the Chinese Exclusion years and the passing of the Immigration Reform Act of 1965. Our services have expanded since our founding to include four key program areas: Childhood Development, Education & Career Services, Senior Services, and Community Services.

CPC is the largest Asian American social service organization in the U.S., providing vital resources to more than 80,000 people per year through more than 50 programs at over 30 sites across Manhattan, Brooklyn, and Queens. Our revenue is approximately half New York City funding.

CPC now employs a team of over 700 staff members, many of whom come from the same neighborhoods we serve. With the firm belief that social service can incite social change, CPC strives to empower our constituents as agents of social justice, with the overarching goal of advancing and transforming communities.

CPC offers holistic services that target both individual and family needs. Our programs are available for community members of all ages and backgrounds, and span five key service areas:

- **Early Childhood Education:** child care for children of ages 1-5 and workshops for parents.
- **School-Age Child Care Services:** after-school programming for children in grades K-5.
- **Education & Career Services:** ESOL classes, youth development, and workforce training.
- **Senior Services:** wellness, recreation, meals, and workshops for adults aged 60 and older.
- **Community Services:** family resources, public benefits, counseling, advocacy, and referrals

To that end, we are grateful to testify about issues that impact the individuals and families we serve, and we are grateful to the Council for their leadership on these issues.

We are also grateful to see efforts with the introduction of Intro. 3368, Intro. 3383, and Intro. 3367 sponsored by Speaker Adriene Adams and Council Member Justin Brannan that would address the challenges that late payments pose to the sector and urge for its immediate passage.



Human services providers continue to face late contracting issues, which have a detrimental effect on both the organizations themselves and the communities that we serve. These late contracts create a risky situation where we have to start the work without a registered contract and payment, or delay in starting the contract, which affects the communities dependent on the services of providers. Many of the late contracts are also renewals, so there isn't really an option to suspend services while we wait for a registered contract; the City's delays cost us real money and jeopardize the quality of services by diverting funds away from programs to pay interest on lines of credit. Although the City cleared the backlog of more than \$4 billion in unpaid contracts and amendments, setting procurement timeframes can help ameliorate the procurement delays facing the sector.

For CPC, \$1.2 million prior to FY25 contracts are still outstanding from the city and late payments by the city cost us about \$2.1 million. Late payments are an exacerbating issue for nonprofits that are already strapped for cash flow due to the severe underfunding of New York City Contracts. They mean that we have to delay other important payments, put off critical investments in things like infrastructure and technology. They often mean we have to take out a line of credit to float the difference. Exacerbating this issue is the fact that we don't even know when late payments will come in, with no reliable way of finding out. This makes planning impossible, so we can't even say how long we have to put off a needed repair, for example. It is worth noting that discretionary contracts are among the worst offenders for late payments.

In a recent [report released by the City's Comptroller's office](#), they reported that payments to nonprofits have worsened, rising from 88.5% in fiscal year 2023 to 90.7% in fiscal year 2024. As mentioned previously, late payments to non-profits like CPC jeopardizes the services and programming that we are able to offer to our community members, deepening systemic inequalities. It is critical that we pass Intro. 3368, Intro. 3383, and Intro. 3367 to create stronger protections for our vulnerable communities that rely on social services to thrive in New York City.

CPC appreciates the opportunity to testify on these issues that so greatly impact the communities we serve. We look forward to working with you on them and ensuring that social service organizations like ours are receiving timely payments to continue providing the necessary support to our communities.

If there are any questions or concerns, feel free to reach out to Ashley Chen, Policy Analyst at achen9@cpc-nyc.org.

Testimony of Caitlyn Passaretti
Citizens' Committee for Children of New York
Submitted to The New York City Council
Committee on Children and Youth
Committee on Contracts

Oversight Hearing Examining Late Payments to Human Service Providers.
April 30th, 2025

Since 1944, Citizens' Committee for Children of New York has served as an independent, multi-issue child advocacy organization. CCC does not accept or receive public resources, provide direct services, or represent a sector or workforce; our priority is improving outcomes for children and families through civic engagement, research, and advocacy. We document the facts, engage and mobilize New Yorkers, and advocate for solutions to ensure that every New York child is healthy, housed, educated, and safe.

Thank you Chair Stevens, Chair Won, and members of the Committee on Children and Youth and Committee on Contracts for the opportunity to submit testimony at this hearing regarding late payments to human services providers.

CCC recognizes that community-based organizations play a pivotal role in providing vital services and support to New York families. They address some of the most pressing issues that New Yorkers face, including education, healthcare, housing, and social services. However, CBOs often operate with limited financial resources and must adhere to strict budgets. Late payments for services rendered can place an enormous burden on these organizations, jeopardizing their ability to carry out their mission effectively. We are grateful to see the recent announcement of the \$5+ billion in advance payments to address the crisis of late payments. This investment is desperately needed, and we will be vigilant to ensure it is fully implemented.

According to the Comptroller's report published in February 2025, the percentage of late registered human services contracts rose from 88.5% in FY23 to 90.7% in FY24. In FY24, nearly 40% (1,387 contracts) of human services contracts were registered more than a year late, due to late submissions by agencies.¹ This impedes providers ability to support their programs.

We have partners who have not been paid for over two years. This is unacceptable and detrimental to the human services sector. Frequent government contract payment delays put providers at risk of eviction and worsen deficits by forcing organizations to borrow to pay rent and salaries. Providers oftentimes enter a risky situation where they start work without a registered contract and payment, or delay in starting the contract, which affects the communities dependent on the services of providers. The City's delays cost providers real money and

¹ <https://comptroller.nyc.gov/newsroom/9-out-10-human-service-contracts-arrive-late-to-comptroller-for-review/>

jeopardize the quality of services by diverting funds away from programs to pay interest on lines of credit.

Child Welfare Providers

Although the City previously cleared the backlog of billions in unpaid contracts and amendments, more funding is needed to support and stabilize the sector

CCC and COFCCA partnered to survey child welfare prevention providers on their experiences with the 2020 ACS Prevention Services Contracts changes. We asked providers about the impact of delayed payments, and they shared a host of concerns ranging from the impact on families, to the effect of delays on operations, credibility and financial risks:

- “Delayed payments can lead to interruptions in service delivery, making it difficult to maintain consistency in family engagement and case management.”
- “[Payment delays] affect the services we provide to our community. Workers might leave others will get bigger case load.”
- “Any delay causes a delay in services that can critically impact a family.”
- “Staff are underpaid and, as a result, are not accepting offers for positions here at the agency. This impacts our ability to open referrals, and we are unable to process a certain number of referrals or serve families as required by the 128 slots we need to fill. Additionally, I, along with other supervisors, don’t receive funding for our weekly group meetings, and this money is coming from our own pockets to help keep staff morale up. They appreciate it and feel valued when we have snacks at meetings.”

These quotes are a testament to the harm families experience as a result of delayed payments. To support families, we must support our providers across sectors – ECE, afterschool, child welfare, housing and more. Late payments are disruptive and cause havoc amongst program delivery and sustainability of services. We thank the City Council for its advocacy on this issue and urge the Council and the Administration to build on recent advance payments to ensure payments are made in full and on time.

Hearing Legislation

We support the following bills:

[Int. 1247](#)

As demonstrated, late payments have a direct and harmful impact on the stability of our community-based organizations, and their ability to deliver services to families. We are grateful for the Council’s commitment to the sector by requiring the Procurement Policy Board to

promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for contracts with nonprofits upon registration by the Comptroller.

Int. 1248

The creation of the Department of Contract Services is a crucial step to ensure consistent policies across agencies. Many of the payment issues nonprofit providers face are not just from registration, but also result throughout the span of the contract, made more complex by varied payment practices from agency to agency.

Int. 1249

We support this bill which would assist the transparency of this system by requiring contracting agencies to submit annual reports on contract registration and corrective action plans that analyze the causes of delays, specify improvements to be made, include implementation timelines, and set performance targets.

Thank you for the opportunity to provide testimony



Council of Family and Child Caring Agencies

**Written Testimony Submitted by:
Dr. Sophine Charles
Associate Executive Director, Downstate**

**New York City Council Committee on Contracts
Jointly with the Committee on Children and Youth,
Oversight Hearing - Examining Late Payments to Human Service Providers**

Wednesday, April 29, 2025

The Council of Family and Child Caring Agencies (COFCCA) serves as the principal representative for nearly all not-for-profit organizations that provide foster care, adoption, family preservation, and juvenile justice services in New York State. COFCCA is comprised of over 100-member organizations, varying in size from small community-based programs to the nation's largest multi-service agencies, all united by the mission of serving children and families. More than 50 of our member agencies work with various city agencies to support children and their families, including contracting with the NYC Administration for Children's Services to deliver child welfare services across the five boroughs of New York City.

Thank you for the opportunity to testify before this Committee. We acknowledge and appreciate the Council's leadership and ongoing support for nonprofit human services organizations that keep children and families safe and supported in New York City. In this testimony, we will highlight several ways in which nonpayment for City services drastically impact the ability of NYC nonprofits to remain viable, serve families, and maintain a workforce of over 80,000 residents.¹

The City has been a crucial partner to New York City nonprofits, both through direct City contracts and via City Council Discretionary funding. City contracts enable COFCCA member agencies to deliver essential services to over 50,000 children and families across the five boroughs of NYC. They are the lifelines to New Yorkers in need of food, clothing, shelter, child care, mental health counseling, and educational and employment supports for youth. All of these services are in jeopardy and at risk of disruption when agencies are not paid on time. Nonprofit human services providers are critical partners strengthening the city and delivering vital services every day, and must be supported by the city providing timely payment.

Fiscal Health of NYC Nonprofits

NYC is significantly behind in compensating NYC nonprofits for their services.² It is very simple: without timely payment for their services, NYC nonprofits cannot help families, pay their staff, pay their bills, and keep the lights on. A recent sector-wide analysis, "The Financial Health of Child Welfare Nonprofits in New York State," looked at the state of the sector from fiscal year 2019-2022. COFCCA member agencies generated over \$4 billion in revenue state-wide with \$3 billion generated by agencies serving New York City children and families. The report reveals an alarming fragility in their fiscal health³:

- 40% of NYC organizations had 15 days or less of cash on hand in 2022, compared to 24% of Rest of State organizations.
- 47% of all child welfare nonprofits studied had less than one month of cash reserves.

NYC nonprofits are not fiscally positioned to continue serving children and families without being paid by the City.

² <https://www.thecity.nyc/2024/11/26/nonprofit-debt-layoffs-passport/>

³ Scutelnicu Todoran, G., & Tekula, R. (2025). The Financial Health of Child Welfare Nonprofits in New York State. Council of Family and Child Caring Agencies (COFCCA) and Pace University. Retrieved from www.cofcca.org

Late Contracting Issues

COFCCA expresses gratitude to the City Council for recognizing that human services providers continue to encounter delays in contracting, which adversely affect both the organizations and the communities they serve. While the City has previously addressed a backlog of over \$4 billion in unpaid contracts and amendments, further action is necessary to support the sector. The City must ensure that each agency is held accountable for timely invoice payments and for resolving the backlog of indirect and Cost of Living Adjustment (COLA) contracting actions.

Nonpayment for Nonprofit Services

COFCCA would like to acknowledge the exceptional collaborative efforts of the Administration for Children's Services in partnering with contracted child welfare providers to overcome fiscal barriers and ongoing challenges. The ACS Division of Finance works together with COFCCA and providers by hosting monthly office hours, participating in provider workgroups, and working together to resolve issues related to late payments and delays.

Unfortunately, COFCCA member agencies face significant challenges in their interactions with other city agencies, particularly regarding a pressing issue that affects contracted service providers: delayed and overdue payments for services already rendered. It is both unacceptable and unsustainable for the City to fail to make timely payments to nonprofits.

COFCCA member agencies consistently encounter procurement and contract issues that disrupt program operations. Several of these concerns are highlighted below.

Delayed and Delinquent Payments

- Late payments to contracted agencies significantly impact service delivery and create major challenges for human services organizations. Delayed payments result in difficulties in keeping agency doors open, operating programs, and meeting payroll obligations.
- According to the Human Services Council, 90% of nonprofits report experiencing delayed payments amounting to \$365 million, which makes it nearly impossible to maintain fully operational programs. ⁴
- Providers are often compelled to obtain and utilize lines of credit to sustain program operations, incurring interest on the loans without a means to recover the associated fees. Consequently, they end up subsidizing City contracts.

Administrative Reviews

- Contracted nonprofits report invoices being returned due to minor administrative errors. In some instances, this may result in a significant invoice being rejected due to a small dollar amount (as an example, a \$30,000 invoice sent back due to an accounting error of less than \$5 on the provider's side).

⁴ https://humanservicescouncil.org/wp-content/uploads/2024/11/111924_HSC-City-Procurement-Survey-Results.pdf

- Nonprofits need access to and timely responses from City agency representatives to address contract and invoicing issues. A lack of timely access to City agency representatives presents an ongoing challenge for nonprofits. The availability of speedy customer service and technical assistance to respond to questions and concerns could benefit both the sector and the City.

Proposed City Council Bills

We appreciate the City Council acting to advance legislation that is intended to address the procurement challenges that nonprofit agencies face regarding late payments, contract registration, and requiring City agencies to submit annual reports to document procurement processes and performance.

Int. 1247

COFCCA thanks the City Council for understanding the impacts that late payments have on providers and demonstrating their commitment to the sector by requiring the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for contracts with nonprofits upon registration by the Comptroller.

Int. 1248

COFCCA thanks the City Council for creating a Department of Contract Services, which is crucial to ensure consistent policies across agencies. Many of the payment issues nonprofit providers face are not just from registration, but payment issues throughout the span of the contract, and payment practices vary and change from agency to agency.

Int. 1249

COFCCA thanks the City Council for requiring contracting agencies to submit annual reports on contract registration and corrective action plans that analyze the causes of delays, specify improvements to be made, include implementation timelines, and set performance targets.

Recommendations:

- **Streamline NYC Government Contract Processes:** There is a clear need for reforming the government contract registration and payment systems to reduce delays and improve cash flow. Faster and more efficient payment mechanisms would enable organizations to better manage their financial operations. Also, government could better forecast future rates by keeping up with the CPI inflation rate.
- **NYC Government Should Invest in Workforce Development:** There is a real need to invest in workforce development initiatives to address the sector's recruitment and retention challenges. This includes offering competitive wages, providing mental health and well-being support for employees, and implementing flexible work schedules to reduce burnout. Also, alternative pension systems for nonprofits should be developed across New York to allow nonprofits to be more competitive employers.

In conclusion, thank you for the opportunity to provide testimony outlining the impact of Federal funding cuts on the nonprofit human services sector. COFCCA welcomes the opportunity to engage the Council in a conversation to discuss our testimony. We are available to answer any questions or concerns that you may have about the impact of late contract registrations and delayed payments on COFCCA's member agencies.

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**NYC Council Committees on Children & Youth and Contracts
Oversight Hearing: Late Payments to Social Service Providers
Wednesday, April 30, 2025**

Testimony Submitted by the Committee for Hispanic Children & Families (CHCF)

Thank you, Chairs Stevens and Won, and the Committees on Children & Youth and Contracts, for holding a hearing on the issues surrounding delays in contract payments for social service organizations delivering services throughout New York City. The Committee for Hispanic Children & Families, better known by its acronym, CHCF, is a non-profit organization with a 43-year history of combining education, capacity-building, and advocacy to strengthen the support system and continuum of learning for children and youth from birth through school-age. CHCF does this largely in partnership with city, state, and federal government agencies, with a particular focus on leveraging contracts and additional resources to go across and beyond the bureaucratic silos between agencies and programing to deliver holistic, wrap around services in our communities. Like so many other community-based partners, we understand the critical importance of bringing resources into our communities and the need to mitigate bureaucratic barriers so that families can seamlessly access comprehensive supports and services that meet their unique needs and that oftentimes are scattered across many different agencies, systems, and levels of government.

Overview of CHCF Services

CHCF's Early Care and Education team supports childcare and early learning programs, and family access to childcare (birth through school-age) in our work as a state-funded Child Care Resource & Referral (CCRC) Agency¹ and as a Family Child Care Network under New York City Public Schools' Division of Early Care and Education. CHCF recently purchased property in the Bronx to open Early Head Start programming through a direct federal Head Start contract. We additionally engage care providers in the federal Child and Adult Care Food Program (CACFP), supporting the nutrition of children in their communities through childcare programs.

Our Youth Development team delivers out-of-school-time programming in partnership with three schools in the Bronx, through a combination of city and state funding and contracts. CHCF afterschool programs prioritize cultural and linguistic responsiveness, and emphasize project-based learning opportunities, including STEM-robotics and E-sports, for students to explore and develop their passions and skills. Beyond the academic supports we offer in our after-school programs, CHCF delivers career and college readiness programming to high school juniors and seniors at four schools in Manhattan and the Bronx. Our school-based programs support not only academic growth but also develop leadership, support mental health and social-emotional well-being, foster student interests and career exploration, and help build connections to additional resources and opportunities beyond the school walls.

¹ NYC Child Care Resource & Referral Consortium (2025). About Us. <https://nyccrr.org/>





CHCF's Social Services team oversees direct supports and services at one of the hotel-based shelters for immigrant families in Long Island City, ensuring culturally and linguistically responsive and trauma informed support to newly arrived families navigating complex city systems. Finally, our Community Empowerment Department enhances our general delivery of comprehensive supports in direct program spaces, expanding the reach of our agency services and supports beyond these physical spaces into the surrounding communities, addressing several issues reflective of the needs of the families and communities (i.e. housing, immigration, food access, healthcare access, etc.).

Challenges with City Payment Delays

Our ability to leverage our contracted, program-specific partnerships with city, state, and federal governments to build out robust, comprehensive services for those we reach across New York City is significantly impacted by the flow of funding for the services we deliver in contract with government agencies. CHCF is continuously building relationships with non-government funding partners to build out the scope of our services to cover gaps in reach of contractually specific services, looking beyond the confines of government funded services and adjusting the resources we are securing in real-time to meet the ongoing and arising realities on the ground. It is through the flexibility of CBO partners and our ability to work outside of government budget cycles, that we are collectively able to absorb and respond to the challenges that families and communities come up against in a timely manner, as seen during the pandemic. The unique function of the social service sector in partnership with the public sector has the potential to deliver meaningful and impactful community structure and resource delivery towards the ultimate elimination of systemic inequities that drive so many ongoing disparities between socio-economic groups and communities.

Unfortunately, we continue to see malfunctions in the flow of government funds towards even well-established programs that are jeopardizing the stability of the non-profit social service sector and/or working against consistent, comprehensive, and timely service delivery to those who need it most. Governments have for too long outsourced services to non-government organizations under a mindset of cost-savings. Historically, non-profits are paid a lesser amount of the true cost of service delivery.² The assumption is that non-profits will fill in the discrepancy through philanthropic or other donor funding. For mid- to small-sized non-profits, who do not have large endowments, the capacity to seek out and compete for non-government funding is fraught with inequity. It simply is not a fair playing field to secure funding to off-set inadequate funding for government services rendered. In thinking about those organizations who are most likely to be at a disadvantage and thereby be significantly more vulnerable to financial instability, it is small, community-based organizations, who are often from and reflective of the surrounding community and exist to meet very specific, responsive needs of their communities.

² The Human Services Council (June 2021). Essential or Expendable? How Human Services Supported Communities Through COVID-19 and Recommendations to Support on Equitable Recovery. Retrieved on April 30, 2025 from: <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>





Further, smaller organizations, which are frequently run by small, BIPOC teams, often do not have the capacity to aggressively pursue and equitably compete for government RFPs, even though the resources are equally needed in their communities. If they are ultimately able to receive a contract award, the pervasive funding delays from the government are enough to collapse these organizations who move forward in delivering such crucial services to their community members in good faith. Mid-sized organizations, like CHCF, are overwhelmingly vulnerable as well by these delays. The ebbs and flows of outside funding do not ensure indefinite, stable funding from non-government funders. Government payment delays place an undue burden on organizations to take out lines of credit to cover costs, while simultaneously trying to put capacity towards identifying and competing for alternative funding sources to cover the un-funded services they are delivering. Ultimately, resources are being shifted away from the community and organizations are being significantly strained to cover debt interest while they wait for their due payments.

CHCF is currently owed roughly \$1.86 million through delays in disbursement of awarded discretionary dollars Fiscal Years 23, 24, and 25 – critical funds that are intended to enhance resources and services CHCF delivers to our communities, in partnership with our legislative leaders. We have additionally submitted our budget and work scope for College & Career Readiness programming that is currently being delivered, and we have not been paid any amount of our \$55,000 funding to deliver these services to the youth in our programs. Where these funds could be creatively leveraged to expand reach and impact of our services, and to further develop our team to enrich their skillsets and impact on the community we serve, we are limited in our ability to free up funding towards such investments.

Thank you to the Council for recognizing that human services providers continue to face late contract registration and payment issues and understanding that these delays have a detrimental effect on both the organizations themselves and the communities we serve. Although the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, more needs to be done to support the sector. The City needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions. We support all efforts to establish practices that honor the partnerships and work of human service organizations, extend immediate payment of a set percentage of contract upon registration by the Comptroller, and hold city agencies accountable to timely processing of invoices and disbursement of payment to ensure undisrupted resource delivery to communities.

Thank you, again, for the opportunity to present testimony. If you have any questions about our testimony, please reach out to Danielle Demeuse, Director of Policy for CHCF, at ddemeuse@chcfinc.org or 212-206-1090, ext. 359.



75 Broad Street, Suite 620 | New York, NY 10004 | (212) 206-1090 | info@chcfinc.org

Written Testimony for NYC Council Committee on Contracts

Hearing Date: April 30, 2025

Subject: Oversight – Examining Late Payments to Human Service Providers

Submitted by:

Linda Novick O’Keefe

Founder & CEO, Common Threads

Linda@commonthreads.org

Dear Chair Julie Won and Members of the Committee,

Thank you for the opportunity to provide testimony on the urgent issue of delayed payments and contract registration timelines for nonprofit human service providers.

I serve as the CEO of Common Threads, a national nonprofit that delivers hands-on nutrition and cooking education across more than 500 schools and community-based sites annually. In New York City alone, we are currently partnering with 45 schools and organizations to offer programs that equip children and families with practical skills that support healthier lifestyles and long-term well-being.

Our ability to consistently deliver these services depends on the reliability and timeliness of public contracts. Unfortunately, persistent delays in contract execution and reimbursement have created significant challenges for our operations and the communities we serve. These delays have resulted in:

- **Workforce Impacts:** We’ve had to postpone hiring for essential roles and limit hours for existing staff due to cash flow uncertainty. This creates strain on our team and affects service continuity.
- **Program Disruptions:** We have been forced to delay or scale back scheduled programming, limiting access to learning opportunities during critical periods of the school year.
- **Administrative and Financial Burden:** The absence of executed contracts compels us to adopt overly cautious budgeting strategies, which delay program start-up and increase administrative overhead.

- **Diverted Capacity:** Time and effort that should be dedicated to program improvement are instead redirected to managing risk, navigating funding gaps, and seeking temporary financial solutions.

We are encouraged by the Council's proactive leadership and support the proposed bills currently under review, particularly:

- **Int 1247-2025:** Authorizing a partial disbursement of contract funds immediately upon registration would offer nonprofits the stability needed to plan and launch programming without delay.
- **Int 1249-2025:** Requiring agency-specific corrective action plans for late registrations will promote transparency, accountability, and systems-level improvement.

Nonprofit partners like Common Threads are proud to support New York City in advancing community well-being through direct service. In return, we ask for a contracting process that reflects the professionalism, efficiency, and urgency required to meet the needs of our shared constituents.

Thank you again for your attention to this matter. We remain committed to partnering with the City and look forward to supporting a more responsive and reliable contracting system.

Sincerely,

A handwritten signature in cursive script that reads "Linda Novick O'Keefe".

Linda Novick O'Keefe

Founder & CEO

Common Threads



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W <http://www.coopersquare.org>

I'm Steve Herrick, Executive Director of the Cooper Square Committee. We are a tenant rights and community development organization in the Lower East Side/East Village of Manhattan. I want to thank the City Council for holding this hearing about contract delays. Our organization receives funding from several city agencies, and city funding accounts for more than 50% of our budget despite our efforts to diversify our funding stream. Our experience has been that HPD, which is our largest funder, is chronically late with registering our contracts every year.

Currently, we are waiting on HPD to register our discretionary contracts for our Stabilizing NYC initiative (\$175,900), our Community Land Trust Initiative (\$98,250), our Local Initiatives (\$37,000) and our Greener NYC initiative funding (\$15,000). Combined, these initiatives total \$327,150 for FY24 and \$327,150 for FY25. So far, our FY24 and FY25 funding has not yet been registered, which means we have not been paid for 22 months of work amounting to almost \$599,750 as of today. This is more than 1/3rd of our annual budget of about \$1.7 million. This situation has made our cash flow situation really precarious.

I don't understand the cause of the delay. We submitted all of our documents in Passport by March of last year, soon after HPD put the contract on Passport, which was 9 months after the start date of the 3-year contract. HPD completed the vendor responsibility determination on July 11, 2024, and the Law Department completed contract review a week later on July 18, 2024. Vendor contract review was completed on October 23rd, 2024, and there's no further activity shown on Passport in the 6 months since that date. So as of today, there's still no MOCS approval, no OMB approval, no FCB approval and we don't know how long it will take for those things to happen before the Comptroller's office can register the contract.

Given that these delays are a chronic situation, we call on the City Council to do the following: 1) For organizations that have done business with NYC for at least 3 consecutive years on a discretionary City Council initiative, and done a satisfactory job, HPD should renew them as 3 year contracts so that we don't have to go through the tedious process of submitting multiple documents over and over again year after year. If the work scope has changed, the organizations can submit a work scope modification which many organizations do anyway when deliverables change.

2) The city must create simple boiler plate interim contracts that provide a 50% advance of the first year of the 3-year contract amount within 90 days of the start of each fiscal year to nonprofit organizations so that we can sustain our staffing capacity while we wait for the various city agencies to do all of the necessary vendor review due diligence and execute the full contract. 3) The City Council should examine why some agencies, HPD in particular, are often not able to get contracts

registered until 18 months or more after the start date of the contract. This doesn't happen with Small Business Services or Dept for the Agency which administer other contracts that we have. 4) The agencies that have chronic delays should be provided with more staffing to register contracts, and manage invoicing; and 5) MOCS should be provided with more staff to support organizations in using Passport.

Thank you for this opportunity to testify.



**Testimony of the Day Care Council of New York
Before the New York City Council
Committee on Contracts
Honorable Julie Won, Chair
And the Committee on Children and Youth
Honorable Althea Stevens, Chair
Oversight: Examining Late Payments to Human Services Contractors**

April 30, 2025

Thank you Chair Won and Chair Stevens, for convening this hearing and the opportunity to testify. We appreciate the City Council's concern over late payments and are eager to work with the City Council to ensure that early childhood education providers are paid on time.

The Day Care Council of New York (DCCNY) is the membership organization of early care and education providers across New York City. DCCNY works toward a future where all children have access to quality early childhood education and where early childhood providers and their workforce have the tools and resources necessary to offer the highest quality early childhood education.

DCCNY supports its member organizations and New York City's early childhood field through policy research and advocacy, labor relations and mediation, professional development and training for the early childhood workforce, and referral services for parents looking to find child care. DCCNY member organizations provide quality early care and education at more than 200 sites in neighborhoods across all five boroughs.

Most DCCNY member organizations operate with contracts from New York City Public Schools (NYCPS). Some also work with federally-funded Head Start contracts, child care assistance vouchers, or private funding. DCCNY member organizations employ over 4,000 New Yorkers – the majority of whom are Black and Brown women.

DCCNY is a member of the Human Services Council of New York (HSCNY), and our recommendations are aligned with theirs.

Late Payments to Early Childhood Education Providers

Late Payments to Early Childhood Education Providers have had detrimental effects on early childhood education providers, their workforce, and the children and families that they serve. Late payments from NYC Public Schools to contracted early childhood education providers have led to:

- Centers missing payroll, forcing their committed staff members to look for new jobs or struggle to make ends meet
- Missed payments to vendors
- Missed payments for employee benefits.

Contractors have gone out of business, and others are holding on by a thread taking actions including lines of credit or personal loans if they can't obtain a line of credit.

In 2022 and 2023, DCCNY reported to the City Council about a pattern of delayed payments that was affecting early childhood education providers at crisis levels. An October 2022 DCCNY survey of member organizations operating 159 contracted child care centers and family child care networks uncovered:

- 29% of respondents had at least one unregistered contract
- Only 13.2% of respondents had been able to submit an invoice through PreKids Vendor Portal for their June 2022 expenses
- 41.5% of respondents had missed payroll or delayed vendor payments due to delayed payments from NYCPS

While NYCPS took several crucial actions to address this situation, further structural action is needed. DCCNY therefore supports legislation that the City Council is considering in this hearing. We further urge that the City Council and administration to commit to having these new rules and improvements to procurement procedure apply to NYCPS contracted programs, including contracts for child care centers and family child care networks.

Int. 1247

Intro 1247 requires the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for contracts with nonprofits upon registration by the Comptroller.

Child care centers working with NYCPS contracts are guaranteed 75% of their contract value. However, their advances are typically only 25%, which forces providers to struggle if payments

are late. Immediate payment of 80% of contract value will empower providers to more effectively make fiscal plans.

Int. 1248

Intro 1248 creates a Department of Contract Services to ensure consistent policies across agencies. Many of the payment issues nonprofit providers face are not just related to contract registration. Payment issues throughout the contract period, and payment practices which vary from agency to agency make it difficult for nonprofits to effectively serve New Yorkers and meet their financial obligations.

The Department of Contract Services could help make more uniform procedures and reduce the large administrative burdens faced by both providers and our partners working in government agencies.

Int. 1249

Intro 1249 would require city agencies to submit annual reports on contract registration and corrective action plans that analyze the causes of delays, specify improvements to be made, include implementation timelines, and set performance targets.

This legislation will help contracting agencies identify and correct the issues leading to late payments of contracts.

Thank you for the opportunity to testify. We are happy to answer any questions you may have.

Testimony of Educational Alliance
Before the New York City Council Joint Committee Hearing
Oversight: Examining Late Payments to Human Service Providers.
Hon. Althea Stevens, Chair, Committee on Youth Services
Hon. Julie Won, Chair, Committee on Contracts

April 30, 2025

Thank you for the opportunity to testify today.

Educational Alliance is a settlement house providing high-quality, multi-generational programs and services to approximately 35,000 families and individuals of the Lower East Side, Chinatown, and the East Village. We currently hold contracts with five city agencies -- DFTA, DOE, DOHMH, DYCD, DCLA -- for services that cover the lifespan: including early childhood programs, afterschool and summer programs, two older adult centers and a NORC. For more than 130 years, we have served New York City with a long record of excellent service delivery.

Thank you to City Council for recognizing the persistent challenges the nonprofit sector faces getting paid for our contracted services in a timely way. In 2022, Educational Alliance served on the Mayor's Joint Task Force to Get Nonprofits Paid on Time, which identified significant payment challenges that continue today. Despite the task force's [recommendations](#), implementation has been inadequate, and payment issues remain unresolved. Although previous efforts succeeded in clearing a backlog of unpaid contracts and amendments, delays with existing invoices continue to impede our operations.

When we initiate services without a registered contract -- knowing that payments will be delayed -- the quality of our programming is jeopardized. This situation happens time and again when we are forced to "float" funds that we had earmarked for one program to cover payroll and expenses for another. This vicious cycle threatens our ability to make strategic decisions about staffing and program design and diverts critical resources from other services in order to pay interest on lines of credit.

By far, the agency that presents the greatest contracting challenges is the Department of Education. We hold contracts with DOE for UPK/3K and for Community Schools. Despite beginning services in September, we have not yet received contracts for the current fiscal year. Additionally, our Community Schools contract for FY24 was only registered last month. These two contracts alone total almost \$2 million dollars, which we must cover for program payroll and expenses from other operating funds, lines of credit and working capital (that could otherwise be invested). We estimate the carrying cost of covering these expenses until paid to be at least \$220,000 annually in foregone investment revenue and additional interest expense.

In contrast, in FY25, DYCD has demonstrated more effective contracting practices, despite some initial delays with contract registration. DYCD advanced almost the entire contract amount up front -- a transformative change. Even with delays in contract registration, we can maintain service delivery without incurring additional costs to our bottom line because funds are available.

You belong here.

The City's contracting dysfunction puts downward pressure on local communities, harming the vendors, small businesses and local economies so critical to our city's economy. The extraordinary and unsustainable financial strain from contract delays has ripple effects beyond our ability to provide services and impacts the broader economy as well. Extensive delays from City contracts sometimes force us to delay our payments to vendors, and instead of paying within 30 days we are sometimes forced to delay payment until 45, 60, or even 90 days. As a result, there are some cases where we incur late payment penalties.

Budget modification

The budget modification process remains cumbersome and causes significant payment delays. Though many non-profit service providers are long-standing institutions with proven records of high-quality service delivery through contracts with the City, even simple requests to modify our budget result in extreme delays, sometimes only to be denied. On average, we expect any requests for budget modification to take 4-8 weeks prior to resolution.

For example, last year we requested the ability to adjust some of our budget lines to pay direct service staff a higher, more competitive wage. This was not a request for additional funding -- only a request to use our contracted funds in a different way, for the purpose of staff recruitment and retention in a uniquely challenging hiring landscape. After months of waiting, the budget modification request was denied.

In addition, we support proposed Int. 1247 that would require immediate disbursement of 80 percent of a fiscal year's contract award upon contract registration.

Thank you for the opportunity to testify today.



Fifth Avenue Committee
Our Community. Our Future.

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Fifth Avenue Committee is a 47-year-old comprehensive community development organization, serving low and moderate income New Yorkers. We develop and manage affordable housing, and provide services, including adult education, public benefits eligibility screening and access, financial coaching, counseling and education for tenants, homeowners, and first time homebuyers, tenant organizing, eviction prevention and community organizing. We provide our homeowner services and tenant organizing services in partnership with our affiliate organization, Neighbors Helping Neighbors (NHN). Each year, over 7,000 New Yorkers participate in our services, live in our affordable housing, or both.

We currently hold contracts with DYCD, HPD, and HRA, which support our adult education program, tenant organizing and advocacy services, including environmental and climate justice work and services for formerly homeless tenants.

Late Contracting Issues

Our organization, like most of our peers, regularly experiences issues with late contracting, especially for our discretionary contracts. These delays create serious challenges both for our organization and the people we serve. Currently, across FAC and NHN, we have a total of 31 City contracts, dating back to FY 23, which are not registered, or are registered but not yet active. These total over \$2 million, and support a variety of critical programs, including adult education, environmental justice, education, counseling and organizing to help tenants access and maintain housing, and education and counseling for homeowners at risk of mortgage foreclosure to help them keep their homes.

We have dedicated contract management and fiscal staff who ensure we respond in a timely manner to all agency and MOCS requests, yet this hasn't sped up the initial registration process. The implementation of the new phase of the Procurement and Sourcing Solution Portal (Passport) and new technical procedures has created additional challenges. Moreover, the endless demand for more documents and the lack of consistency of budget categories among city agencies also have created confusion and new bottlenecks.

These delays have meant that FAC has had to use our line of credit – whose interest rate is variable and at 8% today - to make payroll or pay occupancy expenses. FAC has also had to lend funds to our affiliate, Neighbors Helping Neighbors, which doesn't have a line of credit, so that NHN can make payroll and pay program expenses.

It is unacceptable for NYC to expect nonprofits to act as defacto 0% interest rate lenders to the City of New York to serve New Yorkers in need.

We thank the Council for requiring the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a contract upon registration. It is important, though, that there be hard deadlines and financial penalties for the City when it registers contracts late, sometimes years after the work is completed. Having access to 80% of the contract amount for registered contracts will mean that our organization is better able to provide services, and to sustain all of our day-to-day operations without having to rely on a costly line of credit. We're

also grateful for the creation of a Department of Contract Services, which can help to create consistent policies across agencies.

We suggest that NYC also look NYS as an example, since the state pays interest to vendors when contracts payments are delayed through no fault of the vendor. This practice aligns the financial incentives of the agencies with on-time payments to nonprofit contractors.

We also thank the Council for requiring agencies to submit annual reports on contract registration and corrective action plans that will speak to the causes of delays, and outline plans for improvements. With greater transparency, agencies will be accountable for these persistent issues that pose serious challenges for our organizations.



Testimony of FPWA

Presented to:
Committee on Contracts and Committee on Children and Youth
Oversight Hearing Examining Late Contract Payments
Hon. Chair Julie Won
April 30, 2025

Jennifer Jones Austin
Executive Director/CEO

Prepared By:
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We are grateful to the members of the Council Committee on Children and Youth and the Committee on Contracts for holding this hearing examining contracting payments, which recognizes the ongoing crisis and its dual threat to the well-being of our city's communities and the vitality of the human services organizations that care for them. Thank you to Chair Won for your leadership on this issue and for the opportunity to provide testimony on behalf of FPWA (Federation of Protestant Welfare Agencies).

Introduction to FPWA

FPWA is a leading anti-poverty, social policy and advocacy organization dedicated to strengthening human services organizations and faith institutions and advancing economic security and justice for New Yorkers with low incomes. Since 1922, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the structural and systemic barriers that impede economic security and well-being, and we strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

FPWA has a membership network of 170 faith and community-based organizations. We support our members by offering workshops and training on topics such as leadership development, organizational management, and trauma-informed approaches to service delivery. FPWA provides a range of financial assistance grants through our member network, working to support individuals and families at the ground level. These grants provide direct support to New Yorkers in the form of scholarships, financial assistance for aging adults, funding for organizations providing HIV/AIDS related services, and more.

Why this Hearing is Critical for the Human Services Sector

Financial precarity for human service providers risks worsening economic insecurity for all New Yorkers. Today, New York's support systems are more important than ever. According to a [recent report](#) commissioned by the National True Cost of Living Coalition, co-chaired by FPWA, 62 percent of New York City households are considered economically insecure. This number rises to 72 percent when considering New York City households with children. This means that nearly two-thirds of all households in New York City struggle to pay their bills and housing costs, afford health care and childcare, and save for their futures.

This oversight hearing examining late contract payments comes at a crucial juncture for the City, particularly for the human service organizations and the New Yorkers with low incomes that FPWA represents.

Each year, New York City spends billions of dollars contracting human service non-profits to provide critical social services like child-care, housing support services and youth programming. But in recent years, these contracts have been troubled by persistent delayed payments, impacting the delivery of these vital services by providers. With increasing reliance on the contracted workforce and worsening delays, New York City's late payments represent a serious threat to the non-profit sector.

On top of this existing precarity, the federal government is now rescinding state and local grants and cutting staffing and funds that New York's human service providers rely on. These attacks threaten to

send our vulnerable system into further disarray. The combination of payment delays and federal policy could force organizations to lay off staff, create payment and credit issues for human service organizations and their employees, and cause the shutdown of needed programming in vulnerable communities.

This is unacceptable.

New York City has the opportunity to show leadership in face of the federal assault on low-income New Yorkers by strengthening its contract system to support the human services providers it depends on.

Although the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, and the Mayor has announced \$5 billion in advance payments in FY26, we need to continue to hold the City accountable to human service providers.^{1,2} New York City must ensure that it strategically protects human services as it shores up the contract system, payment of future contracts, and, in turn, a sector that serves as a critical lifeline for countless New Yorkers.

FPWA urges the City to:

- Prioritize human services in its backlog of late payments;
- Hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions;
- Strengthen the administrative capacity of the City;
- Ensure the continued funding of NYC contracted human-service workforce in future budgets.
 - We provide more detailed recommendations at the end of this testimony.

Through these actions, New York City government can act as a bulwark against attacks on our social foundation and improve its own capacity to deliver results New Yorkers need.

New York City's Late Contract Payments Compound Economic Insecurity

In FY24, \$19.9 billion of New York City's expense budget is allocated specifically to human service contracts.³ Through contracts, City agencies finance a wide array of community support systems including but not limited to childcare, foster care, in-home health services, and shelter and food assistance programs.⁴ Today, contract spending comprises more than 50 percent of total spending in six human service agencies, including the Departments of Homeless Services (DHS), Aging (DFTA), Small Business Services (SBS), Youth and Community Development (DYCD), Children's Services (ACS), and Health and

¹ <https://www.nyc.gov/office-of-the-mayor/news/552-22/mayor-adams-city-has-unlocked-more-4-2-billion-contractual-dollars-for#/0>

² <https://www.nyc.gov/office-of-the-mayor/news/260-25/mayor-adams-unprecedented-5-billion-advance-payments-be-made-city-contracted>

³ https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about_data

⁴ <https://www.osc.ny.gov/files/reports/pdf/report-10-2025.pdf>

Mental Hygiene (DOHMH).⁵ These human service contracts are critical to the functioning of New York, with City agencies having increased their reliance on contract spending to deliver services over the past fifteen years.

New York City relies on contracted services to meet many of its policy goals and provide services to New Yorkers. This fiscal year, the City plans to spend over \$34 billion on contracted services with 45 percent of this funding provided through the expense budget, approved annually by the City Council.⁶

Yet despite these services playing a critical role in ensuring the health and safety of New Yorkers, the City's track record treats them as if they are optional.

In FY24, over 8-in-10 contracts were registered late, with this delay even worse for non-profits where 9-in-10 contracts are late.⁷

According to the Comptroller's most recent report, almost 40 percent of contracts are over a year late.⁸ Payment delays complicate a number of intersecting, complex issues including poor workforce retention rates, underfunded contract rates, and failures to meet community needs. More specifically, they:

- Prevent contracted non-profits from paying workers in a timely manner.
- Encourage the understaffing and overworking of human service organizations.
- Complicate contract expenses, with providers unable to spend money that has been allocated but not provisioned.
- Drive up costs as providers are forced to turn to ad-hoc, temporary or emergency solutions.
- Cause key delays in needed human service interventions and cause more people to go without adequate help and support.
- Burden understaffed organizations with bureaucratic processes to chase down funds in addition to their program management.

Through these impacts, late contract payments have worsened the financial stability of human service organizations and have exacerbated the economic insecurity of New Yorkers in the process.

In this way, by creating economic instability for human service organizations, the City also undermines racial and economic equity. Human service organizations not only serve primarily black and brown populations, they are also majority staffed by people of color. According to the Center for New York City Affairs' 2022 report, "The Case for Ending Poverty Wages For New York City's Human Services Workers", the human services contracted workforce employs over 80,000 workers and is staffed predominately by workers of color (75 percent) and women (70 percent).⁹ Moreover, "women of color constitute 55

⁵ <https://www.osc.ny.gov/files/reports/pdf/report-10-2025.pdf>

⁶ https://www.checkbooknyc.com/spending_landing/category/1/yeartype/B/year/126

⁷ <https://comptroller.nyc.gov/reports/nyc-contracts/>

⁸ <https://comptroller.nyc.gov/reports/nyc-contracts/>

⁹ <https://www.centrernyc.org/reports-briefs/the-case-for-ending-poverty-wages-for-new-york-citys-human-services-workers>

percent of this workforce”. As “roughly two-thirds of all full-time human services workers had 2019 earnings below the City’s near-poverty threshold,” cuts and delays to human service funding threaten to drive New Yorkers into poverty.¹⁰










New York City’s Past Budgetary Choices Have Exacerbated Contract Payment Issues

At FPWA, we have found that financial precarity for contracted services, like for families, is not only rooted in increasing costs, but a result of low resourcing – aggravated by the City’s continued late payments.

The City’s contracted human service sector experiences higher rates of late payment and receives lower contract rates for services than those received by capital-intensive projects, like projects contracted by the Department of Design and Construction (DDC) and the Department of Parks and Recreation (DPR).¹¹

Unfortunately, the City’s budgetary process has not been able to provide adequate and stable resourcing to its own human service agencies.

According to [FPWA’s NYC Funds Tracker](#), inflation-adjusted investment in human service agencies like DSS, ACS, and SBS, are lower than pre-pandemic levels.

| Agency | Adjusted Exp. in 2024 | % Change from 2023 | % Change from 2019 |
|--|--|---|---|
| Department of Social Services | \$12B  |  6.5% |  -1.8% |
| Administration for Children’s Services | \$3B  |  8.6% |  -11.3% |
| Department of Small Business Services | \$247M  |  -30.6% |  -4.5% |

This impacts the ability of agencies to address the root causes of contracting payment delays.

For example, citywide full-time staffing levels have declined significantly, leading to administrative gaps in overseeing contract payments. This staffing decline is in part due to heightened attrition during the

¹⁰ <https://www.centrernyc.org/reports-briefs/the-case-for-ending-poverty-wages-for-new-york-citys-human-services-workers>

¹¹ <https://comptroller.nyc.gov/reports/nyc-contracts/>

pandemic but also to the Mayor's decision to force preemptive and unnecessary hiring freezes last budget season. According to the State Comptroller, these declines in staffing afflicted most of the largest contracting agencies, even as contract expenses grew.¹²

Moreover, last year's budget reductions further complicated needed resourcing. The Mayor's FY24 Program to Eliminate the Gap (PEG), in lead up to the FY25 budget, relied on "expense re-estimates" to cut budgets. Put simply, expense re-estimates allow the Mayor to revise or adjust initial cost projections of a project, product, or service. These "re-estimates" cut into allocated spending for contracted services, despite the Mayor's claims that services were unaffected.¹³ Although the Mayor claims that they balanced the budget "without laying off a single city worker," human service contract workers struggled to keep their staffing amidst budget uncertainty and reductions.¹⁴ While the contracted workforce does not qualify as "city workers" to the Mayor, they are the primary front-line service providers for New York City. In fact, the contracted workforce spend is larger than the City's payroll spending.¹⁵

These re-estimates affecting the City's capacity are particularly critical because while staffing has decreased, demand for services is soaring. From 2019 to 2024, emergency food visits have risen 83 percent and rates of homelessness and overdoses have more than doubled.^{16,17}

New York's Preliminary Budget Would Further Undermine Contract Payments

This year's City budget does not repair the damage to the City's administration over the past few years. In fact, the City's Preliminary Budget proposes reducing non-asylum seeker human service contract spending by **\$682 million**.¹⁸

In addition to these cuts, the Preliminary Budget proposes reducing the budget for the Department of Citywide Administrative Services, **the very office responsible for procurement**, by over \$160 million dollars. **That's a 7.7 percent cut to the department's budget**.¹⁹ Moreover, the Mayor's Office of Contract Service's (MOCS) budget was cut 33% —along with a headcount reduction of 14 positions in the last fiscal year. These kinds of cuts do not reflect good faith leadership needed to fix persistent contracting payment delays.

We call on New York City's Office of Management and Budget to be more transparent in how it intends to provide the necessary resources to fix contracting delays. FPWA will continue to call attention to

¹² <https://www.osc.ny.gov/files/reports/pdf/report-10-2025.pdf>

¹³ https://www.nyc.gov/office-of-the-mayor/news/307-24/transcript-mayor-adams-releases-fy25-executive-budget-holds-q-and-a?utm_source=chatgpt.com

¹⁴ https://www.nyc.gov/office-of-the-mayor/news/041-24/transcript-mayor-adams-presents-fy25-budget?utm_source=chatgpt.com

¹⁵ https://www.checkbooknyc.com/spending_landing/category/2/yeartype/B/year/126

¹⁶ <https://www.cssny.org/news/entry/testimony-hunger-and-food-insecurity-in-new-york-city>

¹⁷ <https://www.osc.ny.gov/press/releases/2025/01/dinapoli-numbers-homeless-population-doubled-new-york>, <https://www.nyc.gov/assets/doh/downloads/pdf/mh/state-of-mental-health-new-yorkers.pdf>

¹⁸ https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about_data

¹⁹ https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about_data

contracting resourcing in our [NYC Budget Watch](#) report series which provides the latest facts and figures on the City budget, with a special focus on what it all means for human services delivery.

Federal Policies Threaten to Worsen Late Payments for Human Services While Exacerbating Needs

On top of the City's mismanagement of resources for human service contracts, we now have a federal administration set on dismantling government's capacity to deliver services.

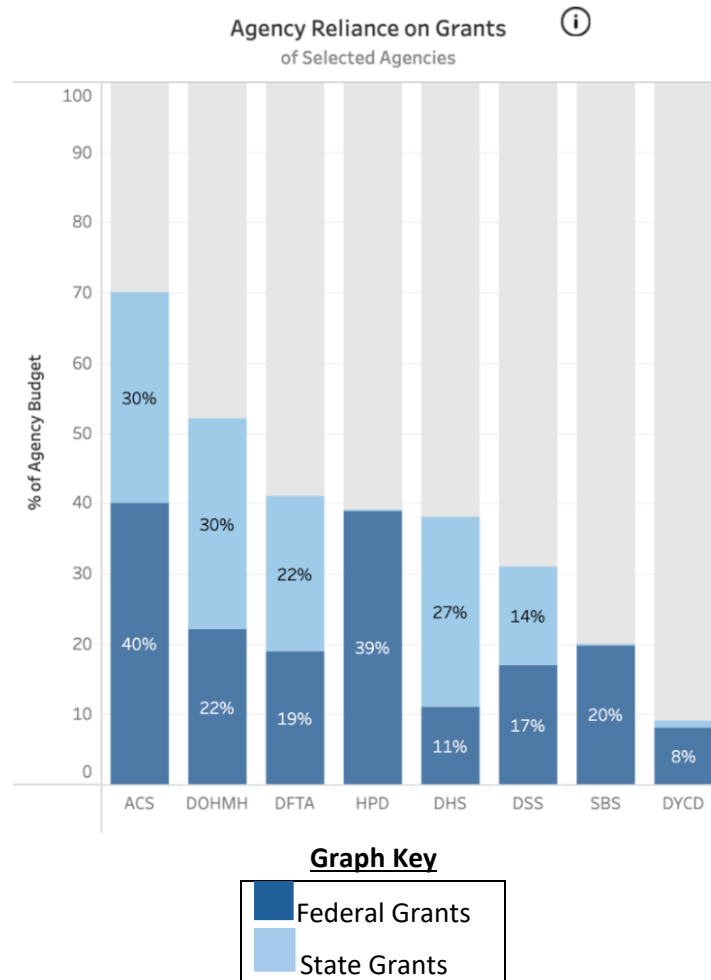
While this administration's cuts are uniquely aggressive, FPWA has long warned about the federal government's shrinking commitment to funding New York City.

Aside from a temporary increase during the pandemic, Federal grant levels have trended downwards over the last 13 years, with inflation-adjusted federal funding levels in FY24 the same as FY11 levels, despite increased needs.

Despite decreased grant levels, federal funding remains vital to New York City's functioning. Over \$100 billion of federal grants flow to New York City, with \$8 billion contributing directly to the City's FY25 annual operating budget.

FPWA tracks the flow of this funding in our [NYC Funds Tracker](#), an interactive budget dashboard which tracks trends the City's revenues and expenditures over more than a decade. From the NYC Funds Tracker, we can see that the federal funds have, on average, made up a critical 10 percent of the City's budget and contributed an outsize portion of funding to human service agency budgets.

Human Service Agencies Are Highly Reliant on Federal Funding



Cuts from the new federal administration have already begun to undermine the City's ability to receive and administer grants that human service contractors rely on.

So far, this administration, under DOGE's "oversight", has reduced the federal workforce by almost 60,000.²⁰ It plans to reduce funding for education by 45 percent and health and human services by 24 percent.²¹ Already, the administration has dismantled key human service agencies, like the U.S. Interagency Council on Homelessness and the Institute of Museum and Library Services.²²

DOGE claims to have also rescinded hundreds of millions of dollars in federal grants to New York State that benefit human services in New York City, including \$40 million from the New York State Office of Alcoholism and Substance Abuse Services, \$39 million from New York State Department of Education, \$24.5 million from the New York State Department of Health, and \$24 million for New York Food for

²⁰ <https://www.nytimes.com/interactive/2025/03/28/us/politics/trump-doge-federal-job-cuts.html>

²¹ <https://www.nytimes.com/interactive/2025/03/28/us/politics/trump-doge-federal-job-cuts.html>

²² <https://www.nytimes.com/interactive/2025/03/28/us/politics/trump-doge-federal-job-cuts.html>

New York Family. These cuts have also hit City level services, many of which are contracted services, including services for trafficking victims and citizen and education training.²³

While these cuts have already proved harmful, additional cuts proposed by Congress which target social services could decimate funding for the sector.

In particular, we are worried about recent disruptions to, and discussion of, eliminating Federal Head Start funding. Head Start provides early childhood care, education and other supports for 19,000 New York City children and their families.²⁴ A substantial portion of this funding is administered through sub-contracts to non-profit providers.²⁵

In the event that cuts to Head Start take place, FPWA calls on the City to clarify how it will ensure that providers are remunerated for services already provided and stipulate a plan of action for continuing to provide these essential services to the thousands of children and families that the program benefits. Correcting the backlog of late payments can be one meaningful step in ensuring that available funding reaches those affected and mitigate personal financial hardship due to cuts.

New York City Must Strategically Protect Human Service Contracts in Face of City and Federal Budgetary Constraints

Considering federal cuts, New York City's payment and contracting system must be made even more nimble to respond to fill gaps in essential human services. We are aware that in anticipation of a constrained budget, the City needs to make smart, targeted choices to correct contract delays and minimize disruption of services as much as possible.

We believe the City should consider measures that streamline and improve the procurement process. Recently the City Council advanced local laws that target the procurement processes, including the Establishing Procurement Timelines (Local Law 169 of 2023) and Streamlining Document Management (Local Law 31 of 2024). We also support the proposed procurement solutions suggested in the Council's policy brief, "A Better Procurement System: The City Council's Plan to Support Non-Profits".²⁶

We thank the City Council for taking action to address this crisis.

²³ https://www.americanprogress.org/article/doge-cuts-by-city-state-and-congressional-district/?utm_medium=email&hsenc=p2ANqtz-8e0_YcBMervOMZe1-CTxoRmetYw5T-2HDNXyjiNebONks0-EOWGKRH4bm7Zp8TcwZrmwCtfGQ2EbMJ1t5aquC1UBPf0uurKW-VBCKHu1WXM9mNBw&hsmi=356348238&utm_content=356348238&utm_source=hs_email

²⁴ https://assets.nationbuilder.com/unhny/pages/23/attachments/original/1744901949/UNH_Testimony_-_Preparing_NYC_for_Changes_in_Federal_Funding.pdf?1744901949

²⁵ https://assets.nationbuilder.com/unhny/pages/23/attachments/original/1744901949/UNH_Testimony_-_Preparing_NYC_for_Changes_in_Federal_Funding.pdf?1744901949

²⁶ https://council.nyc.gov/press/wp-content/uploads/sites/56/2025/04/nonprofit-procurement-brief_041425.pdf

While we think the Council's proposed solutions are a step in the right direction, we recommend the City take the following additional actions, which will help address the structural issues at the root of contracting delays:

- **Increase transparency about the City's management of services**, including:
 - Providing detail on the City's increased reliance on contracting for City Services, and which trade-offs the City faces when deciding whether to hire a City worker or contract out the work;
 - Requiring the New York City Office of Management and Budget (OMB) to be more transparent in how they intend to provide stability and predictability to the necessary resources to fix contracting delays for human services.
- **Urgently expedite all late payments and resolve contracting issues in City contracts** with human services providers in anticipation of continued mass federal cuts;
- **Carry out a strategic and expedited drawdown of federal funding that the City receives**, in coordination with human services nonprofit contract holders;
- **Prioritize critical human services in the use of existing and new emergency reserves**, as gathered from emergency reallocations, revenue streams, fundraising, and other mechanisms for emergency budgeting;
- **Coordinate a comprehensive counter-strategy to the anticipated mass cuts to human services funding**, including:
 - Immediately assess all contracts impacted by current and proposed federal cuts, clearly indicating the at-risk federal agency/funding source affiliated with each City-managed contract.
 - Provide these risk assessments to contract holders, and share aggregate data on risks to providers to support sector-wide emergency planning and advocacy;
 - Direct City entities to have all contract managers work with contract holders at risk to identify continuity of operations and discuss options for more flexible budgeting/deliverables;
 - Coordinate with State leaders, such as the Office of the NYS Attorney General, and other stakeholders, such as state and national nonprofit coalitions, that are challenging federal actions that are dissolving agencies and cutting critical funding sources;
 - **Strategize best use of City Council discretionary funds** for the protection of human service workers in the Council members districts.

These immediate actions, which prioritize expediting late contract payment, should be intended to serve to a larger, strategic goal to properly fund and provide protections to human service workers who are fighting for a New York where we all can thrive.

Goddard Riverside

INVESTING IN PEOPLE, STRENGTHENING COMMUNITY

Testimony – Dr. Roderick L. Jones

New York City Council

Joint Hearing of the Committees on Contracts and Children and Youth

April 30, 2025

Thank you to Chairs Won and Stevens, Speaker Adams, and the New York City Council Committees on Contracts and Children and Youth for the opportunity to testify today. My name is Roderick Jones and I am the President of Goddard Riverside, a settlement house working with over 20,000 New Yorkers a year from early childhood through older adulthood to strive towards a fair and just society where all people can make choices that lead to better lives for themselves and their families.

Goddard, and our sister organization, the Stanley Isaacs Neighborhood Center, employ approximately 1,000 human services workers who dedicate their days to keeping New Yorkers in their homes, feeding homebound older adults, creating career pathways for youth, engaging street homeless neighbors and much more.

Many often say that budgets are a statement of our city's values. From 3-K and Pre-K to older adult programming, supportive housing to financial empowerment and more, the city partners with nonprofit providers to deliver services for the most vulnerable New Yorkers. Paying one's bills on time is a core tenet of sound budgeting practices. Yet the City has failed to pay its human services providers on time for its contracts, putting our nonprofits at risk of closing doors and the communities we serve at risk of losing the services they need to grow and prosper.

We appreciate the administration's work to clear over \$6 billion in backlogged payments and the Council's advocacy to elevate the struggles that nonprofit providers like Goddard have faced in getting paid for contracted services. But more must be done to end the chronic problems of delayed contract registrations and payments.

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Just this year, Goddard has experienced \$15 million in delays on payments for our contracted services. Of all our city contracts, we have experienced the most delays in DYCD contracts. Goddard staff serve over 4,000 young people across our DYCD programs, including afterschool, summer programs, college readiness and more.

Seven of our FY24 and FY25 DYCD contracts have been impacted by significant delays, however, with only two resolved as of April 2025. This leaves five large contracts providing youth employment, afterschool and summer programming for our city's young people still experiencing reimbursement delays for work rendered:

- **Summer Rising:** Our Beacon Summer Program provides academic, recreational, performing arts and social programming to approximately 200 children and youth, including 50+ youth employment participants. As of April 2025, our ability to submit billing on our FY24 Summer Rising contract is still held up by an amendment we cannot resolve in Passport without agency support. Further, our FY25 contract is not showing up at all in Passport with mere months left before Summer Rising programming is scheduled to start for this year.
- **Beacon:** Goddard and Isaacs operate three of the 91 Beacon sites citywide. Through our Beacon program, we provide afterschool programming for over 1,000 children across elementary, middle and high school. This programming features performance and visual arts, sports, STEM, one to one counseling and test prep for high school applications, community service projects and college and career readiness. We are still working with DYCD staff to submit and reconcile final billings for our FY24 contract.
- **Advance and Earn:** Isaacs Center's Advance and Earn programming offers jobs and skills training for out of school, out of work aspiring chefs, ages 18–24 to help participants grow leadership and interpersonal skills needed for

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success in the restaurant industry. Advance and Earn graduates also staff our Soup's Up program, providing home-delivered meals to seniors and other New Yorkers experiencing food insecurity. Our FY24 contract remains stalled, with our team unable to review the award letter in Passport or submit final invoices due to an unapproved budget on the agency side. Further, Passport's records for funding for our FY25 contract does not line up with the amounts shown in DYCD Connect or in our internal records, preventing us from submitting budgets or billing for the full amount.

Throughout today, you will hear testimony similar to ours, with many nonprofits forced to take out extra lines of credit, cut vital programming, or undergo eviction from their sites due to months and years of delayed contract registrations and payments for services. Goddard has provided over \$1 million in unreimbursed services for our youth community members and told DYCD this month we will be unable to provide services beyond the next 30 days without financial relief. In addition, providers are often forced to make risky choices such as starting work without a registered contract and needed payments, or delays in starting the contract. For Goddard, we cannot afford to start work on the next Advance and Earn contract due to the weight of the delayed payments on our FY24 contract. These types of choices force providers to choose between delaying services to communities in need or payments to the staff who provide these vital programs. With the ongoing affordability crisis facing New Yorkers, these are not choices our human services sector, or the communities it serves, should be forced to make.

Goddard supports the passage of Introductions 1247, 1248 and 1249, sponsored by Speaker Adams and Chair Brannan. In particular, Introduction 1247 would require the promulgation of rules for the immediate disbursement of 80% of a given fiscal year's contract funds for contracts with nonprofits upon registration by the comptroller and upon the start of each subsequent fiscal year. This would

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help us start working on contracted services knowing that we will receive payment quickly upon contract registration. The passage of these bills, and promulgation of the related rules, must also be accompanied with sufficient budgeting for the needed full-time staff in the proposed department of contract services to ensure the agency is able to register contracts and process payments in a timely fashion.

I also strongly recommend the City take and adapt lessons from the federal procurement process. The federal government's uniform guidance for federal awards has effectively streamlined administrative processes, for federal contracts to nonprofits, ensuring award dollars are focused on services and reducing the administrative burden on vendors without decreasing accountability. This can include providing a line of credit right at the beginning of a contract, simplified reporting requirements, and more.

We appreciate the need for reporting and compliance mechanisms to ensure the city's funds are going towards community needs. But as providers, our passion for our work cannot pay the bills. In a city that relies so heavily on nonprofits to offer key programs to New Yorkers, investing in our human services providers includes paying us on time and ensuring we can dedicate the majority of our time to providing quality services to those most in need. I thank you for the opportunity to testify and look forward to working with you further towards these goals.



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Homeless Services United's Testimony for the New York City Council Oversight Hearing Examining Late Payments to Human Services Providers

April 30, 2025

My name is Kristin Miller, and I am the Executive Director at Homeless Services United. Homeless Services United (HSU) is a coalition representing over 50 mission-driven, homeless service providers in New York City. HSU advocates for the expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers. Homeless Services United promotes effective solutions to end the crisis of homelessness in New York City.

We are relieved by the City's recent actions to address cash flow and overdue payments. However, providers still have months of catch-up in pending budget, budget updates, and invoice approvals that are prohibiting them from being reimbursed for the services we have already performed. To illustrate this point, HSU worked with a sample of twelve DHS-contracted providers to assess the outstanding budget actions. **These 12 providers have over \$170,000,000 in outstanding budget actions from FY19 to FY25.** Some providers have stopped bidding on new DHS contracts because the risk of doing further business with the City is simply too high. **Other providers are now on a timeline for insolvency, for some, as soon as 2 months.**

Providers routinely experience delayed contract registration, delayed approvals for budget modifications and invoices for review, and repeated requests for supporting documentation, only for there to be continued delays once submitting requested documentation. The lack of normalcy when it comes to payments puts organizations at risk. It makes it difficult to pay staff, vendors, and run programs for clients. Organizations are often forced to take out lines of credit just to relieve cash flow issues, only to then have to pay interest.

Alongside procedural inefficiencies, short staffing within City Agencies has also contributed to delays in payment. Per the New York Housing Conference, the DHS' budgeted headcount dropped by 494 staff from Dec. 2019 to Jan. 2025, and HRA by 1,537 staff for the same time period. DSS has not been able to recruit and retain staff at a rate that keeps up with the demand, which results in payment lag times. Yet, demand for shelter continues to increase resulting in more contracted organizations with less staff to process and support. Again, would be good to show that staff decreases are disproportionately harmful, given the rise in workload

Int. 1247 – Increased Disbursement Upon Contract Registration

Int. 1247 is a good start in protecting the financial health of homeless service providers. By providing a significant disbursement upfront, providers can focus on their service delivery and less worried about when they will receive adequate payment or take out loans while awaiting payments. This also means that there is more time for agencies to process the huge backlog of budget actions that continue to plague the system.

Int. 1248 – On Establishing the Department of Contract Services

Many of the payment issues nonprofit providers face are not just from contract registration, but payment issues throughout the span of the contract, and payment practices vary and change from agency to agency. Having an agency with the authority to ensure city agencies meet contracting deadlines and ability to improve procurement processes across programmatic agencies would not only ease the procurement process for us but would also show the City's dedication to helping nonprofits and accountability on timely payments.

Int. 1249 – On Corrective Action Plans

As members report, agencies vary greatly in their ability to pay providers on time. The nature of service and agency should not be a controlling factor in providers getting paid on time. These corrective action plans are a step in the right direction. Our recommendation would be to ensure that these reports are made publicly available so that providers can make informed decisions on whether to continue contracting with certain city agencies.

Additional Recommendations

Although we appreciate these new bills, we urge the Council to go further to ensure timely payments. We suggest that alongside these changes an enforcement mechanism is established to incentivize agencies to evaluate how they can better pay providers and effectuate those changes. We remain supportive of Intro 0514-2024, introduced by CM Brannan and previously heard by this committee, which would require interest to be paid on late payments. We hope that the Council continues to consider this and other alternatives to enforcement mechanisms to hold agencies accountable.

Thank you again for your time and your commitment to addressing the critical issue affecting nonprofits. If you have any additional questions, please contact me at kmiller@hsunited.org.



TESTIMONY

New York City Council Committees on Contracts and Children and Youth Oversight Hearing on Examining Late Payments to Human Services Providers April 30, 2025

Submitted by:
Michelle Jackson
Executive Director
Human Services Council of NY

Introduction

Good morning, Chairs Won and Stevens, and members of the Council Committees on Contracts and Children and Youth. My name is Michelle Jackson, and I am the Executive Director at the Human Services Council (HSC), a membership organization representing over 170 human services providers in New York. HSC serves our membership as a coordinating body, advocate, and intermediary between the human services sector and government. We take on this work so that our members can focus on running their organizations and providing critical direct support to New Yorkers. These are the nonprofits that support our city's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

The government has transferred most legally mandated human services for New Yorkers to the nonprofit sector to save on costs. Nonprofits are not just more cost-effective but also deliver higher quality services than government can alone, by combining government and private resources and being more agile and able to adapt to community needs. By being ingrained in communities, they are trusted messengers, can address emerging needs more quickly than government, and enhance basic services for better outcomes. But as the sector has stretched to meet community needs, providers are met with chronic delays in payment, underfunding, and a lack of sincere collaboration to create meaningful and lasting interventions, which strips away limited resources. City and State agencies have forced nonprofit human services providers into financial and programmatic precarity that threatens the availability of high-quality services for New Yorkers, especially when they need them most.

Procurement Issues

The Joint Task Force to Get Nonprofits Paid on Time demonstrated a commitment by the Mayor and Comptroller to address the procurement challenges that nonprofits face and acted on those issues through various improvements such as the amendment clause, transitioning to PASSPort, partial payment directive, and multi-year discretionary contracts. However, much more needs to be done as the human services sector continues to face significant delays in payment as providers

are stretched to a breaking point. According to the Comptroller's Annual Contracts Summary Report for FY24, nearly all contracts (91%) for nonprofit vendors were registered late and 40% of human services contracts could not get paid for over a year. Nonprofits continue to incur substantial costs for service delivery before they have a legal right to be paid and are often forced to borrow to meet payroll. This means providers take enormous fiscal and legal risks by signing leases, hiring staff, and starting programs without a contract, or continuing to operate services on the verbal agreement that things will get sorted out. Retroactivity also creates cash flow issues for providers, who must put off paying vendors, take out lines of credit that they must pay interest on or utilize the loan fund, because providers cannot get paid until the contract is registered.

Although the City procures over \$12 billion in human services, the City and its residents ultimately bear the brunt of these problems, when highly qualified providers cannot afford to take on City contracts, or when those providers must close programs or go out of business altogether because of the financial strains imposed by the City's late payments. It has been clear for years that most City contracts with nonprofit human services providers are registered months or even years after the nonprofits have begun providing services. System improvements, most notably PASSPort, have been put in place but nonprofits still report significant delays in contract registration, and that means that providers do not have access to advances until contracts are registered. Many human services nonprofits also experience differing invoicing processes according to contracting agency and agency staff. The delays in payment are put on providers as contracting agencies require levels of invoice approval and must do a constant dance with agencies about why their invoices were not approved.

We thank the City Council for the Workforce Enhancement Initiative investment and multi-year cost-of-living adjustment (COLA), which are significant steps to address the historic underfunding and lack of investment in the human services sector. However, there are huge delays in providers receiving that investment so that they can disburse it to workers. At a time where so many organizations are facing financial issues and workers are reliant on this COLA, it is critical that these payments are made in a timely manner. We also appreciate that providers can receive their full indirect rates through the Indirect Cost Rate Initiative, but there are organizations who are still waiting for their ICR funding since the initiative was implemented six years ago. There must be a better way for agencies to track the implementation and ensure that providers are paid these investments on time. As organizations continue to experience these contracting and payment delays, it only contributes to the unsustainability of the sector and the result is that communities lose access to cherished neighborhood institutions and essential services, and the City is unable to carry out its human services programs.

Threats to Federal Funding

The Trump Administration and DOGE have already frozen federal funds to nonprofits, bullied organizations like the Vera Institute, and threatened the tax status of nonprofits. As the sector experiences not only the federal impact, but also procurement issues, there are real concerns as to how this could intersect. According to a survey of 50 human services providers, they are collectively owed over \$548 million. If the sector is already facing late payment issues, and still waiting for previous fiscal years' indirect, COLA, and other modifications, the City has made it impossible for organizations to tackle the loss in federal funds.

Support for Int. 1247

HSC supports the Procurement Policy Board in promulgating rules for 80% of the fiscal year to be paid upon contract registration, interest for delays in these payments, and agency reporting on promptness of payment. This could ease the financial burden suffered by nonprofits and allow the sector to provide critical resources to better serve our communities. However, providers experience extensive delays in contract registration. Registration delays can be financially ruinous, as services are expected to begin on the first day of a contract, even if the contract has not yet been registered by the relevant agency. The Council should also take into consideration that the 80% is treated as an advance payment and not according to a “payment voucher.”

Support for Int. 1248

HSC supports the creation of a Department of Contract Services. We have been advocating for MOCS to have the authority to ensure agencies meet contracting deadlines and be able to improve procurement processes. By describing specific responsibilities for the Department of Contract Services, it would have the authority to take actions that are needed to ensure consistency across agencies and tackle the various issues throughout the span of a contract.

Support for Int. 1249

HSC supports an annual contract registration report focused on the causes of registration and payment delays, improvements to be implemented, and performance targets. This would demonstrate the City’s commitment to transparency and accountability in improving the procurement system and drive meaningful reforms to reduce future delays and support a more stable human services sector.

Conclusion

Although the City has taken on reform efforts to address the procurement challenges that nonprofits face, there are still compounding delays in the contracting process that force providers to undertake costly borrowing to make payroll and rents, often accruing interest not covered by government contracts. Over the years the sector has also seen real progress in contracting only for it to unravel in future years. We thank the City Council for their commitment to procurement reform and understanding the chronically delayed procurement process considering the circumstances that all New Yorkers have been facing including the ever-changing federal landscape. We do think that these bills are needed because progress seems to be fleeting, and we need systemic reforms. It is fundamental to support procurement legislation that tackles delays in the procurement process and ensures that providers are paid on time as they are a lifeline to countless New Yorkers.

Thank you for providing me with this opportunity to testify. We greatly value our partnership with you and the City Council and know you stand with us in our call to support the human services sector.

Michelle Jackson
Human Services Council of NY
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**Testimony of the Institute for Community Living (ICL)
New York City Council Committee on Children and Youth, jointly with the Committee on
Contracts
April 30, 2025**

Good morning, Chair Won, Chair Stevens, and the members of the City Council Committee on Contracts and the Committee on Children and Youth.

My name is Jody Rudin, and I am President and CEO at the Institute for Community Living (ICL), a nonprofit that supports children, adults, and families with complex behavioral health challenges to achieve healthy and fulfilling lives by providing comprehensive housing, health care, and recovery services. ICL serves 13,000 people annually through our 140 programs across all five boroughs—including clinics, shelters, residences, and community-based programs.

We are here today to express our support for the legislative package under consideration, which addresses the late payment crisis faced by human service providers and other nonprofits. Intro. 1247, 1248, and 1249 represent significant progress towards a more transparent, accountable, and timely contracting system.

The City of New York currently owes ICL more than \$30 million. That is \$30 million in services we have already provided—housing, treatment, job support, food, and more—delivered without payment. Like many nonprofits in this city, who are relied upon to perform the most challenging tasks, we spend an inordinate amount of time managing cash flow because the city is late in paying us, sometimes years late.

This isn't just an administrative burden—it's an existential threat. At times, we have been in peril of missing payroll. We have had to take out loans to cover basic operating costs, spending thousands of dollars a year in interest payments—effectively acting as a bank for the City of New York. This is neither sustainable nor fair.

That is why legislation Intro.1247 is so important. Immediate disbursement of 80 percent of a fiscal year's contract funds upon registration would relieve the enormous financial pressure we face and allow us to focus on what we do best: serving New Yorkers in need.

We also support legislation Intro. 1248, which would establish a Department of Contract Services and centralize oversight, helping to create consistency and accountability across agencies, as well as legislation Intro. 1249, which demands real corrective action and transparency from agencies whose delays have long plagued providers like us.

While the system has been broken for too long, we also want to acknowledge that we are seeing progress. Over the past few months, we have seen real, good-faith efforts from our partners at the agency level. Our colleagues in City government have demonstrated a willingness to listen and a desire to work collaboratively toward solutions. We recognize and appreciate that, and these bills would give the City the tools and structure it needs to succeed in that effort.

Nonprofits like ICL are the backbone of New York City's social safety net. We show up every day, no matter what. It's time for a contracting system that shows up for us.

Thank you for your leadership on this issue and for the opportunity to testify.



**New York City Council
Committee on Contracts jointly with
the Committee on Children and Youth
Oversight Hearing Examining Late Payments to Human Services Providers
April 30, 2025**

Thank you, Chairs Won and Stevens, and members of the Committee on Contracts and Committee on Children and Youth for the opportunity to submit testimony today.

JASA is a not-for-profit agency that honors older New Yorkers as vital members of society, providing services that support aging with purpose and partnering to build strong communities. For over 50 years, JASA has served as one of New York's largest and most trusted agencies serving older adults in the Bronx, Brooklyn, Manhattan, and Queens. JASA has a comprehensive, integrated network of services that promotes independence, safety, wellness, community participation, and an enhanced quality of life for New York City's older adults. These programs reach over 40,000 clients of diverse backgrounds and include home care, case management services, senior centers, NORC supportive services, home-delivered meals, caregiver support, continuing education, licensed mental health, senior housing, advocacy, legal services, adult protective services, and guardianship services. JASA also has an extensive history of providing information and referral services and benefits and entitlements assistance to ensure older New Yorkers are aware of and take advantage of the vast array of services available.

JASA's mission is to sustain and enrich the lives of the aging in the New York metropolitan area so that they can remain in the community, with dignity and autonomy. Inherent in our mission is embracing an age-friendly New York, identifying the needs of older adults, and working with the City to foster an environment where older adults are integral and thrive.

Thank you, Council Members, for holding today's Oversight Hearing on Late Payments to Human Services Providers and for giving the sector an opportunity to share the serious contracting and payment challenges we face. For organizations like JASA, which work every day to support the health, safety, and independence of older New

Yorkers, these issues are far more than bureaucratic — they have a direct and lasting impact on people's lives.

Late Contracting & Unresolved Fiscal Obligations

We recognize and appreciate the City's progress in addressing the historic \$4 billion backlog in unpaid contracts. However, the systemic issues remain far from resolved. Persistent delays in contract registration, contract amendments, and reimbursement continue to destabilize essential programs and jeopardize care for some of New York City's most vulnerable residents.

At JASA, these delays have led to a staggering \$3.7 million funding gap — a direct result of the City continuing to reimburse us using outdated indirect cost rates, despite our approved federally negotiated rate of 20.89% for FY23–FY25. Instead, we are still receiving reimbursement at significantly lower rates:

- 10.89% for elder justice, legal services, mental health programs, and home-delivered meals
- 13.60% for case management and caregiver support
- 17.83% for NORCs and Older Adult Centers

These rates are not just inadequate — they are untenable. They fail to cover core operating expenses such as salaries, rent, and utilities. As a result, we are forced to make impossible choices: scaling back services, delaying program expansion, and compromising investments in staff and infrastructure at a time when need has never been higher.

The situation is equally dire in our home care programs. Chronic delays in reimbursement — sometimes upwards of \$1 million outstanding at any given time — are routinely attributed to staffing shortages at HRA. But regardless of the reason, the consequence is the same: we are forced to operate without the funds we have already earned and urgently need. Unlike Managed Care Organizations, HRA is not required to pay interest on late payments — shifting the cost burden onto providers and further destabilizing the safety net.

To survive these delays, we have drawn down limited reserves, deferred intercompany payments, and taken on financial strain that ripples through every facet of our operations. Other nonprofits are taking out high-interest loans just to meet payroll — funds that should be going to direct services, not bank fees. This is not only fiscally irresponsible — it is morally indefensible.

If we are serious about maintaining a strong, equitable human services system, the City must fully implement timely contract processing, honor approved indirect cost rates, and enforce interest payments for overdue reimbursements. Anything less perpetuates a cycle of instability and injustice that no vulnerable New Yorker should have to pay for.

Support for Contract Reform Legislation

JASA commends the Council for proposing a legislative package that would bring much-needed structure, transparency, and fairness to the nonprofit contracting process.

- **Int. 1247**, which would require the Procurement Policy Board to mandate the immediate disbursement of 80% of nonprofit contract funds upon registration, would bring urgently needed cash flow and prevent service interruptions.
- **Int. 1248**, to create a centralized Department of Contract Services, is an important step toward ensuring consistency across agencies. The current lack of uniformity in payment practices leads to countless lost hours navigating inconsistent and shifting requirements. A centralized body would dramatically reduce confusion and administrative burden.
- **Int. 1249**, requiring annual reporting and corrective action plans from contracting agencies, introduces a level of accountability long missing from the system. This transparency is critical to identifying systemic problems and tracking meaningful improvement over time.

New York City's human services infrastructure is under increasing strain, facing serious funding challenges. No nonprofit — no matter how mission-driven or efficient — can sustain massive shortfalls year after year without threatening the continuity of care for thousands of older adults.

We urge the Administration to fully honor all approved indirect cost rates, resolve outstanding contract discrepancies, and implement reforms that prioritize the fiscal stability of the sector

We are grateful to the City Council and Speaker for standing with us. As you finalize the FY26 budget, we ask that you continue to prioritize older adults and the organizations that work tirelessly to serve them — especially in the face of federal uncertainty and rising community needs.

Molly Krakowski
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**New York City Council
Committee on Contracts
Joint Testimony of NYC Legal Service Providers**

Presented on April 30, 2025 by:

Lauren Siciliano, Chief Operating Officer, Legal Aid Society
Keriann Pauls, Interim Executive Director, TakeRoot Justice

I. Introduction:

We are New York City’s legal service providers. Collectively, we provide constitutionally and legally mandated representation to hundreds of thousands of New Yorkers each year. We employ thousands of dedicated lawyers, social workers, investigators, paralegals, advocates, organizers, and administrative professionals who provide essential services to support our communities. We defend people against incarceration, deportation, eviction, and family separation. We connect people to lifesaving benefits, housing, food, and substance and mental health support. We are a lifeline for low-income New Yorkers in need.

The services we provide are supported by City initiatives and funding. The City funds we receive, including through baseline and discretionary contracts and through initiatives including the Indirect Cost Rate, Workforce Enhancement, COLA, are essential for us to continue to deliver these vital services for vulnerable New Yorkers. Without timely access to these contracted funds, we are not able to hire and retain the attorneys, paralegals, investigators, social workers, and other staff critical to meeting that commitment.

We are grateful to the Council for its ongoing commitment to our work. We are proud providers of many of the City’s hallmark innovative programming like Right to Counsel in Housing Court, Immigrant Opportunities Initiative, the New York Immigrant Family Unity Project, and interdisciplinary Criminal and Parental Representation. For decades, the City has led the way in improving access to services for vulnerable New Yorkers on a range of issues. And recent changes from the City including increasing contract advances, allowance clause amendments, the 3-year COLA initiative, and other changes, have been a step in the right direction. But despite these changes, chronic underfunding and mounting contract and payment delays jeopardize our

ability to provide essential services for the New Yorkers who need us most, hire and retain staff, and respond to the ever-increasing need in the community.

As you know, the City's contracting and payment challenges touch every point along the timeline from the issuance of RFPs to registration to invoicing and payment. To ensure New Yorkers have access to the services they deserve, systemic changes in contracting and payment processes are needed. Late and uncertain payments wreak havoc on non-profits and the communities we serve.

In this moment, when Federal funding is being cut or at risk, the immediate actions the City can do to help alleviate the catastrophic impact of these cuts is to issue substantial advances on our contracts, allow for greater flexibility on what the funds can be put toward, and focus on more timely review of our budgets and payment on our invoices.

Non-profits like us are already starting at an extraordinary disadvantage. Not only are our wages lower than those of our government counterparts, especially in experienced positions, but just as critically, our staff do not benefit from a government pension.

City agencies start the year with their funding and routinely receive additional allocations for the new collective bargaining agreements, healthcare cost increases, and utility and space cost increases. Non-profits like us do not. We are constantly waiting for our funding to be confirmed or for payment for work that has been completed.

And perhaps most egregiously, when we then cannot spend all of the money in our contract because it was never confirmed for us in the first place, or we did not receive it in time, the City takes it back, effectively cutting our funding. Taken together, these issues mean that we cannot access the funding in our contracts or funding intended for us, threatening the ability for non-profits like us to operate and implement critical city initiatives that support the New Yorkers who need us most. Systemic contracting and payment exacerbate these fundamental issues.

In an increasingly challenging financial context, we're here today to talk about a few examples of the critical issues with City's contracting and payment process that endanger our ability to make payroll, pay vendors, experts, and rent, and to continue doing this work. These issues are especially dire for smaller non-profits in our coalition and the non-profits that we subcontract with to deliver essential services. We are grateful for the Council's focus on this issue.

This issue can no longer be allowed to persist. We welcome the City Council's recent report on the matter, along with the related package of legislation recently introduced by Speaker Adrienne Adams and Council Members Julie Won, Justin Brannan, Althea Stevens, Amanda Farias, Farah Louis, and Gale Brewer. We also welcome today's hearing, which will further spotlight how this problem affects more than just nonprofits. Ultimately, it's New Yorkers in need who are left to shoulder the consequences of these delayed payments. We need action now.

II. Summary of Late Payment Issues:

Legal service providers continue to face significant challenges related to timely payments for our contracts. Late payment on contracts due to City agencies' delay or inaction, creates cash flow issues that affect our ability to continue to provide the services so urgently needed by our

communities. Late payments effectively cut our grants, as we incur costs related to loans and banking fees. Regarding Intro 1249, which would require City agencies to submit annual reports on contract registration and take corrective action if needed, and Intro 1248, to establish a Department of Contract Service, we greatly appreciate the Council's focus on requiring agencies to track and report their performance on procurement and contract registration. We believe this is an imperative step and that agencies must be held accountable for timely contract registration to service providers.

We also believe that additional steps must be taken to mitigate the challenges that lead to payments being late after contracts are registered. Delays create major issues for non-profits outside of the contract registration process. Unnecessarily cumbersome and changing processes for budget approvals and modifications, and invoice submission and review, all cause payment delays. Without resolving each of these challenges, delays will continue to cause major issues for non-profits, long after a contract is registered, including budget approval, invoice review, and late funding confirmations.

Budget approval

To take one example in FY25, despite timely registration of our housing contracts, the coalition of legal services providers only started receiving budget approval in late January on our baseline registered housing contracts with the Human Resources Administration (HRA). Following contract registration, budget approval is a step that must be completed in order for non-profits to even begin submitting invoices to the City. This means that more than seven months after we started providing services under the contract, we were still not able to submit invoices to HRA for payment. After months of lobbying and advocacy, alongside other providers who were at risk of not making payroll or forced to take out high interest loans, we were ultimately able to secure additional advances to help bridge the gap, but we cannot continue to operate with these stop gap measures.

As for the budget approval process, there were often many revisions requested by the agency. Budgets would be submitted, the agency would request changes, the changes would be completed and re-submitted by the provider, and then the cycle would be repeated multiple times before the final budget. At Legal Services NYC, for example, the entire process took about two months. At NYLAG, nine months into the Fiscal Year, none of the housing budgets had been approved.

Invoice review

The challenges don't end after budgets are approved and we begin submitting invoices, which is another issue we'd like to address today. When submitting invoices or budget modifications, we face an incredibly onerous and ever-changing submission and review process just to get reimbursed for the work that was completed under our contracts with City. It involves detailed line-item reviews that require pages of information and record-keeping to meet extremely detailed and often shifting requirements that differ from agency to agency. Requirements will occasionally change monthly; alternatively, something that was discussed and resolved in prior months will be litigated again and again in future months.

Further, in general, there are often delays in the processing of invoices. Invoices will sometimes sit for several weeks without being touched. At some agencies – in our case OCJ – there appears

to not be enough staff to keep up with all the work. All these items place a severe strain on our cash position, which is needed to meet payroll and maintain operations. For example, at Legal Services NYC, in 2024, we incurred approximately \$280,000 of interest expenses in borrowing on our line of credit. Since all resources are finite, this is money that could have been used to hire more staff to serve more New Yorkers.

Late funding confirmations

Payments are also often delayed when funding is confirmed late. One example is Indirect Cost Rate (ICR) funding. The Indirect Cost Rate (ICR) provides critical funding to cover essential administrative costs that non-profits need to keep operations running. Currently, non-profits must go through an extensive application process every 3 years to secure an indirect cost rate above 10%. But even once approved, rates above 10% are then funded through an extremely complicated and unclear process involving the funding agency and MOCS, often following different methodologies from agency to agency and from year to year and create confusion about which costs should be covered by which party. As a result, the amount of Indirect Cost Rate funding (ICR) we receive is often confirmed very late in the fiscal year, or even worse, months after the fiscal year has ended which significantly impacts how non-profits can plan to use these funds. To help address this issue, we recommend that the City also provide advances of up to 50% of the ICR initiative amount based on the prior year's indirect cost rate. The most important actions that the city could take are twofold - 1. Mandate that the MOCS ICR revenue follow a consistent methodology so that non-profits can better predict their funding streams and understand how the amount of the revenue is calculated; and 2. Baseline this amount so there isn't additional red tape required each year to "unlock" this funding. This would ease invoicing, speed up cash flow and resolve the unnecessary delays non-profits experience with this revenue stream.

III. Higher Automatic Advances

When non-profit legal services organizations take on City contracts (often in the millions of dollars), we are committing to providing high-quality services on a large scale, supporting marginalized individuals and communities to enforce and protect their rights. The greater the size of the contract, the more staff salaries and expenses we must cover while waiting for contracts to be registered and invoices processed.

Due to the delays in payments, it is critical to increase the standard advance at the beginning of the fiscal year. to help address delays in the invoicing process. Many providers received an additional 20% advance this year on top of the 30% provided at the start of the Fiscal Year; however, the 50% advance should be standard now given the consistent budget approval and invoicing review delays.

We greatly support the intent of Intro 1247 to require the immediate disbursement of 80% of the fiscal year's contract funds for non-profit contracts immediately upon registration by the Comptroller. To support this goal, we think that the language referencing "80% of the fiscal year's payment voucher" should be clarified to instead reference an advance. A payment voucher can only be submitted after an approved budget and essentially refers to regular monthly billing for reimbursement for work completed. By contrast, advances occur immediately following

registration, prior to budget approval and without a payment voucher. We think this language change better matches the intent of the bill.

IV. Other Recommendations:

To address these issues, we make the following recommendations:

- Bridge Loans
 - o Increase funding for the Renewable Grant Fund so that Bridge Loans can cover the operating costs of an organization's program not just for a pay cycle but for the entire length of time it takes to get a contract registered.
 - o Make Bridge Loans available at multiple stages in the process so organizations can meet their cash shortfall when the City is behind on their procurement processes.
 - o Allow Bridge Loans for registered contracts (current regulations only allow Bridge Loans for non-registered contracts). However, as mentioned above, the greatest payment delay is often experienced during the budget and budget modification review.
- Late Payments
 - o Create timeframes for each step of the contracting, procurement, and payment process following contract registration and prior to invoice acceptance. Develop a dashboard that is regularly updated with detailed information for organizations to be able to view where they are with contracting and payment.
 - o Streamline invoice review. Once a provider has a budget approved and a PO is created in Passport, invoice review should not be nearly as extensive as it is currently. In addition, create different levels of invoice oversight and review including greater flexibility for organizations with an established history of fiscal responsibility.
 - o Do not require budget modifications when billing for additional FTEs as long as an organization stays within its contract value. The current requirement for budget modifications often requires sitting on millions of dollars of incurred expenses which cannot be paid until a budget modification is submitted, reviewed and approved in a succeeding quarter.
 - o Allow providers to connect directly with finance and legal staff of the funding agencies, when necessary. Often times, contract managers do not understand the fiscal rules and the providers' methodologies.
- Indirect Cost Rate (ICR)
 - o Mandate that the MOCS ICR revenue follow a consistent methodology so that non-profits can better predict their funding streams and understand how the amount of the revenue is calculated; and baseline this amount so there isn't additional red tape required each year to "unlock" this funding. This would ease invoicing, speed up cash flow and resolve the unnecessary delays non-profits experience with this revenue stream.
 - o Provide advances of up to 50% of the ICR initiative amount based on the prior year's indirect cost rate
- Overall
 - o Require the City to cover the interest incurred on a loan or a line of credit, or at a minimum allow organizations to invoice the City for those expenses as part of their contracts.

- o Provide proper funding and staffing for MOCS and City agencies to ensure they can manage the workload efficiently.



LENOX HILL NEIGHBORHOOD HOUSE

**Testimony at the Committee on Contracts/Committee on Children and Youth
Wednesday, April 30th, 2025**

Good morning, Chair Won, Chair Stevens, and esteemed members of the Committee on Contracts and the Committee on Children and Youth. My name is Justine Tetteh, and I am the Director of Policy and Advocacy at Lenox Hill Neighborhood House.

Lenox Hill Neighborhood House was originally founded in 1894 as a free kindergarten for immigrants and is among the oldest settlement houses in the nation. At its core, the work has not changed since our founding – we still, educate children, feed hungry neighbors, care for the elderly, advocate for vulnerable individuals, and provide critical, comprehensive services to immigrants and low-income New Yorkers, helping them to gain the skills they need to strengthen themselves today and build a better community for tomorrow.

With all our community-based programs, the 17,000 New Yorkers we serve annually depend on the Neighborhood House for sustainability in our social services offerings and essential services provided for the past 131 years and forward. We pride ourselves on implementing innovative methods of connecting with our community and advocating for their needs. Like many other non-profit organizations in New York City, we encounter many setbacks due to delayed contract processing and payment backlogs. Today, the Neighborhood House is owed \$4 million from our various city contracts and for work and services already completed and provided to our community. The inefficiency and delays of the current city contracting and invoicing systems is unsustainable and impedes providing crucial services to the community. Without reliable and timely contract registration and payment systems, we and the entire non-profit sector continue to face financial strain, which threatens the stability of the essential social service work and all New Yorkers who depend on us.

Lenox Hill Neighborhood House stands with the non-profit sector and asks that the city evaluate the backlog of outstanding payments and contract registrations for all city contracts to non-profit organizations in New York City. We recognize the complexity of the city's current contracting system, and the differences in each agency's procedures and timelines and appreciate the movement to address this reoccurring issue by presenting Int 1248-2025. However, we believe the implementation of the immediate disbursement of 80% of the fiscal year's contract funds proposed in the Contract Services bill is the most important aspect to resolve these issues of severely late and outstanding payments for services and work already provided.

With looming federal funding cuts to essential service and program areas including Medicaid, Head Start and more, non-profit organizations cannot afford to accept disbursement interruptions or forgo being paid late years later. We do not have the option to delay critical community services that keep our community members fed, housed, educated, and healthy. It is time New York City recognizes social service organizations as true partners, as we as a sector



primarily aid in delivering front-line resources to New York City at large. To improve the strained relationship between city agencies and the non-profit sector, we kindly suggest that agencies respect our contractual agreements, reimburse funds promptly, and rectify this public service failure. New Yorkers deserve consistent, high-quality social services and resources today and for generations to come.

Thank you for your time and continued commitment to this critical issue in our city.



New York City Council
Committees on Contracts and Children & Youth
Chair Won and Chair Stevens
April 30th 2025
Oversight - Examining Late Payments to Human Service Providers

My name is Kevin Kiprovski and I am the Director of Public Policy at LiveOn NY. Thank you for the opportunity to testify.

LiveOn NY's members include more than 110 community-based nonprofits that provide core services under the NYC Aging portfolio and many other home and community based services in our city and throughout our state.

Background & Current Challenges

Programs like home delivered meals, older adult centers, case management, and the entire home and community based service system are based on city contracts and our providers face challenges at each stage of their contracting journey with the city. RFPs often do not take into account the real costs of labor, supplies, and overhead costs including rent, utilities, and insurance. Contracts are often registered late and invoices are processed painstakingly slow. The new Passport system has created artificial bottlenecks that further prevent the disbursement of funds. And recently additional indirect cost payments have only begun to be processed for increases that were promised five years ago. Our providers are currently experiencing cash flow issues due to tens of millions of dollars owed to them over a five year period for costs that they have already incurred and paid.

Recommendations

- **Prioritize paying ICR deltas to ensure providers can guarantee their cash flow in these uncertain times.** Providers are reaching a breaking point with tens of millions of dollars owed by the city for five years of services already rendered, and the uncertainty posed by the federal government is putting them in difficult positions. They need the cash they have already spent in order to be able to keep their doors open to weather the storm brewing on the national level. There is no sensible reason why five years of payments have been delayed and are only now being paid out.
- **Fully review the Passport system and functionalities in light of its current usage and invest in a team to efficiently roll out necessary updates** Providers and city agencies have expressed their frustration with a lack of functions in Passport that were previously available in Accelerator. Also new issues have sprung up due to Passport's design that prevent parallel



processing of certain payments that have kept large sums of money owed to providers in technical limbo.

- **Standardize payment processes across all agencies as much as possible and provide clear guidance to contractors.** Idiosyncratic decision making among program officers leads to confusing and capricious invoice denials that leave service providers with huge administrative burdens and the need for an almost clairvoyant accounting department able to foresee what will be an issue with each agency on each day. This holds up payment without any benefit to transparency or operations.
- **Pass the slate of bills on today's agenda.** Intro 1247 will help alleviate cash flow issues, Intro 1248 will help establish processes and accountability for contracts across the city, and Intro 1249 will bring to light the scale of the issue and help correct current issues. We thank Speaker Adams for her leadership on this issue.

Thank you for the opportunity to testify.

For questions, please email Kevin Kiprovski, Director of Public Policy at LiveOn NY, kiprovski@liveon-ny.org

LiveOn NY's members provide the core, community-based services that allow older adults to thrive in their communities. With a base of more than 100 community-based organizations serving at least 300,000 older New Yorkers annually. Our members provide services ranging from senior centers, congregate and home-delivered meals, affordable senior housing with services, elder abuse prevention services, caregiver supports, case management, transportation, and NORCs. LiveOn NY advocates for increased funding for these vital services to improve both the solvency of the system and the overall capacity of community-based service providers.

LiveOn NY also administers a citywide outreach program and staffs a hotline that educates, screens and helps with benefit enrollment including SNAP, SCRIE and others, and also administers the Rights and Information for Senior Empowerment (RISE) program to bring critical information directly to seniors on important topics to help them age well in their communities.



Joy. Power. Possibility.

The Lower Eastside Girls Club connects young women and gender-expansive youth of color throughout New York City to healthy and successful futures through free, innovative year-round programming and mentoring. Together, we are building a just and equitable future filled with "Joy. Power. Possibility."

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**Testimony from the Lower Eastside Girls Club
City Council FY 26 Preliminary Budget Hearing
Committee on Contracts
Jointly with Committee on Children and Youth
April 30, 2025**

Good afternoon, Chair Won and members of the Committee of Contracts, and Chair Stevens and members of the Committee on Children and Youth. My name is Jenny Dembrow, and I am the Executive Director of the Lower Eastside Girls Club. I've been with the organization since its founding in 1996. Initially, there were three Boys Clubs but no Girls Club. We operated out of a basement, community rooms, schools, and over two dozen locations until we moved into our current 35,000 sq ft facility in 2013. Over nearly 30 years, thousands of young women, gender-expansive youth, and their families have benefited from our free programming.

The Lower Eastside Girls Club (LESGC) has created a safe space of "Joy, Power, Possibility" where young people can dream big, find their passions, and connect to peers and careers through free, year-round programming and mentoring. In 2022, we launched our Center for Wellbeing & Happiness (CWBH), expanding our mission and service population with a core belief that the well-being of our members is intimately connected to the well-being of their family, community, and world. Through CWBH we offer wellness services with a healing-centered approach to all generations and genders on the Lower East Side. 10,000+ individuals benefit annually from LESGC's programming, services, and initiatives.

City government contracts, including DYCD contracts, have become unreliable, as have Federal and State funding sources in light of the recent stream of Executive orders. With New York City and State budgets tight, reimbursements for services/programming are increasingly delayed, complicating cash flow for nonprofits. NYC currently has \$500 million in unregistered contracts. As of April 2025, LESGC has \$645,000 in outstanding City government contracts for programming and services that have already been rendered. At the State level, we are awaiting over \$825,000 in reimbursements from DASNY and REDC. Delayed payments have put LESGC and nonprofits across NYC in a precarious financial position.

The NYC Department of Youth and Community Services (DYCD) also cut key programs in FY24, negatively impacting youth service providers. Specifically, LESGC lost two DYCD grants: Compass Explorer (\$65,765) and Adolescent Literacy (\$108,274). We also only received half of our EFSP funding for our food pantry this year (\$7,000 of \$14,096). The EFSP program has been frozen with recent federal policy decisions impacting FEMA. Our remaining DYCD Compass SONYC Contract (\$175k) for Middle School programming does not cover all of our programmatic expenses, meaning that we spend more than we are compensated. Currently, we have not received compensation for FY25. The administration costs and reimbursement process are cumbersome and practically cost-prohibitive for a small nonprofit.

Beyond the government funding, the recent attack on DEI initiatives and general post-election fiscal uncertainty have also negatively impacted philanthropic giving among corporate and private foundations. In the post-pandemic period, LESGC has seen operating costs escalate due to inflation.



Joy. Power. Possibility.

The Lower Eastside Girls Club connects young women and gender-expansive youth of color throughout New York City to healthy and successful futures through free, innovative year-round programming and mentoring. Together, we are building a just and equitable future filled with "Joy. Power. Possibility."

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Essential salary increases were implemented to align with COLA and retain our dedicated staff. Revenue has failed to keep pace with expenditures in recent years. Funds from donors, foundations, and the government are declining, expenses are rising, and demand for services is growing. The expiration of federal pandemic-era aid—coupled with inflation, staffing shortages/rising wages, and declines in giving, are creating an uncertain financial landscape for nonprofits. NYC nonprofits are facing financial shortfalls that are leading to hiring freezes, program cuts, layoffs, mergers, acquisitions, and closures. According to NY Council of Nonprofits' 2024 State of the Sector report, 62% of NY Nonprofits are concerned about funding basic operations (up from 50% in 2023), and 25% of NY Nonprofits are considering reducing services.

These fiscal challenges pose a direct and imminent risk to our ability to provide the vital services and innovative programming so many rely on at a time when the need is greater than ever. NYC youth have been particularly impacted by the socio-economic tumult of recent years. According to the Citizens Committee of Children of NYC: *Keeping Track on New York Children 2024 Report*, growing income inequality keeps hundreds of thousands of NYC children living below the Federal Poverty Level (FPL). In NYC, more than 80% of families with a child under 12 cannot afford child care or after-school care costs. More than 100,000 public school students are living in temporary housing. Black and Latiné youth are disconnected from school and employment at more than double the rate of their white peers. And 38% of NYC High School youth report having symptoms of depression. We know that when your basic needs are not met, you experience increased health issues. Community-based youth programs, such as LESGC, are essential to addressing the youth mental health and affordability crises in NYC. Operating outside of schools and within neighborhoods, these organizations are valuable assets for youth, families, and communities alike (Gootman & Eccles, 2002; Vandell et al., 2015).

Our innovative model of community youth development has attracted visitors from around the globe. We have made great strides; every day, I have the privilege of witnessing our members challenge the status quo and actualize the future they deserve, all while joyfully shining and thriving. And yet we are currently facing a moment where girls', women's rights, and the rights of marginalized people are being taken away. We must not back down in our fight for a just and equitable future for all New Yorkers.

LESGC is navigating a challenging financial reality and stands at a critical inflection point. Our mission to provide Joy, Power, and Possibility is more urgent than ever. Our community-driven approach fosters long-term resilience, addressing the root causes of hardship and providing a holistic solution for the youth and families we serve. As we search for a way forward, we aim to remain a transformative force in New York City and expand our impact for generations to come.



**MET
COUNCIL**

Feeding the hungry. Serving the poor.
Changing lives.

**New York City Council Joint Hearing of the Committee on Contracts, and the Committee on
Children and Youth
Oversight Hearing Examining Late Payments to Human Service Providers.**

Chair Won, Chair Stevens, and fellow members of the New York City Council Committee on Contracts, and the Committee on Children and Families,

Thank you for holding this oversight hearing to examine late payments to human service providers. For over 50 years, Metropolitan Council on Jewish Poverty (Met Council) has been and still is America's largest Jewish charity dedicated to fighting poverty. We operate ten departments, ranging from 100% affordable housing to our award-winning family violence program, comprehensive Holocaust survivor assistance, senior programming, crisis intervention, and the country's largest kosher emergency food network. Over the past five years, we have also expanded our emergency food network to halal-observant communities and now regularly serve a network of halal pantries meeting the needs of Muslim New Yorkers. Met Council provides a wide array of support to over 320,000 New Yorkers annually, including those with religious dietary restrictions.

Met Council's capacity to provide supportive services to hundreds of thousands of New Yorkers every year is directly tied to funding from city contracts. In FY25, Met Council received more than two million dollars in funding through city contracts. These contracts support programs across Met Council's service areas, including elder support, affordable housing, and the kosher and halal food pantry network. An immense burden is placed on the organization when contract registration is delayed and when contracts are not paid in a timely manner. Particularly in the face of recent and looming federal funding cuts, it is now more important than ever that the city act and minimize late payments to nonprofit organizations.

When city contracts are not certified on time or payments are delayed, New York City nonprofits and the communities they serve suffer. Without timely payments from the city, organizations are put in a position to begin spending money on services before they receive funds or delay the provision of those services. Met council provides essential services to New Yorkers in all five boroughs every day, any delay in service dramatically impacts the health and well-being of vulnerable New Yorkers.

The mayor's recent commitment to dramatically increase advance payments to nonprofits is encouraging and a definitive step in the right direction to ensure that nonprofits can provide the services New Yorkers need. Additionally, we want to thank Speaker Adams and Chair Brannan for their continued efforts to support New York City nonprofits. The three proposals under consideration at this hearing, if implemented together, have the potential to significantly reduce the burdens currently faced by Met Council and other nonprofit organizations with city contracts. However, it's important to

emphasize that no single measure is enough on its own. These reforms must be enacted together and enforced consistently to make a real change in the financial stability of New York City's nonprofit sector.

Nonprofits have shouldered the challenges of retroactive contract registration and delayed city payments for decades. However, this issue is now more urgent than ever. The federal government is making sweeping cuts to the safety net and eliminating supports for low-income Americans. Met Council and other non-profit organizations are facing unprecedented funding threats. For Met Council alone, millions of dollars in federal funding have already been frozen, cut, or are under threat. In this time of immense uncertainty, the role of the city is more important than ever. Prompt and reliable payments are not just helpful; they are essential to sustaining the services New Yorkers rely on every day.

We thank you for taking the time to review our testimony, and we hope to continue to work with these committees and the City Council to meet the needs of all New Yorkers.

Thank you,

A handwritten signature in black ink, appearing to read 'Dickran Jebejian', with a stylized, flowing script.

Dickran Jebejian
Director of Policy
Metropolitan Council on Jewish Poverty

Testimony
Stephen Grimaldi, Executive Director, New York Common Pantry
For the NYC City Council Hearing: Oversight –
Examining Late Payments to Human Service Providers
April 30, 2025

Thank you, Chair and Council Member Won and Members of the Committee on Contracts and the Committee on Children and Youth, for this opportunity.

My name is Stephen Grimaldi. I'm the Executive Director of New York Common Pantry and a representative of The Roundtable: Allies for Food Access.

As a nonprofit in its 45th year of community service, New York Common Pantry receives City Council funding through a variety of sources to support our programs and services that reduce food insecurity and poverty. NYCP has grown into one of the largest emergency food providers in New York City, serving more than 11 million meals in FY24 to low-income and unhoused individuals throughout the city.

We appreciate the City Council's financial support of emergency food providers such as ourselves and all nonprofits, but the system through which allocated funding is accessed needs to be repaired if not overhauled. First, nonprofit organizations need to receive notification as early as possible, about the amount of funding that has been approved and when it will be available. For example, the Food Pantry Initiative is allocated through the September Transparency Resolution, when a quarter of the fiscal year has passed. Earlier notification will enable nonprofits to create their annual budgets and plan for any funding gaps. Once the funding is allocated, the process to register the contract and have it entered into the City funding system should be streamlined. The delays in funding cause budgeting problems for all nonprofit organizations.

Organizations often are faced with having to borrow money at high interest rates to pay for the goods we need. The choice to delay community services until funding is received is detrimental to those who are dependent upon these services. In addition, we often receive the reimbursement after our fiscal year is over, putting us at a deficit in our annual accounting and financial reports.

Another example is the City's Capital project funding. Nonprofits are required to submit bids for all requested items. Because the process is lengthy with multiple layers of approval, the

submitted bids are outdated by the time funding approval is granted. In addition, we must pay for the approved items, then request reimbursement. For an organization like ours, where we are purchasing vehicles such as vans and box trucks to deliver food across the city, the outlay is significant and the reimbursement funds can take years to be provided. We received approval to purchase a van for our Nourish program in 2018 and received payment in December 2022, and we are still waiting for trucks approved in 2020 to be reimbursed. This 4-5 year process takes entirely too long and should be streamlined.

We therefore support, and ask the Committee on Contracts and Committee on Children and Youth to enact:

Int. 1247

A Local Law to amend the New York City charter, in relation to the disbursement of a percentage of awards to non-profit organizations for contracts immediately upon registration by the comptroller Please require the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for contracts with nonprofits upon registration by the Comptroller.

Int. 1248

A Local Law to amend the New York city charter, in relation to establishing a department of contract services. Many of the payment issues nonprofit providers face are not just from registration, but payment issues throughout the span of the contract, and payment practices vary and change from agency to agency. This will simplify and streamline the process, and make it uniform across agencies.

Int. 1249

A Local Law to amend the administrative code of the city of New York, in relation to requiring agency corrective action plans for retroactive contract registration. Please require contracting agencies to submit annual reports on contract registration and corrective action plans that analyze the causes of delays, specify improvements to be made, including implementation timelines, and set performance targets.

Thank you for your time and consideration.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION (NMIC)

Written Testimony

Regarding

STATE OF THE PROCUREMENT PROCESS

SUBMITTED TO:

New York City Council

Committee on Contracts

April 30, 2025

Northern Manhattan Improvement Corporation (NMIC) is a settlement house that was founded in 1979 to protect low-income and immigrant families in Upper Manhattan. Since then, we have expanded into adjacent Bronx neighborhoods and support 14,000 New Yorkers with a wide array of programs to address Housing, Immigration, Benefits Access & Finance, Education & Career, Health, and Holistic needs.

NMIC plays a critical role in the delivery of necessary human services to our community. We serve about 14,000 clients each year with a variety of programs. We provide crisis intervention with legal or social services as a part of our legal, organizing, and advocacy initiatives. NMIC is ideally situated in communities where the large immigrant and mostly Spanish speaking populations can easily access the broad range of services available. We currently hold contracts with several city agencies, including Department of Youth and Community Development (DYCD), Department of Social Services (DSS), Department for the Aging (DFTA), Department of Consumer and Worker Protection (DCWP), Department of Health and Mental Hygiene (DOHMH), Housing and Preservation Development (HPD), and Consortium for Worker Education (CWE). Currently, NMIC is owed over 3.5 million under said contracts with the City.

With these contracts, we directly employ over 200 dedicated lawyers, social workers, paralegals, advocates, organizers, teachers, case managers, and administrative professionals who provide essential services to support our communities. Through our direct services, our work reaches over 14,000 community members and tens of thousands more with our impact litigation. The many services we provide are supported, in large part, by City initiatives and funding. The

City funds we receive, including through baseline and discretionary contracts and through initiatives, are essential for us to continue to deliver these vital services for underserved New Yorkers. Without timely access to these funds, we are not able to hire and retain staff members, which are critical to this work.

The City's contracting and payment challenges touch every point along the timeline: from the issuance of RFPs to registration to invoicing and payment. To ensure New Yorkers have access to the services they deserve, systemic reform in contracting and payment processes are desperately required. Late and uncertain payments wreak havoc on non-profits and the communities we serve. We are constantly waiting for our funding to be confirmed or for payment for work that has been completed. Additionally, when our contract funding is not confirmed or is delayed, we are often unable to spend the full amount. Subsequently, the City then reclaims those unspent funds, which effectively reduces our funding in the end. As a result, we are unable to access the resources originally intended for us, putting agencies like ours at risk and making it more difficult to carry out vital city programs that serve the New Yorkers who need them most.

We thank Council Members for understanding the impacts that late payments have on providers and demonstrating their commitment to the sector via Int. 1247, requiring the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for contracts with nonprofits upon registration by the Comptroller. We also thank Council Members for understanding that many of the payment issues we face are not just from registration, but payment issues throughout the span of the contract, a concern that Int. 1248 also seeks to address. Late payments and delays in registration are a significant concern and reflect a serious lapse in the city's administrative responsibilities. When contracts are delayed, this causes serious cash flow issues for nonprofits, which are already working on barebone budgets. The delay affects our ability to provide crucial services that our community members rely on now more than ever. Without timely contract registrations, we cannot meet our fiscal obligations, like paying rent, and, most importantly, paying our staff. Many of our vendors are small, local businesses, often minority and women-owned enterprises, and delays in the City's contract payments place a serious strain on their operations. These delays threaten their financial stability and jeopardize their ability to stay in business. It is unfair to put them in this position as well as our community members who rely on our services.

While the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, more needs to be done to support the sector. Frequent government contract payment delays put providers at risk of eviction and worsen deficits by forcing organizations to borrow to pay rent and salaries.

Finally, the City needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions. While the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, more needs to be done to support the sector. Frequent government contract payment delays put providers at risk of eviction and worsen deficits by forcing organizations to borrow to pay rent and salaries. We thank Council Members for leading this initiative for accountability via Int. 1249, requiring contracting agencies to submit annual reports on contract registration and corrective action plans that analyze

the causes of delays, specify improvements to be made, include implementation timelines, and set performance targets.

As we continue to serve tens of thousands of New Yorkers each year, we urge the City to treat nonprofit providers as the essential partners we are. Our ability to carry out lifesaving and life-changing work is directly tied to a reliable, efficient, and transparent contracting and payment process. The current system, marked by delays and uncertainty, not only undermines our operations but also fails the communities that rely on us. We respectfully call on the Council to implement the proposed reforms and hold all parties accountable so that providers can focus on what we do best: delivering services and advocating for equity, safety, and opportunity for the communities we serve.

Thank you to the members of the Committee for the opportunity to submit testimony and for your leadership on issues that deeply impact human services organizations in New York City.

Oversight - Preparing NYC for changes in federal funding

Committee on Children and Youth - Althea V. Stevens, Chairperson

Committee on Contracts - Julie Won, Chairperson

Wednesday, April 30, 2025 - Council Chambers - City Hall

TESTIMONY PROVIDED BY NORTHSIDE CENTER FOR CHILD DEVELOPMENT

Chairpersons Stevens and Won, and esteemed members of the Council, thank you for the opportunity to testify today on the critical issue of timely payments to the City's human service providers and to voice our strong support for the proposed legislation. I am Paula Magnus, Deputy Director of Northside Center for Child Development, a 79-year-old behavioral health clinic serving over 4,000 children and families annually across three boroughs. Having read your insightful comments about the consequences of the City's delayed payments to Not for Profit Social Service Providers, as well as Speaker Adams' comments and the Council's comprehensive report on this critical issue, I can attest that they comprehensively addresses the problems the City's Not for Profit Social Service Provides face, and you've offered excellent solutions. Northside, like the 90% of nonprofits experiencing late payments highlighted in the Council's report, faces significant financial strain due to persistent late payments from the City. This jeopardizes our essential mental health services and our ability to retain qualified professionals amidst a surge in demand.

First, Northside urgently supports Intro T2025-3368, which mandates that the City release funds to organizations like ours immediately upon contract registration. This is not just a procedural change for us; it is a lifeline. Right now, we often wait months after starting services to receive payment. City payments are so slow and late, we may need to open a credit line to pay salaries and bills and to stay open. Immediate disbursement would mean we can consistently meet payroll for our dedicated staff, ensuring they do not leave for more stable employment elsewhere. It also means we can purchase necessary supplies and maintain our facilities without the constant worry of cash flow crises, allowing us to focus on providing uninterrupted mental health care to the thousands of children and families who depend on us across Brooklyn, Queens, and Manhattan. This single change has the potential to prevent clinics like ours from teetering on the brink of insolvency due to the City's protracted payment cycles.

We also strongly support Intro T2025-3367, mandating agency corrective action plans for delayed registration. This accountability measure, a key goal in your report, will lead to more predictable funding and address systemic delays hindering our community service.

We also implore the City to fully restore MOCs funding. The Passport database has one glitch after another, so leaving MOCs understaffed has resulted in requests from the MOCS service desk say that responses will be within 15 to 20 business days. That is a devastating double whammy. Service desks all over the world have live phone

support, so these built in 15 to 20 delays to resolve the recurring fifty flavors of glitches in the Passport Database are an unacceptable double whammy. Please fully restore MOCs funding as soon as possible.

Lastly, the establishment of a dedicated Department of Contract Services via Intro T2025-3383, with a Chief Procurement Officer, offers immense potential to streamline processes and expedite payments to essential providers like Northside.

Chairpersons Stevens and Won, and esteemed members of the Committee, we commend your diligent work in crafting these well-considered plans. To ensure the continued solvency and vital services provided by the City's partners in the social service sector, including organizations like Northside, we trust the Council to implement these crucial measures swiftly and fully. Your commitment to addressing these systemic issues is deeply appreciated, and we believe your proposed solutions offer a tangible path toward a more stable and effective partnership.



newyorkedge.org

April 30, 2025

**Oversight Hearing –
Examining Late Payments to Human Service Providers**

Committee on Contracts

Hon. Julie Won, Chair

&

Committee on Children & Youth

Hon. Althea Stevens, Chair

Submitted by Rachael Gazdick, CEO

Thank you to the Chairs and Members of the Committees, for your long standing support of **New York Edge (NYE)** and our mission of bridging the opportunity gap among students in underinvested communities.

With the Council as our partner for over three decades, New York Edge has grown into the largest provider of school-based afterschool and summer programming in New York City, serving **33,000 students across more than 130 schools throughout the five boroughs including 4 Beacon Centers, 21 Community Schools and 4 Food Pantry's in Manhattan, the Bronx, Brooklyn and Queens.** We proudly offer culturally responsive programming rooted in academic enrichment, sports, health & wellness, visual and performing arts, STEM, leadership and college & career readiness – with social emotional learning intentionally woven throughout everything we do.

We are honored to work with the City of New York, including DYCD and DOE and we deeply value our shared commitment to supporting children and families. We understand that the PASSPort system was created to improve efficiency, but the reality has been very different for not for profit organizations. It is becoming increasingly untenable to navigate the city's contracting process. We employ 1600+ staff each year, and fixed costs like salaries, rent, fringe, indirect rate and supplies must be met regardless of contract delays. **These costs are fixed and non-negotiable and must be paid regardless of the status of our 106 city contracts.**

At New York Edge we had to expand our credit line from 10 million to 15 million dollars just to stay operational. Today, we are carrying a 15 million dollar balance – along with one million in accrued interest and that number continues to grow. **No nonprofit should be forced to into this level of debt simply to deliver services the city has contracted us to provide.**

Let me repeat that, in the past year we have accumulated over \$1 million dollars in interest payments. Our current interest payments are larger than the annual budgets of some smaller CBO's.

Quite bluntly, we are drowning under the weight of our line of credit interest payments AND we need a lifeline. That is why I am here today with my fellow youth and human services providers.

We thank the Council for acknowledging that despite progress in clearing a \$4 billion backlog, providers like New York Edge still face severe registration and payment delays. We especially thank Speaker Adams and Council Finance Chair Justin Brannan for introducing much needed legislation to address the dysfunction that currently exists, specifically Int. 1247 and Int. 1249.

Int. 1247, introduced by Speaker Adams, recognizes the detrimental impact that late payments have on nonprofit providers and attempts to alleviate that impact by requiring the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds upon contract registration by the Comptroller. Passage and enactment of this legislation would be very beneficial to New York Edge as we currently receive a 30% advance from DYCD upon contract registration (or at the beginning of the fiscal year if our contract is already registered) and 0% from DOE which is not enough to fully support our summer camp programs and school-year start-ups. An 80% advance would give us the funds needed without relying on our line of credit.

Int. 1249, introduced by Council Member Brannan, would require contracting agencies to submit annual reports on contract registration and corrective plans that analyze the causes of delays, specify improvements to be made with implementation timelines and set performance targets. The passage and enactment of this legislation would benefit New York Edge as we have experienced tremendous contract registration delays at DOE and DYCD, much of which can be attributed to the implementation of the city's new contracting portal, PASSPort.

The implementation of PASSPort, which was intended to elevate the process and make it more efficient, has done just the opposite. Frequent staff turnover, lack of PASSPort training by contracting agency staff, glitches, system errors, extended shutdowns, incorrect uploads/transfers of information, extensive data entry for submitting invoices and budgets and

four layers of approval have significantly complicated and delayed contract registrations and reimbursements.

These bills aim to hold the City of New York and its contracting agencies accountable for procurement delays. **One issue that has not been addressed, however, is the issue of interest payments owed by nonprofit providers.** The city's delays, as outlined in our testimony and the testimony of those present today, jeopardize the quality of programming offered to our most vulnerable populations by forcing providers to divert funds from direct services in order to pay down their lines of credit.

And despite the existence of the New York City public procurement rule requiring Prompt Payment under New York City contracts and that interest must be paid to the vendor if timely payment has not been made, this – at least in our experience – never happens. **New York City and its contracting agencies hold all the power and seem to come up with excuse after excuse as to why payments which have not been paid are “not late”.**

New York Edge, its students, and families are extraordinarily grateful for the past 33 years of support from the New York City Council. We turn to you now, along with our fellow youth and human service providers, and ask that you continue to hold New York City and its contracting agencies accountable to promptly register contracts, to clear the backlog of indirect and COLA contracting actions, to pay invoices **ON TIME** and to work with providers to mitigate their line of credit interest payments.

Thank you.



Testimony to the New York City Council Committee on Contracts
Hearing: Oversight - Examining Late Payments to Human Service Providers
Wednesday, April 30, 2025

Thank you to Chair Won, fellow Committee Members and Council staff, for your advocacy and championing of paying nonprofits on time.

My name is Kimberly Olsen, and I am the Executive Director of the NYC Arts in Education Roundtable — a nonprofit arts service organization working to improve and advance NYC arts education in partnership with more than 300 arts organizations each year. I'm here as part of the *It Starts with the Arts* coalition, echoing the urgent need for timely payment and contracting.

More than 700 cultural organizations worked in partnership with schools last year to bridge that gap, broaden access to world-class artists, and provide external funding to schools. Unfortunately, delays in CDF award notices, DYCD payments, and NYCPS' MTAC contracting process (averaging 16-28 months by a recent member survey) impede these efforts, causing lost educational opportunities and financial hardship for both nonprofit arts organizations and an estimated 5,000 Teaching Artists working in our city.

As a result — Teaching Artists, a vital workforce within our city's cultural and educational landscape, face unstable employment and inconsistent compensation. For hiring organizations engaged in contracts with city government agencies, persistent delays in payment and the reimbursement-model of contracting can greatly impact an organization's cash flow — forcing organizations to take out loans and balance the financial stability of the organization with timely payment and liveable wages. As one organization wrote to me yesterday, delays in contracting have "severely affected how much [arts education programs] our organization can provide knowing that we will most likely not get paid for major programs for several months."

The fluctuating number of certified arts teachers adds another layer of complexity — as Teaching Artists are increasingly relied upon to fill gaps in arts instruction, yet often lack the same job security and benefits. In this case, even the months-long delay of CDF award letters can have a devastating impact when you are living paycheck to paycheck like many in the Teaching Artist community — ultimately harming their ability to live and work in NYC.

This needs to change. The Roundtable and *It Starts with the Arts* coalition applaud the City Council, join their call to provide nonprofits with timely access to funds, and call for reform and transparency within NYC Public School's MTAC process.



TO: Committee on Contracts (Julie Won, Chair, and Members: Erik D. Bottcher, Sandy Nurse, Althea V. Stevens and Inna Vernikov)

FROM: Ariane Cruz, Philanthropy New York

DATE: April 30, 2025

SUBJECT: Philanthropy New York Supports City Council's Leadership to Improve Contracting Services for Non-profit Organizations

Good afternoon, Chair Won, and esteemed members of the Committee on Contracts.

My name is Ariane Cruz, and I am testifying today on behalf of Philanthropy New York (PNY). Our membership comprises over 260 grantmaking institutions across the New York City metropolitan area, a powerful collective that annually invests over \$7 billion in the well-being of our communities. Our message today is focused and urgent: PNY supports the City Council's leadership and proposed legislation to improve city contracting. We believe the swift passage of this legislation is vital for the strength and sustainability of the nonprofit sector, the very organizations that form New York City's essential social safety net and the foundation of our overall nonprofit ecosystem. This legislation, which would mandate the immediate release of 80% of a fiscal year's contract funds, create a Department of Contract Services, and require annual reporting from city agencies on contract registration, is, in our view, a crucial step toward resolving the devastating crisis of delayed payments that is currently undermining these vital organizations.

We sincerely appreciate the City Council's recognition and vocalization of the profound impacts of delayed contract payments in New York City, especially from Chair Won and Councilmembers Stevens and Brannan over the past year. Your acknowledgment that nonprofits are essential to New York's functioning, yet face actions pushing them to a breaking point, deeply resonates with the experiences of our membership and nonprofit partners. We commend your efforts to address the systemic inefficiencies that fuel this crisis, including the range of bureaucratic bottlenecks such as contract registration backlogs, staffing shortages at city agencies, issues with the city's procurement system, and invoicing complications. Your commitment to tackling these root causes, alongside the recent success in securing crucial COLA increases for human services workers, offers a vital step towards recognizing the invaluable contributions of the nonprofit sector. We firmly believe that the legislation you have introduced today offers a critical opportunity to dismantle these pervasive barriers, and we urge its swift passage.

Philanthropy New York is deeply invested in the strength and sustainability of our city's nonprofit ecosystem, and we stand in allyship with our nonprofit colleagues. As highlighted in the NYC Comptroller's report, this vital sector of over 13,000 organizations functions as a critical social safety net, generating a substantial \$77.7 billion for our local economy and employing more than 18% of New York City's workforce. While PNY members offer essential grant funding, we know that philanthropy alone cannot compensate for shortfalls in public sector resources. Consistent and prompt government contracts, which for human services alone amount to



roughly \$12 billion annually and frequently represent the largest portion of a nonprofit's income, are even more crucial for their ability to effectively serve our communities.

The [analysis conducted by our colleagues at SeaChange](#) using the city's own PASSPort Public data reveals a deeply concerning reality that has persisted for at least the last five to six years. Nonprofits are too often forced to operate under unregistered contracts, enduring months-long waits for reimbursement of critical expenses, including payroll. The data also reveals that contracts are frequently unregistered for eight to nine months after the work has begun, leading to reimbursement delays of up to nine months. In some unconscionable instances, payment is only rendered after the services have been entirely completed.

As you know, this chronic dysfunction creates a catastrophic domino effect. When the government fails to meet its financial obligations promptly, the very organizations designed to provide vital support are forced into impossible choices, resulting in demoralizing staff pay cuts and devastating layoffs. As the Council's proposed legislation recognizes, the current government contracting system is not just inefficient; it traps countless nonprofits in a perpetual cycle of financial insecurity.

These systemic shortcomings have significant and widespread repercussions. They not only hinder funders' ability to strategically support their nonprofit partners and deeply impact the well-being of dedicated nonprofit staff, but they also hurt the very communities these organizations are dedicated to serving. The health of our nonprofit ecosystem and the strength of the partnership between philanthropy and the nonprofit sector are intrinsically linked to a government contracting system that operates reliably and efficiently. We value the Council's ongoing efforts to connect and converse with us and our partners at the Human Services Council and Nonprofit New York and their members, allowing meaningful dialogue and collective action on this urgent issue.

In closing, Philanthropy New York strongly supports the City Council's leadership and proposed legislation to streamline the city's contracting process and address the devastating effects of delayed payments. We trust that this Committee will remain steadfast in recognizing the urgency of this crisis and taking decisive action to resolve it. Meaningful progress will strengthen and revitalize the nonprofit ecosystem—one where nonprofits, foundations, and government partners collaborate effectively to advance our shared mission: serving all New Yorkers with the dignity and support they deserve.

Thank you for your time, your attention, and your commitment to the nonprofit ecosystem.

Best,

Ariane Cruz

Sr. Manager, Public Policy & Collaboration, [Philanthropy New York](#)

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Re: Late Payments to Human Service Providers

To the New York City Council:

My name is Sophia Cohensmith, and I am honored to serve as the Senior Development Manager for PowerPlay NYC. On behalf of our executive team, I want to express our sincere gratitude for your leadership and continued support of youth-serving organizations across the city.

For 27 years, PowerPlay NYC has remained steadfast in its mission: to empower girls - primarily young women of color from under-resourced communities - through sports-based youth development. Each year, we serve over 1,000 youth across all five boroughs of New York City, helping them grow stronger physically, emotionally, and academically. Our free programs, offered in partnership with Title I schools and community-based organizations, serve as lifelines for many young people who would otherwise have no access to safe spaces for physical activity, mentorship, or leadership development.

Today, I urge the City Council for support in ensuring timely payments to Human Service Providers like ours. The continued pattern of delayed reimbursements from city contracts places immense strain on organizations that are already navigating an increasingly hostile fiscal landscape, particularly those, like PowerPlay, whose work centers equity and inclusion.

As you know, the national backlash against Diversity, Equity, and Inclusion (DEI) efforts has intensified, and with it, funding opportunities for community-based organizations advancing racial and gender equity are rapidly shrinking. Compounded with delays in payments to Human Service Providers, We are expected to do more with less—less funding, less flexibility, and less time—while still meeting the deepening needs of the communities we serve. In this climate, delayed payments from public agencies are not just inconvenient; they are existential threats.

Here's what's at stake:

- **Cash Flow Crisis:** Delayed payments disrupt our ability to maintain programming, rent safe play spaces, pay staff, and fulfill contractual obligations.
- **Talent Retention:** Inconsistent cash flow jeopardizes staff morale and retention.
- **Service Disruptions:** Delays risk forcing cancellations of high-impact programs for girls and young women who rely on our services for physical activity, mentorship, and leadership development.

It is critical that the City honors its commitments by releasing payments on time, so that organizations like PowerPlay can remain focused on what we do best: serving communities. We are asking for fiscal responsibility, and timely action in accordance with assigned funding

contracts and services already rendered. We cannot afford to lose momentum. We cannot afford to lose another girl to the margins.

Thank you for your time and commitment to ensuring timely distribution of funds awarded to serve New York's communities.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nicole Mussenden', with a long horizontal flourish extending to the right.

Nicole Mussenden
President & CEO

Christopher Hanway
Executive Director, Jacob A. Riis Neighborhood Settlement
Testimony to the joint meeting of the Committees on Contracts and Children & Youth
April 30, 2025

Good morning/afternoon Council Member Won, Council Member Stevens, and committee members. Thank you for allowing me the opportunity to testify today. My name is Christopher Hanway and I am the Executive Director of Jacob A. Riis Neighborhood Settlement, a 136-year old community based organization that provides holistic, multi-generational services to the residents of public housing in Western Queens. We are proud to be represented by Council Member and Contracts Chair Won in the Council and we are very grateful for the work she, Chair Stevens and many of you here today continue to do to alleviate the situation around late contract registration and payment in our city. Yet the problem persists and appears to be getting worse because the executive branch, over several administrations, simply is not taking this crisis seriously enough.

Riis Settlement is currently owed over \$606,000 in overdue payments from our two primary government funders, the NYC Department of Youth and Community Development and the NYC Department for the Aging, and almost half of those funds are for services provided in the previous fiscal year- FY24. While this might seem like a small amount compared to some of our larger colleagues, it is important to note that about one month ago, that amount was almost 1 million dollars. And keep in mind that the amount in question is a significant percentage of Riis Settlement's 8 million budget. Combine that with the almost quarter of a million dollars owed to us by our New York State partners, and the crisis is compounded further.

In addition to affecting our ability to work with and in community in as effective way as possible, I'd like to highlight some of the lesser known and less discussed costs and dilemmas that this situation puts us in. First is the human capital that is expended by myself, our Contracts Manager and our fiscal team in trying to collect these funds through emails, phone calls, conversations, outreach to our elected officials for assistance, etc. This consumes time and energy that we should be devoting to strategic program development, evaluation and improvement, deepening ties with community and, in my case, establishing new collaborations and raising private funds.

Second is the reliance on advances. We have spent countless hours imploring funders for additional advances that only deepen the financial crisis caused by late payments, as these funds must be recouped in addition to recoupment of any initial advances that may have been issued. Organizations of Riis Settlement's size often have a difficult time even obtaining lines of credit, let alone dealing with the high interest associated with using them, which makes us even more vulnerable to missed payments and yes, missed payrolls. We are currently in the process of applying for a line of credit with several local banks, but persistent low bank balances caused by chronically late payment simply do not help our case or instill trust in our financial stability.

Finally, there is the end of the fiscal year spending vs. cash flow dilemma that happens every year in late Spring. We are expected and required to spend down on all of our contracts by June 30, with loss of future funding and other possible negative consequences resulting if we do not. At the same time, however, consistent late payment on these contracts makes it almost impossible to do so. Larger organizations with more capacity MAY be able to navigate this better than others, but organizations like Riis Settlement with a small outsourced fiscal team face an almost Solomonic scenario where we both underspend *and* further deplete already depleted funds.

Riis Settlement and many of our Settlement House colleagues fully support Intros 1247, 1248, and 1249 because they mandate greatly expedited payments, centralize the functions of procurement, registration and payment, and ensure a high level of accountability in the form of detailed corrective action plans. Just as nonprofit organizations are expected to complete and implement detailed corrected action plans when we fail to meet our fiscal, contractual or programmatic obligations, so should contracting agencies when they fail to even register said contracts in a timely manner. I thank you for your time.

April 29, 2025

Committees of Contacts & Children & Youth
NYC City Council
250 Broadway
New York, NY

Re: Testimony on Late Payments to Human Services Organizations

Good Morning,

My name is Kevin Alexander, and I am the President & CEO of Rockaway Development & Revitalization Corporation located in Far Rockaway, Queens. In my current capacity, we have considerable experience in contracting with the City of New York.

The purpose of my testimony is to express the challenges many organizations have experienced and continue experience with both competitively won contracts as well as discretionary awards. The process from the notice of award to payment often exceeds 8 months to one year, but we are required to execute the program or service from the date of award specified in the notice of award. The process is onerous, regardless of the award is for \$10,000 or \$1,000,000.

The delays in the current contracting process is unfair to many organizations that do not options to access-of-capital (traditional and non-traditional) lines of credit, or access to funds needed through the Fund for the City of New York...but we are hard pressed to deliver the programs and services according the contract and can be penalized via poor performance reviews and audits that appear in Passport without regard to the failures of the contracting agency to promptly pay organizations according to the Procurement Policy Board (PPB) rules.

The systemic delays in the human services contracting process are in stark contrast to how vendors (usually for profit) are promptly paid and should be examined as to why there seems to be an inherent bias or mistrust of not-for-profit organizations. These delays were further exasperated but a mid-year switch in 2024 from the HHS to Passport Systems...RDRC has directly experienced the loss of a contract amendment for services we provided and remains unresolved. Second, the only way to contact MOCs was via a helpdesk that often was delayed in responding to the urgent request. This only added to the frustration of many organizations Citywide.

As a former City employee that worked on the Procurement Policy Board rules as a Deputy ACCO, the system must be fair, transparent, and equitable. Organizations that are committed to providing critical human services to the most vulnerable NY'ers, often for less than what it would cost the City to provide the services directly, we must be paid in a timely fashion, increased access to capital options, a less cumbersome amendment process that further delays contract payments, and the ability to receive advances on contract awards so that we can focus on providing programs and services.

Human services organizations such as RDRC should not have to grapple with not competing for critically needed, community-based services because of the financial stress created by delays in the City contracting process and ultimately delays in getting promptly paid for services provided.

Respectfully,

Kevin W. Alexander, MPA
President & CEO

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Trenton Price

**Testimony to Committees on Contracts and Children & Youth regarding Late
Payments to Human Services Providers**

*From Trenton Price – Executive Director, Salvadori Center
Wednesday, April 30, 2025*

Thank you, Chair Won, Chair Stevens, and members of the Committees on Contracts and Children & Youth. My name is Trenton Price, and I am the Executive Director of the Salvadori Center. I am a former middle school teacher, school leader, and district leader for arts education in the New York City Public Schools before joining Salvadori two years ago.

At Salvadori, we provide STEAM education services – that is STEM plus the A for Arts and Architecture – to schools, after-school sites, and NYCHA community centers across the five boroughs focusing on the built environment. For context, last year, Salvadori taught over 12,000 students in 145 schools and NYCHA community centers. Our goal is to make STEAM come alive for students through the built environment, and to foster the soft skills of collaboration, creativity, and problem-solving – just like real-life architects, designers, and engineers.

We are grateful to have the support of the Council through multiple CASA and Digital Inclusion & Literacy grants as well as After School Enrichment and the Speaker's Initiative at numerous NYCHA sites across the City.

I want to thank you all for hosting this joint hearing to examine the impacts of delayed contract payments to nonprofit providers and discuss what could be done to improve the situation. I, Salvadori staff, and especially our Board of Directors underscore the importance of improving the contracting and payment system to nonprofit providers to ensure

robust support from our sector to our shared goals of improving the lives of New Yorkers and providing much needed services.

At Salvadori, we have seen first-hand the impact of delayed contracts and payments on our ability to operate. Our FY24 contract with DYCD has been delayed for the better part of the last year. This has forced us to dip into our reserve. While I reassure our Board that we will realize these funds in the future, utilizing our reserve to pay basic operating expenses for work that was completed over a year ago is not sustainable. As you can imagine with the market drops over the last couple months, we need every dollar we can get to ensure our amazing staff and educators are paid and operations continue smoothly for the kids and communities we serve.

Moreover, this delay in FY24 contracting and payments has then meant that we cannot start on our FY25 contract, which is for even more work happening right now. This amounts to Salvadori fronting over half a million dollars of work to the City of New York and the young people that we serve with fingers-crossed hopes that we will be paid. This is not sustainable – for Salvadori, for the nonprofit sector, and for the much-needed services we provide to our young people.

As a former civil servant at the New York City Department of Education who worked on contracts, I want to make sure my testimony is not misconstrued as a critique of the dedicated and talented contract and payment professionals at City agencies. At DYCD, we have had the privilege of partnering with many amazing people – particular shout out to Janet Rivera and Joe Kovak who have been super supportive.

To support the need for quicker contracting processes and payments to nonprofits, there needs to be an investment to increase the personnel needed to do the work – at DYCD, and at City agencies in general. The City cannot do more with less – this is true of our work providing needed services to New Yorkers as well as at the City contracting process and personnel level. Second, the model that the Department of Cultural Affairs uses is something to consider more broadly. With basic contract documentation, 80% of the contract is paid out the spring of that fiscal year, with the remaining 20% after completion of final reporting in the summer. These two improvements would go a long way to alleviating the current challenges faced by nonprofit providers.

I thank you for facilitating this hearing and for your commitment to supporting the organizations that provided the services needed to New Yorkers. We are grateful to be able to serve New York City's children, and we stand ready to do more. Thank you.



**Testimonial Statement to the New York City Council
Committees on Contracts & Children and Youth
April 30, 2025**

The Door - A Center of Alternatives, Inc. submits this testimony to express our deep concern about the ongoing delays in payments from city agencies to nonprofit service providers. As a trusted partner to the City of New York since 1972, we have worked collaboratively with numerous administrations and navigated many challenges in our shared commitment to meet the evolving needs of New York City youth. However, when we now face one of the most serious obstacles in our history – a federal administration hostile towards the public sector – delayed payments from the very agencies we must rely on make us even more vulnerable. These delays not only reflect pervasive inefficiencies within our local government, but they also severely compromise our ability to provide critical services and threaten the overall welfare of the communities we serve.

At The Door, youth ages 12-24 can access primary and reproductive health care, mental health services, legal assistance, college preparation, career development, housing supports, arts, sports and recreational activities, and nutritious meals – all for free and in a diverse and caring environment. Through our integrated approach, we provide youth with space to overcome their barriers, maximize their potential, and thrive as they transition into adulthood, serving up to 9,000 young adults from across New York City each year.

Our wide range of services and unique youth development model are predominately funded by public sources, including various city agencies such as the Department of Youth and Community Development (DYCD) and the Department of Health and Mental Hygiene (DOHMH). **As of today, The Door is owed over \$1 million in unpaid reimbursement claims from these agencies, and we have another \$3.7 million pending due to the extensive budget modification process which prevents us from submitting additional claims.** There are dozens of providers facing similar circumstances. These are not administrative inconveniences. This is a serious problem that can have severe consequences for the sustainability of our organizations.

Now, more than ever, we must emphasize how important this funding is for the future of our programs. Given the shifting national policies and the resulting loss of critical federal funding, delayed payments from our local agencies only exacerbate the financial burdens we face.

Our city's future is rooted in the well-being of our young people, and we firmly believe that every young person deserves the chance to grow up empowered, healthy, and safe. The Door enters into agreements with city agencies with full confidence that they will support us in our commitment to our mission. We successfully fulfill our contractual obligations, tirelessly serving thousands of youth, taking real pride in our work. We only ask that city agencies do the same.

We thank the Committees on Contracts and Children and Youth, and co-chairs Stevens and Won for your leadership, and we fully support the proposed actions brought forth to address this important issue.



April 30, 2025

Dear Members of the New York City Council Committee of Contracts and Members of the Committee on Children and Youth,

Thank you for your leadership on issues that deeply impact human services organizations in New York City, and we appreciate the **opportunity to express our support for Intro. 1247, Intro. 1248, and Intro. 1249.**

My name is Bonnie Mohan, and I'm the Executive Director of the Health & Housing Consortium. We're a collaborative network of healthcare, housing, homeless and social services organizations, and government partners with the shared goal of improving health equity and housing stability in New York. We do this work by fostering cross-sector relationships, informing policy, and building the capacity of frontline workers to support people with unmet health and housing needs.

Through our work in supporting the nonprofit human services workforce, we have seen firsthand that their work improves the health of all New Yorkers. Our member network spans more than 300 organizations who care for the City's most vulnerable communities through health care navigation, housing supports, and other essential services.

As these member organizations rely on contracts with agencies such as NYC Department of Homeless Services, Department of Health and Mental Hygiene, and Human Resources Administration to do this important work, delays in contract payments have been of great concern. When we had the opportunity to co-organize a training in October 2024 on PASSport Financials with the Mayor's Office of Contracts (MOCS) in partnership with Homeless Services United and the Supportive Housing Network of New York, we learned about the immense challenges faced by human services organizations across our network throughout

the process of submitting budgets, sending invoices, tracking payments, and finally receiving funds. These contracting delays can have a detrimental impact on our member organizations as well as the New Yorkers we collectively serve.

In order to keep essential services running, we respectfully urge the City to reform its contracting infrastructure through the following:

- **Intro. 1247** – The immediate disbursement of 80% of contracted funds for organizations upon registration by the Comptroller will address procurement delays and allow organizations to provide services to New Yorkers sooner.
- **Intro. 1248** – The establishment of a centralized Department of Contract Services will help streamline the process of the procurement process for organizations. This will particularly help organizations that contract with multiple City agencies, who have needed to navigate different payment practices for each agency.
- **Intro. 1249** – The requirement of agency corrective action plans for retroactive contract registration will offer the City the opportunity to evaluate contract payment implementation, hold agencies more accountable, and set performance targets that optimize the pathway between City contracting and essential human services delivery.

The Consortium envisions a world where all people live healthy, fulfilling lives and experience safety and holistic wellbeing in the housing and communities of their choice, with the support they need to thrive. We look forward to your leadership in supporting New York City's nonprofit providers and the communities they serve.

Sincerely,



Bonnie Mohan

Co-Founder and Executive Director

The Health & Housing Consortium, Inc.



bmohan@hhconsortium.org

www.healthandhousingconsortium.org



New York City Council Oversight Hearing – Examining Late Payments to Human Service Providers

New York City Council Committees on Contracts and Children and Youth

Honorable Julie Won and Honorable Althea Stevens, Chairs

Submitted by:

Faith Behum, UJA-Federation of New York

April 30th, 2025

Thank you, Chairpersons Won and Stevens, and members of the Committees on Contracts and Children and Youth, for holding this oversight hearing and for the opportunity to submit testimony. My name is Faith Behum, and I am the Manager of Government and External Relations at UJA-Federation of New York.

Established more than 100 years ago, UJA-Federation of New York is one of the nation's largest local philanthropies. Central to UJA's mission is to care for those in need—identifying and meeting the needs of New Yorkers of all backgrounds and Jews everywhere. UJA supports an expansive network of nearly 100 nonprofit organizations serving the most vulnerable and allocates over \$185 million annually to address poverty and food insecurity, nurture mental health and well-being, strengthen Jewish life, and respond to crises across New York City, Westchester, and Long Island. UJA-Federation of New York is also a steering committee member of the Campaign for Children (C4C); a coalition focused on protecting and investing in early childcare education and youth services. C4C's advocacy centers on supporting community-based organizations and ensuring New York City's children and youth have access to early childhood education, afterschool and summer programs.

UJA's nonprofit partners provide City funded human services to children, youth, adults and older adults in every borough of New York City. These nonprofits host some of the largest social services programs in the City including but not limited to Summer Youth Employment Programs, Summer Rising programs, kosher food pantries, supports for Holocaust Survivors, and older adult centers. New York City residents have come to rely on UJA's nonprofit agencies for childcare, early childhood education, workforce development programs, adult education programs and many other services and supports that help them to thrive.

While providing these vital services, community-based organizations (CBOs) often operate with limited financial resources and adhere to strict budgets. Late payments for services rendered can place an enormous burden on CBOs, jeopardizing their ability to carry out their mission effectively. Specifically, if a CBO is not paid in a timely manner, they have to figure out other means to compensate their staff. This can include everything from taking out loans to drawing down their endowment (if they have one). CBOs have been left scrambling to make payroll at their agencies as a direct result of delayed payments from city agencies. This jeopardizes a nonprofit's ability to retain staff, an already difficult task for many.

Nonprofits in UJA's network have experienced delayed payments from several city agencies including New York City Public Schools and the Department of Youth and Community Development (DYCD). Recently, DYCD has been the worst offender, struggling to register contracts and approve budgets and invoices resulting in delayed payments to nonprofits. One agency stated that as of late April 2025, their DYCD discretionary contracts which amount to over \$1.4 million are either partially registered or not officially registered. The budget and workscope process is overly complicated for DYCD discretionary contracts. Multiple discretionary grant awards are pulled together into one contract, but the nonprofit is asked to develop a budget and workscope using the amount they were awarded for the discretionary grant last year. In the words of one of this nonprofit's

employees, "...it's an overly complicated way to work the grant process" and negatively impacts development of the budget and workscope. Another agency is owed over \$1 million from DYCD between unpaid invoices from FY 2024 and FY 2025 stating DYCD's process for approving budgets and invoices takes "too long to complete".

Nonprofits have also struggled to benefit from Indirect Cost Rate (ICR) Funding. The inclusion of funding for the ICR in FY 2020 budget was a promising development for human services providers. The City agreed to pay the indirect costs related to delivering human services. In January 2025, nonprofits were asked to begin gathering information needed to receive the ICR in FY 2026. Meanwhile they still did not receive the funding for the ICR from FY 2023 through FY 2025. As of April 2025, many providers are waiting to receive funds related to the indirect cost of supplying services for FY 2023, 2024 and 2025.

Proposed Legislation

UJA-Federation of New York thanks Members of the City Council for recognizing how late payments impact human services providers and the programs they offer to their communities. Although the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments and the Adams' Administration recently announced \$5 billion of advances on contracts will be made to human services providers in FY 2026, more needs to be done to support the human services sector now. The City needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions. The following pieces of legislation proposed by the City Council will assist in reaching this goal.

Int. 1247 *Disbursement of a percentage of awards to non-profit organizations for contracts immediately upon registration by the comptroller.* If enacted, this law would require the Procurement Policy Board to promulgate rules requiring the immediate disbursement of 80% of a fiscal year's contract funds for contracts with nonprofits upon registration by the Comptroller. This would allow nonprofits to have access to sufficient funds at the beginning of the fiscal year and combat the issue of late payments.

Int. 1248 *Establishing a department of contract services* This would create a Department of Contract Services, promoting more consistent contracting policies across agencies. Many of the payment issues nonprofit providers face are not just from registration, but payment issues throughout the span of the contract, and payment practices vary and change from agency to agency. Subcontractor agreements are particularly challenging for nonprofits to deal with, especially when the amount decreases or increases from the beginning of the contract to the end. For example, if there was an original agreement for a subcontractor to provide ten sessions of a service at \$500 session and only nine sessions were used, the nonprofit cannot be reimbursed by the City until a new subcontractor agreement reflecting the new number of sessions used is created. The subcontractors are sometimes difficult to contact after the services have been administered. This results in delayed funds disbursed to nonprofits from the City. It would be helpful if a specific dollar amount or percentage of the amount in the original subcontractor agreement were met to warrant a new subcontractor agreement. Or if the amount spent is less than the original contract agreement, a new subcontractor agreement would not be needed, as in the example cited.

Int. 1249 *Requiring agency corrective action plans for retroactive contract registration* If enacted, this legislation would require contracting agencies to submit annual reports on contract registration and corrective action plans that analyze the causes of delays, specify improvements to be made, include implementation timelines, and set performance targets. Nonprofits are notified by city agencies if they completed paperwork incorrectly while attempting to be reimbursed for city funded human services. Nonprofits often correct the issue quickly and continue to wait to be paid. It is imperative that the City hold its agencies accountable for the mistakes they are responsible for in this process. Int. 1249 would create a mechanism to do this.

Conclusion

UJA-Federation of New York stands ready to work with the City Council and the Administration to improve the contracting process between nonprofits and City agencies. Thank you for your time. If you have any questions, please contact me at behumf@ujafedny.org.

Testimony from Union Settlement

NYC Council Committee on Contracts and Children and Youth

April 30, 2025

Thank you, Chairs Won and Stevens, and members of the Committees on Contracts and Children and Youth, for the opportunity to testify today.

My name is Michelle Cruz, and I serve as the Chief Community and Economic Affairs Officer at Union Settlement. For nearly 130 years, Union Settlement has been at the forefront of providing opportunities in East Harlem. We offer comprehensive programming to help residents improve their skills and build better lives for themselves and their families.

I am submitting a testimony to express Union Settlement's strong support for all three of the bills being considered today: Int. 1247, Int. 1248, and Int. 1249. This legislation is a critical step in addressing issues that have long plagued the non-profit sector and the communities it serves. I believe that these bills are necessary to ensure the continued success and sustainability of our vital non-profit organizations.

At Settlement, I have witnessed firsthand the challenges non-profit organizations face when city contracts are not fulfilled promptly. Non-profit organizations play a crucial role in addressing the needs of our communities, from providing essential social services to supporting education, healthcare, and more. Union Settlement and our fellow non-profits rely on the timely disbursement of funds to carry out their missions effectively.

The proposed legislation would bring several significant benefits to the non-profit sector:

- **Financial Stability:** Non-profit organizations often operate on tight budgets. Late payments can strain our finances, making it difficult to meet our ongoing obligations and provide essential services. The disbursement of 80% of the contract funds would alleviate this burden.
- **Operational Efficiency:** Timely payments are essential for non-profits to plan and manage their programs efficiently. Late payments disrupt operations, hindering their ability to provide the critical services our communities depend on.
- **Accountability:** The new Department of Contract Services and the agency corrective action plans would create a level of accountability for the City's contractual obligations, promoting trust and collaboration between government and non-profit organizations.
- **Economic Viability:** Many non-profit organizations rely on grants and contracts as their primary source of funding. Timely payments ensure our economic viability, allowing us to attract and retain skilled staff and plan for long-term sustainability.
- **Enhanced Service Delivery:** When non-profits receive timely payments, we can focus on delivering high-quality services and expanding our reach. This benefits the city as a whole by addressing critical social and community needs.

In conclusion, I firmly believe that this legislation is a vital step toward supporting non-profit organizations in our mission to improve the lives of New Yorkers. Through these measures, we

can ensure that organizations like Union Settlement have the financial stability and confidence we need to continue our valuable work. I urge you and your fellow Councilmembers to support these bills, as it is in the best interest of both nonprofits and the communities they serve.

We look forward to continued partnership with the Council and future discussions related to these issues. Our team is available if any members of the Council have any questions.

Thank you very much for your time and consideration.



**Testimony of United Neighborhood Houses
Before the New York City Council Committees on Contracts and Children & Youth
Council Member Julie Won, Chair
Council Member Althea Stevens, Chair**

Oversight: Examining Late Payments to Human Service Providers

**Submitted by Kate Connolly, Senior Policy Analyst
April 30, 2025**

Thank you, Chair Won, Chair Stevens and members of the New York City Council, for the opportunity to testify. My name is Kate Connolly, and I am Senior Policy Analyst at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing neighborhood settlement houses that reach 800,000 New Yorkers from all walks of life.

A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

UNH thanks the Council for its dedicated advocacy on behalf of and alongside the human services workforce. However, human services providers continue to be plagued by contracting delays, extremely late payments, and bureaucratic obstacles that make running programs nearly impossible, and this is having a tangible impact on services when they are needed now - more than ever. When community-based organizations are owed funding on multiple contracts across multiple agencies, this issue is exacerbated. In a recent *City & State* article, the scale of this issue was highlighted by the results of a member poll revealing that the City owes \$92.4 million to 16 UNH members¹. We urge the Council to address these urgent contracting issues so nonprofits can get back to what they do best - serving their communities.

¹ *United Neighborhood Houses' members owed \$92.4 million.* City & State NY.
<https://www.cityandstateny.com/nyn-media/2025/04/united-neighborhood-houses-owed-889-million/404535/>. April 14, 2025.

Contracting Delays

We greatly appreciate the Council for speaking out about the problems of procurement issues, and advocating that the Administration prioritize and accelerate payment to the sector. The current system is unacceptable and we need urgent action.

Background

Despite relying on nonprofit organizations to provide many critical services, New York City is not always a good partner. Many contract budgets are out of date, and do not fully cover the true cost of services. In addition payments are regularly late, including so called “advances” that arrive well into the new fiscal year. While we appreciate the various citywide initiatives to clear backlogs and reduce delays – including the one announced yesterday by the Mayor to increase advance payments for FY26 – those were temporary fixes, leaving nonprofit contractors to still battle payment delays.

A recent [report](#) from the NYC Comptroller found that 80% of nonprofit contracts were registered late (after service had already begun) in FY24; and the percentage of late registered human services contracts rose from 88.5% in FY23 to 90.7% in FY24. Further - nearly 40% of human services contracts were registered over a year late, due to late submissions by agencies.

Late contract payments cost money. We know nonprofits take out interest-bearing loans to cover program costs. Of New York City settlement houses with a line of credit, 63 percent (15 settlement houses) said that they had to tap into their line of credit due to cash flow issues and/or late payments from City agencies. Others have very nearly missed making payroll, a nightmare scenario that puts the livelihood of program staff at risk while simultaneously threatening to halt essential programming. Other challenges we’ve observed include extensive waiting periods to receive an executed contract which causes a negative impact in contract audits; City agencies often wait until contracts are processed to request additional documents—instead of at the start of the document gathering process—which makes it impossible to streamline registration processes; and contracts take months to appear in PASSPort, with agencies slowing down an otherwise efficient process by stalling before uploading required templates. Too often, nonprofits have been forced to pull attention away from their critical missions, instead devoting countless hours to navigating bureaucracy.

One Bronx settlement house operations director shared:

“We are experiencing delays in making payments to the vendors who supply essential services for our programs. As a result, we have been forced to reduce the scale of our program events due to ongoing cash flow challenges. This has impacted our ability to fully execute our planned activities and deliver the quality experiences we aim to provide.”

A Manhattan settlement house executive director shared:

“These delays have dramatically occupied my time and that of other managers, away from programs onto a desperate effort to secure funds from NYC to insure our meeting payroll and maintaining vital monies necessary to operate our programming in a sound manner. We had to delay making our pension contributions for staff...Our board was significantly upset at what they felt was NYC’s failure to meet its contractual and ethical responsibilities.”

A Bronx settlement house finance director said:

"Delays in city contracts severely impact our cash flow, making it harder to cover essential expenses. They disrupt program quality and create operational inefficiencies, forcing us to divert time and resources from our mission. Additionally, we have been using a line of credit, incurring high interest rates to cover until these services are paid."

A Manhattan settlement house finance director shared:

"We have a line of credit and a Term Loan to help offset the cash flow issues caused by late government payments. This borrowed money comes with interest payments and the inability to use for other projects or enhanced programming."

A Manhattan settlement house finance director said:

"Contract delays can create a ripple effect, impacting financial stability, service delivery, and overall effectiveness. Our programs provide essential services to NYC communities. Any delay can hinder our ability to deliver these services."

A Brooklyn settlement house director specifically cited concerns around DYCD's Summer Rising program:

"Our biggest concern is the Summer Rising program for which we are still owed \$1.3 Million for the expanded FY25 Summer Rising programs we provided, in good faith, last summer. THIS 9-month delay IS UNTENABLE AND UNACCEPTABLE for our agency and has put us in a VERY DIFFICULT, UNMANAGEABLE cash flow situation! After 4 years of Summer Rising implementation experience, we see no justifiable reason for these delays."

Examples

The following examples from our settlement house network, all from last month, highlight the many delays that City agencies often create that cause delays in registering contracts and paying on time:

- A Manhattan settlement house is owed about \$15 million.
 - A computer system issue is delaying contract registration for Train and Earn/Advance and Earn, and DYCD is not responding to requests to deal with the issue. This settlement house plans to cut back its longstanding Advance and Earn program within the next 30-45 days if this is not addressed.
- A Manhattan settlement house is owed \$4 million dollars combined from DHS, DOE, DOHMH, and DFTA.
- A Brooklyn settlement house is owed \$5 million.
 - FY25 awaiting contract registration - \$1.9 million:
 - DYCD Summer Rising - \$1.3 million
 - SBS - \$303,000
 - DOE - \$310,000
 - NYC Benefits Child Care - \$36,000
 - FY24 outstanding invoices awaiting reimbursement - \$555,000
 - All DYCD and DYCD Discretionary
 - FY25 outstanding invoices awaiting reimbursement - \$2,5 million
 - DYCD - \$893,000

- ACS - \$1.6 million (School Based Early Support - \$739,000; Promise NYC Child Care - \$810,000; Family Enrichment Center - \$33,000)
 - DCWP - \$43,000
- A Manhattan settlement house is owed \$17 million from one City agency.
- A Manhattan settlement house is owed about \$6 million, primarily from DYCD:
 - This includes \$3 million from an FY24 budget modification which took almost nine months to be considered “in progress” in PASSPort. After being recognized in PASSPort, only \$200,000 of invoices have been reimbursed.
 - This includes an additional \$3 million in Summer Rising and COMPASS related expenses that are still not being recognized in PASSPort (not registered), and thus not ready for even an advance.
- A Brooklyn settlement house is owed \$3.4 million.
 - \$118,000 in FY23 from HPD
 - \$769,000 in FY24
 - \$585,000 from DYCD
 - \$98,000 from HPD
 - \$86,000 from DOE
 - \$2.54 million in FY25
 - \$349,000 from DYCD discretionary
 - \$1.3 million from DYCD (Summer Rising and Train & Earn)
 - \$155,000 from DSS (NYC Benefits)
 - \$665,000 from DOE (Community Schools)
 - \$74,000 from HPD
 - \$44,000 from SBS
- A Bronx settlement house is owed \$1.52 million:
 - FY24 DYCD - \$280,000
 - FY24 HPD - \$103,000
 - FY25 DYCD - \$729,000
 - FY25 DOE/MTAC - \$406,830
- A Bronx settlement house is owed \$474,000, out of a total City contractual budget of \$3.2 million, from DOE and DYCD.
 - Summer Rising funds for FY25 (July and August 2024) have still not been released.
- A Manhattan settlement house is owed about \$15 million.
 - HRA owes \$1.5 million
 - DFTA owes \$1 million
 - DYCD owes \$2 million
 - DHS owes \$8.5 million
- A Manhattan settlement house is owed \$1.75 million.
 - \$1 million from DOE (Community Schools and UPK)
 - \$317,000 from DFTA (including two contracts from FY22)
 - \$296,000 from DYCD
 - \$100,000 from DOHMH
- A Brooklyn settlement house is owed \$8.6 million, including:
 - DYCD - \$4,870,800
 - DOE - \$2,968,300
 - HPD - \$742,800
- A Manhattan settlement house is owed \$1.88 million.
 - \$962,000 from DYCD

- \$727,000 from DOE
- \$194,000 from DFTA
- A Bronx settlement house is owed \$1.98 million
 - HPD owes \$704,000 for FY24 and FY25
 - DOE/Community Schools owes \$458,000 for FY25
 - DYCD Discretionary owes \$620,000 for FY25
 - DYCD COMPASS owes \$195,000 for FY25

In total, 16 settlement houses, including those who provided the breakdowns above, are owed \$92.4 million for services already provided.

Issues with PASSPort

The Procurement and Sourcing Solutions Portal (PASSPort) is a project of the Mayor's Office of Contract Services (MOCS). MOCS developed PASSPort with the intent to reduce contracting backlogs by leveraging technology to make the process simpler and more transparent. In practice, however, this platform has been plagued by a slow changeover and technical glitches. While fixing PASSPort alone would not guarantee on-time payments, system improvements would streamline the contracting and payment process, and create efficiencies on both the agency and nonprofit sides.

Some of the PASSPort issues our members have encountered are:

- Agencies often fail to upload contracts after registration, are slow to respond, and frequently claim documents are in PASSPort when they're not. This results in additional back-and-forth communication between agency staff and nonprofit staff just to receive executed contracts.
- Users no longer receive notifications when a document expires. Agencies are supposed to create a task when a document is expiring, but often don't, and, if the agency does not specify which document has expired, the process of replacing the document is delayed.
- The Help Desk is slow to respond. This can add to contracting delays, and has been especially problematic when nonprofits are faced with deadlines. One member estimated that it takes two weeks or longer to receive a response from MOCS.
- Once a document has been uploaded, it cannot be deleted. If you need to upload a new version of a document, PASSPort doesn't allow you to because the document name has already been selected.
- CBOs are not able to access all documents pertaining to their contracts. Members shared that when they try to access the "Documents" tab, it redirects to the NYC Employee login page to which they do not have access.

Department of Education

The contracted early childhood education programs at the Department of Education (DOE) face their own unique challenges, though this agency is sometimes left out of City discussions about the human services workforce and contracting challenges due to the wider portfolio of public schools within that agency. The contracting and payment process at DOE has long been filled with significant delays and confusion, particularly around budget approvals, enrollment management, and invoice submissions. Providers are often unable to invoice for services because their student rosters haven't been approved, and even when they can submit invoices, payments are frequently delayed beyond 30 days. Some providers have been waiting months or even years for reimbursement.

This process is delayed by a rigid workflow: budget approval must come first, followed by enrollment adjustments, attendance certification, and invoicing, which then requires an additional two weeks for payment processing. Many organizations have struggled to correct enrollment discrepancies, with issues like students leaving or enrolling mid-year, and have had to persistently follow up with DOE staff to get these changes made before the payment process can proceed.

Furthermore, technical problems with DOE's internal systems, such as ATS, cause additional delays, sometimes taking weeks to resolve. Despite receiving some payments, organizations have to endure long periods of financial standstill and systemic inefficiencies, making it difficult for them to maintain operations, provide quality services and meet their financial obligations.

Recommendations

There are a number of policy proposals designed to strengthen the nonprofit contracting system and alleviate some of these problems. We support various efforts to address these urgent issues, including the following proposals:

Intro 982 (Brannan) - Interest to be paid on late contract payments to non-profit contractors

This bill would require interest to be paid on late payments under City contracts with nonprofit organizations. Due to late payments, many providers have been forced to take out loans and lines of credit, which incur interest, all because of the City's delayed payments. In other words, nonprofits are effectively floating the City money. Intro 982 sends a clear message to the Administration to address the backlog and cover any costs incurred in the future. Short of guaranteeing that the City would register contracts and make payments on time every time, this bill is the next best thing, because it ensures that the consequences of late payments are not borne by nonprofits when delays are often out of their control. UNH strongly supports this bill and appreciates the sponsors for their support.

Intro 511 (Stevens): Setting time limits for the procurement process, reporting on agency compliance, and developing an online platform for managing procurement

This bill sets time limits within which agencies would be required to complete each step of the procurement process. Under the current system, there are only timeframes at the very end of the procurement process. Nonprofits have found agencies often hold up the contract registration process, many times without clear explanation. While waiting for a contract to be registered, human services providers often begin working on their contract to prevent people from going without vital services. This leads to challenges with cash flow and program implementation. Clear timetables would help nonprofits plan and budget accordingly, improving the overall contracting experience and adding accountability for everyone.

Intro 514 (Won): Public procurement database

UNH supports transparency initiatives, and therefore supports Intro 514, which would establish a searchable, online database containing information from all stages of the contracting process for every mayoral agency procurement that exceeds the small purchase limits. Should the public procurement database become law, UNH urges City agencies to leverage existing proposals and reporting from contractors to update and maintain the database, given that providers already report on the data called out in the bill. City agencies should not pass the reporting burden on to

contractors by requiring additional paperwork above and beyond what is already required of them as current reporting is more than sufficient to comply with the law.

Intro 1247 (Speaker Adams): Earlier up-front payments

UNH supports legislation recently announced by Speaker Adams that would shift contracts to a grants-based model that mandates a larger portion of contract payments be provided earlier in the procurement process. However, we remain concerned that advances are only paid after a contract is registered, and contract registration often takes a long time, meaning we need to pair this policy with additional reforms to ensure providers aren't receiving "advances" long after services have already taken place.

Agency Staffing

We understand that one of the main reasons for contracting delays is understaffing at various City agencies, especially at the Mayor's Office of Contract Services (MOCS). MOCS and the human service contracting agencies need more staff to ensure that they have an efficient contracting system. We appreciate the Council including this in its Preliminary Budget response.

Ensure Agencies follow the Indirect Cost Rate (ICR)

Several City agencies require providers to default to a 10% *de minimis* indirect rate in their program budgets, saying that rates will be adjusted later rather than including their higher federally-approved or CPA-certified indirect rate. This has led to confusion and mistrust as agencies do not want to undercount their costs in their budgets, with no guarantee that those rates will be adjusted to their actual ICR. This provides yet another procedural delay in the payment process. Agencies should never require contracts to use the 10% *de minimis* rate if they have a higher accepted ICR.

Thank you for your time. For any follow up questions, I can be contacted at kconnolly@unhny.org



**Written Testimony of United Way of New York City
In Support of Int. 1247-2025, Int. 1248-2025, and Int. 1249-2025**

United Way of New York City (UWNYC) is a backbone organization that has supported New Yorkers in need for nearly 90 years. We serve as a connector, convener, and trusted partner to more than 600 community-based organizations across the five boroughs. We work at the intersection of direct service, public systems, and philanthropy to ensure families can access the food, education, income, and health supports they need to thrive.

We submit this testimony today in strong support of Int. 1247-2025, Int. 1248-2025, and Int. 1249-2025.

Each of these bills represents a long-overdue step toward a more accountable, transparent, and functional contracting and payment system between New York City and the nonprofit organizations that serve as its human services infrastructure.

Nonprofit partners—particularly those rooted in and accountable to historically underserved neighborhoods—are too often asked to operate within a procurement and reimbursement framework that is misaligned with the reality of their work. They are expected to deliver critical, high-touch services under contracts that often take months to register, and wait for payments that also arrive months or years late. Through these systematic delays, risk has been shifted onto nonprofit providers that are the least equipped to absorb it.

In our role as a grantmaker, capacity builder, and intermediary for hundreds of nonprofit partners, we see the consequences of the delayed contracting system which has unfortunately become the status quo. We've watched deeply effective organizations take out high-interest loans to keep the lights on, scale back programs, and balance their needs for funding with advocating for their communities. And while we recognize the financial strains and recent operational strains of COVID-19 that the city faces, these delays are avoidable, and we applaud city officials for seeking new solutions.

In UWNYC's work alone, we partner with food pantries, mental health providers, mobile health providers, educators, and various other community-based organizations which all rely on city contracts. These organizations serve the New Yorkers most in need, and also help to extend the ability of city agencies to provide services.



These bills call for visibility, clarity, and the kind of system-wide scrutiny that nonprofits, which provide a large portion of the city's social services, deserve. UWNYC applauds the City Council for hearing on these proposals, and Mayor Adams for making [recent proposals](#) to improve advance contract payment for FY26.

UWNYC understands firsthand the pressures faced by both City agencies and nonprofit providers. This is a strained system on both sides. City agency staff tasked with reviewing, registering, and administering thousands of contracts are often under-resourced and overextended. But when delay becomes standard operating procedure, the burden lands not on systems, but on people: managers determining when they can pay their staff, social and human service workers waiting to be paid; and families facing diminished services that sustain their busy lives.

We strongly support the City Council's efforts to provide advance pay to nonprofit contractors for 80% of their contracts' value as required by Int. 1247-2025, to form a new Department of Contract Services in place of the existing Mayor's Office of Contract Services as required by Int. 1248-2025, and to report on and create corrective action plans when a significant amount of an agencies contracts' registrations are delayed as required by Int. 1249-2025. We urge the Council to pass these bills as part of a larger commitment to repair the city's nonprofit contracting ecosystem. For our community-based partners to succeed—and to provide outcomes that are trauma-informed, equity-centered, cost-effective, and durable—we must start by fixing the systems that buttress them. These three bills move us closer to that goal.

We're grateful to the Council for publicly recognizing and confronting strains that so many nonprofit providers have quietly endured for years, and we look forward to seeing improvements made to our city's public service infrastructure with the passage of these bills.

Submitted on behalf of United Way of New York City



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Testimony of University Settlement before the New York City Council

Oversight Hearing – Examining Late Payments to Human Service Providers

Committee on Contracts,
Chair Julie Won
Committee on Children and Youth,
Chair Althea Stevens

Submitted by Kyungsoo Kang,
Grants Contract Administrator
University Settlement

May 1, 2025

Thank you, Chair Won, Chair Stevens, and members of the Committee, for convening this important oversight hearing. My name is Kyungsoo Kang, and I'm submitting this testimony on behalf of University Settlement.

University Settlement is one of New York City's most dynamic social justice institutions, with an impressive legacy as the first settlement house in the nation. For 139 years, University Settlement has been an anchor in the low-income, immigrant communities where we work, offering pioneering programs in early childhood care and education, youth development, eviction prevention, literacy, theater and visual arts, older adult services, and mental health. Each year, we engage over 40,000 New Yorkers through our network of 30+ sites in Manhattan and Brooklyn. Our mission is to empower residents by building on their strengths and knowledge through comprehensive, quality services that meet the current needs of the community, innovation that anticipates future needs, and advocacy on behalf of the community and its residents.

We appreciate the Council's continued recognition of the challenges human services providers face due to chronic delays in contracting and payments. While the City has reduced its contract and amendment backlog, which once exceeded \$4 billion, fundamental issues remain unresolved. In FY24, over



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90% of nonprofit contracts were registered late, an increase from the prior year. As of today, University Settlement is still owed approximately \$3 million for services already delivered.

This isn't a one-time setback—it's a structural failure. Every fiscal year, providers are expected to begin work on July 1, regardless of whether a contract is registered or funds are available. We deliver the services; the City delays the paperwork and payments. The result: nonprofits like ours must front the costs of operations, sometimes for over a year, just to keep programs running.

These delays strain every part of our infrastructure. This past year, several of our contracts for youth and older adult services were registered six to ten months late, with payments arriving even later. In the meantime, we were forced to rely on credit lines that carry interest and dwindling reserves to cover payroll, supplies, and essential services. The administrative burden and financial uncertainty take a toll not just on budgets, but on staff morale and community trust.

One of the painful consequences of these delays is our inability to pay vendors on time, particularly difficult when those vendors are certified Minority and Women Owned Enterprises (MWBs). Many of these vendors are small businesses with limited capacity to absorb payment delays, and when we can't pay them promptly, we unintentionally undermine the very equity goals these policies aim to support.

Every delayed payment weakens the foundation of our human services system. It compromises our ability to recruit and retain skilled workers. It inflates costs through interest payments on necessary loans. It forces program cuts and staff vacancies. And most painfully, it threatens services that vulnerable New Yorkers rely on daily. Our workforce, the second lowest-paid labor sector in the City, is being asked to absorb the risk of a dysfunctional system. That is unacceptable.

Nonprofits deliver core public services the government cannot fulfill alone. But this partnership must be built on mutual accountability. Our staff continue to show up. We need the City to do the same.

We urge the City to take the following actions:

- Ensure timely registration of all FY26 contracts before July 1, and/or provide meaningful advance payments to providers beginning services on that date.
- Implement interest reimbursement for contracts delayed through no fault of the provider.



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- Improve interagency coordination to streamline reviews, especially for contracts involving multiple oversight entities.

We also strongly support the Council's legislative package:

- **Int. 1247** – Releasing 80% of contract funds upon registration would immediately alleviate cash flow pressures, helping providers meet payroll, pay rent, and maintain programming without resorting to interest-bearing loans. This is a practical, overdue reform.
- **Int. 1248** – Creating a Department of Contract Services would centralize oversight and reduce the inefficiencies nonprofits now face navigating inconsistent, ever-changing processes across agencies. The current agency-by-agency paperwork is inefficient. A unified system would allow us to focus our limited resources on service delivery, not paperwork.
- **Int. 1249** – Requiring agencies to report on delays and corrective actions introduces essential accountability. Providers deserve transparency, not silence, when contracts stall.

The City's procurement system is long overdue for reform. Nonprofits should not be forced to subsidize government operations at the expense of their own financial health and program continuity. We urge the Administration to work with the Council and providers to fix the underlying inefficiencies, ensure timely payments, and uphold the value of this partnership.

University Settlement remains committed to being part of the solution, partnering with the Council and Administration to build a procurement process that is timely, fair, and functional. Thank you for your leadership and the opportunity to testify. For further inquiries, please contact us at contracts@universitysettlement.org.



Testimony

New York City Council

Committee on Contracts Jointly with the Committee on Children and Youth Oversight Hearing on Examining Late Payments to Human Services Providers

April 30, 2025

Good afternoon, Chair Won, Chair Stevens, and members of the Committees. My name is Cristina Abbattista, and I am the Policy Analyst at Urban Pathways. Thank you for your leadership on issues that deeply impact the human service sector and for the opportunity to testify at today's Oversight Hearing on Examining Late Payments to Human Services Providers.

Urban Pathways is a nonprofit homeless services and supportive housing provider serving single adults. Last year, we served over 2,500 unique individuals through a full continuum of services including street outreach, drop-in services, safe havens and stabilization beds, extended-stay residences, and permanent supportive housing in Manhattan, Brooklyn, Queens, and the Bronx. We also offer a wide range of additional programming to meet the needs of the people we serve, including our Total Wellness, Employment, and Advocacy programs. We hold City contracts with DHS, DOHMH, and HRA.

We appreciate the Council's understanding of the detrimental effect that compounding late contracting issues has on human services providers and the communities we serve. The Backlog Initiative created meaningful reforms to address the procurement challenges faced by nonprofits by moving hundreds of outstanding invoices pending at the Department of Homeless Services alone at the end of 2024. However, there continue to be delays in the contracting process and getting reimbursements for services provided. We still have months of catch-up in pending budget, budget updates, and invoice approvals that are prohibiting us from being reimbursed for the services we have already performed. **Nonprofits are contracted by the City to provide essential services on the government's behalf, but the City is not paying contracted nonprofits who deliver critical services to our city's residents most in need on time.** In many instances, payments are made months after services have been provided.

The lack of timeliness in payments threatens the sustainability of our programs and organization. It makes it difficult to pay staff, vendors, and run programs for the people we serve. Homeless services and supportive housing are lifelines to New Yorkers in need, but delayed funding frays

this safety net. **Currently, Urban Pathways is owed almost \$1.5 million by the Department of Homeless Services (DHS), which contracts our drop-in center, Safe Havens, and stabilization beds, and approximately \$2 million by the Department of Health and Mental Hygiene (DOHMH), which contracts our permanent supportive housing.** There is no other industry that is expected to continue performing work when they are owed millions of dollars in back pay. The City must hold each agency accountable to pay invoices on time and clear the backlog of contracting actions.

To create a fair and transparent contracting system, the Council must stand with the human services sector by passing the following bill package:

- Int. 1247: Require the City to immediately release 80% of contract funds upon registration. This bill provides a critical lifeline for nonprofits like Urban Pathways. It will enable us to meet ongoing program needs, make essential building repairs, and be reimbursed for vital services delivered prior to the formal execution of registered contracts. Timely access to these funds ensures we can continue supporting the most vulnerable members of our communities without interruption.
- Int. 1249: Require contracting agencies to submit annual reports on contract registration and corrective action plans that analyze the causes of delays, specify improvements to be made, include implementation timelines, and set performance targets. This measure would mandate agency transparency and accountability. Human services providers should not be penalized for delays that are entirely out of their control.
- Int. 1248: Create a Department of Contract Services to oversee contracting and ensure consistent policies across agencies. A centralized office would reduce bureaucratic redundancies by streamlining agency payment practices. This would simplify the process particularly for complex, multi-agency contracts such as those in supportive housing.

Thank you for the opportunity to testify today. We look forward to working with the City Council to create a fair and transparent contracting system.

For questions or more information, please contact:

Cristina Abbattista, Policy Analyst

cabbattista@urbanpathways.org, 212-736-7385 Ext: 239



Written Testimony of David Miller, Chief Financial Officer, East River Development Alliance, Inc. (DBA Urban Upbound)

**T2025-3418: Oversight Examining Late Payments to Human Service Providers
New York City Council Committee on Contracts**

April 30, 2025

Chair Julie Won and members of the Committee,

Thank you for the opportunity to submit testimony on behalf of Urban Upbound, legally known as East River Development Alliance, Inc. I serve as the organization's Chief Financial Officer, and I appreciate your leadership in examining the deeply damaging issue of delayed contract payments to human service providers.

Urban Upbound's mission is to give public housing and other lower-income New York City residents the tools and resources needed break cycles of poverty through a suite of seven integrated services: workforce development, financial counseling, tax preparation & benefits access, youth development (through career advancement, education, and college access) small business development & technical assistance, mental wellness, and banking access through the Urban Upbound Federal Credit Union.

Like many black founded & operated nonprofits, Urban Upbound receives disproportionately fewer philanthropic dollars than our counterparts. Historically, Urban Upbound's success was made possible by our public sector partners who invested in us, seeing the promise in an organization that was and still is for and by public housing residents.

In years past, Urban Upbound worked hand-in-hand with mayors and their agencies to inaugurate several innovative, legacy programs. We brought both Jobs-Plus and one-on-one financial counseling to New York City, and to this day, manage these programs in collaboration with HRA and DCWP, alongside much larger, national organizations. Nearly 20 years ago, when we began preparing taxes for community members, we filed 81 returns during a single tax season. Today, we are the leading member of the NYC Free Tax Prep coalition. Filing 20,000 returns during the 2025 tax season, we are the largest VITA program provider in New York State and the third largest in the nation.

We at Urban Upbound are incredibly grateful for the investment that mayors, city council members, and borough presidents, both past and present, have made in our work. However, over the years, the City's payment system has become chronically delayed and systemically inefficient. These deficiencies, exacerbated by worsening nationwide political and economic realities, at best, stifle innovation in the nonprofit sector, and at worst, pose existential threats to organizations.

Here's a quick look at the realities Urban Upbound faces today. New York City owes Urban Upbound \$1,154,345 in overdue payments, including \$786,804 for our Jobs-Plus and YouthPathways contracts and \$367,541 in discretionary funding. During Fiscal Year 2024, when our total annual budget was \$9,800,000, our situation was even more dire, as the City owed us a total of \$3,850,000.

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To stay operational while waiting for these funds, we have been forced to lean on credit lines, which have become increasingly costly, and raise private funds, which requires valuable time and effort and leaves us at the mercy of others' goodwill. In Fiscal Year 2024 alone, we paid approximately \$72,000 in interest—a figure likely to rise for Fiscal Year 2025. These are public dollars we have earned through our work; the cost of delay is unjustly passed on to nonprofits like ours and, ultimately, the communities we serve.

The payment process itself is riddled with inefficiencies and opacity. We routinely send months and months of follow-up emails into the void, with no clear accountability or resolution from the contracting agencies. The system makes it nearly impossible to plan or to grow. Urban Upbound has had to forgo applying for new HRA contracts—not because we lack the experience to deliver services, but because the programmatic costs are too large for a medium-sized nonprofit to float for an extended period of time.

Late payments have cascading negative effects. Funds that should be used to improve programs and invest in long-term sustainability are diverted to cover payroll and repay debt. Grant writing becomes a reactive exercise in plugging fiscal holes, rather than a forward-looking strategy for innovation and growth. Small, community-based organizations like ours are especially vulnerable, as we lack the financial cushion of national providers.

I am glad to see that the City Council is paying much-needed time and attention to the chronic payment delays that plague nonprofit human service providers like Urban Upbound. In particular, Urban Upbound supports Introduction 1247, which would greatly reduce nonprofits' interest expenditures, ultimately leaving more funding for programming and development. Additionally, Urban Upbound supports Introduction 1249 on the grounds that this bill would create a culture of and system through which to enforce mutual accountability between service providers and their government funders. Additionally, Urban Upbound urges the Council to consider these additional means of establishing accountability for contracting agencies:

- Provide opportunities for nonprofits to formally evaluate the agencies with which they contract, just as these agencies evaluate us.
- Tie a portion of contracting agencies' funding to their timeliness of contract registration, payment, and ability to resolve the corrective action plans proposed in Int 1249.

Unlike private sector providers, nonprofits cannot pack up and do business elsewhere if unsatisfied with the speed of contract payouts. This is because more often than not, nonprofits are built to serve specific communities, and we will proudly fight tooth and nail to not abandon our clients. Ultimately, we call on the City to prioritize redesigning the human service nonprofit contracting experience to that of a true partnership.

Thank you for your attention and continued leadership on this issue. Please do not hesitate to contact Urban Upbound with any questions or comments.

Respectfully

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URBAN UPBOUND

tackling poverty, changing lives.

,
David Miller
Chief Financial Officer
Urban Upbound (East River Development Alliance, Inc.)

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**Testimony on behalf of Volunteers of America-Greater New York
The New York City Council Committee on Contracts and Committee on Children and Youth
Oversight Hearing on Examining Late Payments to Human Services Providers
April 30th, 2025**

Introduction and Thanks

My name is Catherine Trapani, Assistant Vice President of Public Policy for Volunteers of America-Greater New York (VOA-GNY). We are the local affiliate of the national organization, Volunteers of America, Inc. (VOA). I would like to thank Chair Won and Chair Stevens and the members of the Contracts and Children and Youth Committees for the opportunity to submit testimony for this hearing.

About Us

VOA-GNY is a 129-year-old anti-poverty organization that aims to end homelessness in Greater New York through housing, health and wealth building services. We are one of the region's largest human service providers, serving more than 12,000 adults and children annually through 70+ programs in New York City, Northern New Jersey, and Westchester and thousands more via our Operation Backpack® initiative. We are also an active nonprofit developer of supportive and affordable housing, with a robust portfolio permanent supportive housing, affordable and senior housing properties—with more in the pipeline. VOA-GNY is a member of the Human Services Council (HSC), Homeless Services United (HSU), The Supportive Housing Network of New York, and the Family Homelessness Coalition (FHC).

Thank you, Speaker Adams and Chair Won and Members of the Contracts Committee, for your laser-focused leadership and attention on improving the city's contracting process for non-profit providers, and thank you, Chair Stevens and Members of the Children and Youth Committee for your unwavering commitment to serving and protecting vulnerable young people in our city.

As uncertainty continues to grow at the federal level, New York City must do everything within its ability to shore up our human services safety net and restore the fiscal health of city-contracted non-profit organizations. By strengthening local non-profits and ensuring the New York City agencies are well-staffed and working collaboratively with providers, the city can help ease disruptions caused by cuts and changes at the Federal level.

To date, VOA-GNY is owed \$32 Million for services provided through our city contracts with the lion's share owed by DHS. We are owed monies for services rendered as far back as Fiscal Year 20. VOA-GNY has been forced to rely on our line of credit and incur interest costs that are not reimbursable to bridge the gap created by City reimbursement delays. Last year, VOA-GNY spent \$1,000,000 on interest fees to keep our NYC contracted programs running, and we project spending \$1,500,000 in interest fees for FY25. We could do a lot of good with \$1.5 million if we weren't forced to divert those funds to pay interest to cover the City's fiscal delays.



These delays could also impede our development pipeline, as banks may eventually view our diminished cashflow and the highly leveraged position of our investments as possible concerns when considering future loans for financing affordable and supportive housing projects.

This fiscal strain has become untenable, forcing us to delay the implementation of a much needed cost of living increase for our staff, delay the opening of one new shelter facility, and walk away from another recently awarded contract for two new shelters entirely because we simply cannot afford to carry the costs of operating these programs while the City is mired in delayed payments. DHS and DSS staff are working to clear our pending invoices, but they are resigned to working within an inflexible system that lacks the capacity to quickly address the significant payment delays we are experiencing.

The late payment crisis not only impacts on our ability to function as a service provider, but it also inhibits public oversight of nonprofit spending. VOA-GNY wants to be transparent stewards of public dollars, but the City's delays processing our budget amendments and new needs prevent timely auditing of our contracts. VOA-GNY has outstanding budget amendments dating as far back as FY20 which prevent us from closing our books, which must be done prior to audits. Timely processing of amendments and new needs enables the City to have more effective oversight authority by diminishing the lag for audits of city contracts.

The following actions are needed to preserve NYC's non-profit human services safety net:

- 1) Immediately deploy a large infusion of funding of at least \$500 Million to contracted providers to cover expenses while the City works to clear the backlog of invoices and budget amendments and new needs**

Repurposing the City's Renewable Grant Fund ("the Fund" for short) as a more flexible and easily deployable source of funding could be effective, however in practice, city agencies are implementing unnecessary barriers which unduly complicate what could have been an otherwise elegant solution. To date, the Fund has only granted \$2.1 Million of our \$12 Million in Fund applications, covering less than 7% of how much the city owes our organization. The current process requires providers to submit separate applications for each contract and by fiscal year rather than a more unified process, which is labor intensive. Additionally, only some expenses are allowable for Fund reimbursements, and staff at DSS/DHS have begun overseeing approvals for the Fund, choosing to deny applications to reimburse providers for long overdue invoices, under the assumption that their own staff will be able process payments for the invoices, which completely misses the point that we would not be applying for the Fund if DHS Finance staff could pay our invoices on time.



2) Process all outstanding budget amendments from current and prior fiscal years before May 1st to enable providers to start FY26 with current budgets and respective advances.

VOA-GNY has outstanding budget amendments on our SRO contracts dating back as far as FY18 for critical investments including new needs for City owned properties to comply with updated building code requirements and protect the safety of our clients and staff, Cost of Living Adjustments (COLAs) which the Council fought so hard for to help our staff, and higher Indirect Cost Rates (ICRs) to cover rising overhead expenses like utilities and administrative costs to run our programs. Other contracts have additional amendments for workforce enhancement initiative dollars and other new needs dating back to FY23. Unless these amendments are approved by May 1st, we will either need to submit outdated base budgets to begin the FY26 budget approval process, resulting correspondingly smaller contract advances, or hold off submitting an FY26 budget in the hopes our delayed amendments are approved, delaying our contract registration and preventing us from receiving any budget advance by the start of the fiscal year at all. A smaller advance from filing an outdated base budget means our programs fully exhaust the advance even before the end of the first quarter, as the cost to run the program is higher than our registered budget reflects. Even if the agency could approve our budgets and begin processing invoices at the beginning of the second quarter, there would still be a gap of time during which our organization would need to front the cost of the program.

3) Expand headcount within MOCS, DSS, DHS, DOHMH and other city agencies' procurement staff lines to strengthen the City's overtaxed infrastructure to approve contract actions and reimbursements for human services providers.

Emergency measures alone won't resolve the City's late payment crisis. The City must invest in the infrastructure of its agencies so that they can appropriately process contracts and payments in real time going forward. Timely reimbursements are critical to maintaining our ability to continue to answer the city's call to stand up new programs and to maintain the flow of our development pipeline of affordable and supportive housing projects.

MOCS, DSS, DHS and DOHMH need additional headcount to eliminate the backlog of pending budget amendments and modifications, new needs requests, Form 65A subcontractor approvals and pending invoices.

MOCS is responsible for overseeing the city procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, pending contract actions are preventing VOA-GNY from getting paid for the services we provided as far back as FY20. This includes updating our budgets with approved Indirect Cost Rates to cover overhead costs, as well as Cost of Living Adjustments (COLAs) for our staff from prior fiscal years. This is unsustainable for our organization, as continual delays in procurement processes further restrict cash



flow, already hindered by an unwieldy reimbursement process which limits us to submitting only two invoices per contract at any given time. MOCS, DSS, and DHS need to be adequately funded to ensure that providers' contracting needs are met so that we can focus on providing services to our communities and so we can support what MOCS is asking for in the budget to ensure appropriate service levels.

In addition to needing to catch up on all pending and yet-to-be-submitted contract actions and to disburse the hundreds of millions owed to non-profits, these city agencies need sufficient headcount to sustainably do the work moving forward. DHS' shelter capacity grew four times larger in recent years, yet their contract services headcount has not had a corresponding expansion. Just as higher caseloads negatively impact on the work of case managers, we cannot expect MOCS, DSS, DHS, and DOHMH to resolve significant payment and contracting delays if they do not have sufficient staff to sustain the work.

Legislative Solutions:

Int 1247-2025:

VOA-GNY strongly supports the Speaker's legislation which would require city agencies to disburse 80% of the fiscal year contract to non-profit providers upon contract registration. Current contract advances of 25 to 30% are insufficient to cover the prolonged lag of amendment registration and invoices each year. Even the recent announcement of advancing up to 50% falls short of what is needed to overcome the strain of the backlog. Because of multi-year delays with approving budget amendments, we are forced to start each fiscal year using the most recent approved budget in order to receive any payment at all when the new year starts— in our case, those dollar amounts may be as old as fiscal year 18. Meanwhile, the actual cost to run our programs is much higher, which means we will exhaust our advances much faster than the schedule suggests. In an ideal world, the advance would be large enough to sustain the organization while providing the city with enough time to address any amendments stuck in the pipeline, such that by the time the advance runs out, we are able to invoice for our full, actual expenses. Given how far behind the city is now, and how historically these delays compound when demand for services increase, a significant advance is necessary to ensure we can continue to operate. Larger advances and healthy cash flow will also make doing business with MWBEs and other small businesses easier since they often opt not to bid on subcontracts with human services providers because they cannot afford to float the cost of rendered goods and services for the nine plus months it takes for the city to reimburse providers. By moving to this 80% upfront model, the city can widen access to more MWBE and small businesses, creating more options for VOA-GNY and other providers to do business with, such as



restaurants and businesses within the community which offer culturally competent foods and services for the people we serve.

Int 1248-2025:

VOA-GNY supports the Speaker's legislation to establish the Department of Contract Services, headed by a commissioner, who would serve as the City Chief Procurement Officer. While the City has made strides to improve the procurement process for the non-profit sector over the years, interpretation and implementation of procurement policy has varied by city agency, resulting in varying equivalent processes and agency-specific bottlenecks. By centralizing the accountability of all agency ACCOs and offices with oversight of procurement, we hope this new Department can achieve the long-envisioned standardization and streamlining of non-profit procurement process citywide. Given the Department's broad vision and authority, we also think it would be ideal to take up the unfinished goals of the Mayor and Comptroller's Joint Task Force focused on resolving contracting delays for non-profit organizationsⁱ.

Int 1249-2025:

VOA-GNY supports CM Brannan's legislation to require city agencies who failed to register more than 30% of their contracts within 90 days of their contract start date. This bill would provide additional transparency and accountability for city agencies. The City must be accountable to the human services community to ensure timely provision of funding to providers, so that New Yorkers are able to access the services they are entitled to receive.

Thank you, Speaker Adams, Chair Won, and Chair Stevens, and all members of the Council for your unwavering commitment to addressing the City's contracting and reimbursement delays for non-profit providers. The administration must act with urgency to shore up our human services safety net which is collectively owed hundreds of millions of dollars for services already provided to New Yorkers. By standardizing the procurement process for non-profit providers, the Council and Administration can ensure more transparent and good government, restore the vitality of non-profit providers, and provide more steady access to critical services for vulnerable New Yorkers in the years to come.

Testimony respectfully submitted by Catherine Trapani.

If you have any questions, please email me at CTrapani@voa-gny.org

ⁱ New York City Mayor Adams' Office and New York City Comptroller Lander's Office, A Better Contract for New York, February 14, 2022, <https://comptroller.nyc.gov/reports/a-better-contract-for-new-york/>

Testimony for the NYC Council - Committee on Children and Youth

By Von Del Valle - Founder of the "Hoops To" Initiative

Date: April 30, 2025



Good morning, Council Members,

My name is Von Del Valle, and I'm here to speak on behalf of a growing initiative called "Hoops To" - a basketball-based program that's about more than winning games. It's about building discipline, gaining knowledge, and giving our youth another chance - sometimes their only chance.

We've partnered with Coach Rock, a powerful mentor out of Spanish Harlem, who not only coaches but also works with kids in juvenile detention. He helps them get it right the first time - using the court as a classroom. We're also working with Hector from the Naismith Foundation - the legacy of basketball's creator - to build a real support system for our youth.

This is more than just a good idea - it's working. But we need help scaling it. Too often, programs like ours get lost in red tape. They start with heart and die in process. That's a failure we can't afford - not when lives are on the line.

We need to innovate how the city supports community programs. That could mean a board to pilot grassroots initiatives, data-driven contracting systems, and empowering leaders who've lived the struggle - people who can look youth in the eyes and say, "I did that so you don't have to," like Jay-Z once said.

Our kids are being sold street drugs and weed before they've even developed. Basketball is one way to break that cycle - but only if we invest in it right.

Let's not let a life-saving idea get buried in paperwork. Let's build a system where innovation can actually reach the kids it's meant to save.

Thank you.

I also want to mention my visit to the Red Fern Projects, where a community center has been sitting unused for over a year despite being newly constructed. It's already showing signs of poor maintenance, and that's unacceptable. I'm tired of seeing contracts that don't benefit the people of this city.

If we are serious about innovation, then let's use common sense. We cannot keep throwing money away while our city suffers, especially as we're still recovering from a pandemic. City contractors are hired by the city for the city - they should be held accountable to deliver for the people, not just collect a paycheck.

We must also prioritize funding for our daycare vouchers. Our children need safe, nurturing spaces to grow and thrive. This bill has a direct impact on working families, especially now—when basic items like eggs cost \$12. We cannot put our children at risk, and we certainly can't place their education last.

Early childhood development is essential for all communities, but especially for hardworking New Yorkers who are just trying to get by. I recently spoke with a woman in the Rockaways who owns daycare centers in both New York City and Washington, D.C. She pleaded with me to speak up—because she sees the children and talks to the parents every single day. She understands how deeply this will affect neighborhoods and early development outcomes.

Not all New Yorkers are born into families with leaders. After the pandemic, which kept so many children at home during critical learning years, we owe it to our future to do better. Investing in early education isn't a luxury—it's a necessity.

We must also prioritize funding for our daycare vouchers. Our children need safe, nurturing spaces to grow and thrive. This bill has a direct impact on working families, especially now—when basic items like eggs cost \$12. We cannot put our children at risk, and we certainly can't place their education last.

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Not all New Yorkers are born into families with leaders. After the pandemic, which kept so many children at home during critical learning years, we owe it to our future to do better. Investing in early education isn't a luxury—it's a necessity.



Von Steven Del Valle
Borough Queens President
Candidate 2025

innovate NYC independent committee



FOR YOUTH DEVELOPMENT®
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY

**New York City Council
Committee on Contracts, Honorable Julie Won, Chair
Committee on Children and Youth, Honorable Althea Stevens, Chair**

**Testimony of YMCA of Greater New York
Submitted by Chelsea Baytemur, Director of Policy and Advocacy**

**Oversight Hearing – Examining Late Payments to Human Service Providers;
and Introduction 1247, 1248, and 1249
April 30, 2025**

I respectfully submit the following testimony on behalf of the YMCA of Greater New York.

The YMCA of Greater New York is committed to empowering youth, improving health, and strengthening community. With 24 YMCA branches and more than 100 community sites across New York City, the Y is among the city's largest providers of human services spanning from infancy to older adulthood — and an important anchor, convener, and catalyst for transformational change in underserved communities.

Community-Based Organizations (CBOs) like the YMCA, are essential pillars of support for New York families, delivering critical services such as early childhood education, youth services, senior services, and housing. We are on the front lines of addressing some of the city's most urgent challenges. Despite our impact, we are often forced to operate with inadequate budgets and without a clear timeline for reimbursement. Delayed payments for services rendered place an undue strain on organizations, threatening our capacity to serve communities effectively and without interruption.

The YMCA currently holds over 100 contracts with various City agencies – ACS, DFTA, NYCPS, DOHMH and DYCD -- through which we employ over 1,000 city-contracted workers at any given time. As of April 1st, we are directly owed \$5.9 million across multiple city contracts and over \$7.5 million pass through dollars from our transitional housing partners. These figures do not include an additional \$12.5 million tied to contracts that remain unregistered or unapproved by our agency partners. In total, the YMCA is owed nearly \$18 million that supports programs and services already delivered or currently on hold due to these delays.

YMCA OF GREATER NEW YORK | 5 West 63rd Street | New York, NY 10023

YMCA OF GREATER NEW YORK | Where there's a Y, there's a way.

Operating under such financial constraints places us dangerously close to a tipping point. This situation is not only unsustainable—it is deeply harmful to our communities. It compromises our ability to serve families, undermines the trust of our participants, places undue strain on our dedicated staff, and jeopardizes the integrity of our organization. We have entered into these partnerships in good faith, committed to delivering essential services that the city itself is unable to provide. Timely payment is not just a financial necessity; it is a matter of honoring that commitment to the people of New York City.

The most significant portion of our outstanding direct payments—\$5.2 million out of \$5.9 million—is owed by DYCD, primarily for afterschool programs. These are critical services that directly support our city's youth, providing safe spaces, enrichment, and stability during out-of-school hours. What message does it send when the very agency tasked with supporting young people fails to prioritize timely funding for the programs that serve them? It speaks volumes about the city's misalignment of values. Additionally, the YMCA is waiting for \$7.8 million in early childhood education contracts to be approved by NYCPS. If we cannot count on our institutions to invest in our children, we risk failing the next generation before they've had a fair chance. Chronic late payments force us to shoulder program expenses for months—and in some cases, years—while also subsidizing underfunded contracts. This creates significant fiscal strain and undermines our ability to recruit and retain a stable, qualified workforce.

We are deeply grateful for the leadership this Council, the Speaker, Committee Chairs, and bill sponsors have shown toward the human services sector. We also welcome the Administration's commitment to invest over \$5 billion in advance payments to providers, a meaningful and encouraging step forward. However, let us be clear, while this investment marks a meaningful step forward, it is only the beginning. The impact of the investment depends on the speed and efficiency of the contract registration process. A process whose longstanding bottleneck continues to delay the delivery of critical services. Without improvements at both the agency level and within the Comptroller's office, even well-intentioned investments risk being stalled. To ensure communities feel the benefits of this funding, we must pair financial commitments with systemic reforms that streamline and accelerate contract registration.

One such example is ensuring adequate staffing at our agencies. Without fully staffed agencies, we cannot ensure the individualized attention that contracts and community-based organizations require. The ability to clear payment backlogs and move resources efficiently depends on the capacity and responsiveness of our city agencies. A commitment to timely funding must be matched by the operational infrastructure to deliver it. Our communities, and the organizations that serve them, deserve nothing less.

Regarding Intro 1247, thank you to the Council for recognizing the profound impact that late payments have on nonprofit providers and for taking action to address it. By calling on the Procurement Policy Board to establish rules requiring the immediate disbursement of 80% of a fiscal year's contract funds upon registration by the Comptroller, we believe we can work towards alleviating the burden of cash flow for providers. The federal contracts we hold, tend to front-load payments, allowing for more immediate access to funding at the start of a program. While they typically require more rigorous auditing and compliance on the backend, this structure enables us to budget more effectively, hire staff in a timely manner, and prepare programs with greater stability and confidence. This approach provides the financial predictability necessary to launch and operate high-quality services without the uncertainty and strain associated with delayed reimbursements.

Regarding Intro 1248, the creation of a Department of Contract Services would be a critical step toward ensuring consistent policies and practices across city agencies. The payment challenges nonprofit providers face extends beyond contract registration; they persist throughout the life of the contract. Currently, payment processes vary widely from one agency to another, creating confusion, delays, and instability. A centralized department would bring much-needed coordination, transparency, and accountability to the contracting system. For any given contract we generally experience a back-and-forth with the agency. A centralized, consistent approach to contract management has the potential to significantly reduce the prolonged, often month-long delays and miscommunications we face with contract managers. Streamlining this process would not only improve efficiency but also allow providers like us to focus more time and resources on delivering services.

Regarding Intro 1249, Requiring contracting agencies to submit annual reports on contract registration, along with corrective action plans that analyze the root causes of delays, outline specific improvements, include implementation timelines, and establish performance targets, is a crucial step toward accountability and long-term reform.

As always, we are grateful for your steadfast leadership and partnership in supporting the nonprofit community that delivers vital human services across New York City. Thank you for continuing to advocate on behalf of our organizations, our dedicated workforce, and the communities we proudly serve. We look forward to working together to ensure that community-based organizations are fully and promptly paid for the essential work they do.

If you have any questions, please contact Chelsea Baytemur, Director of Policy and Advocacy, at cbaytemur@ymcanyc.org.

Christopher Hanway
Executive Director, Jacob A. Riis Neighborhood Settlement
Testimony to the joint meeting of the Committees on Contracts and Children & Youth
April 30, 2025

Good morning/afternoon Council Member Won, Council Member Stevens, and committee members. Thank you for allowing me the opportunity to testify today. My name is Christopher Hanway and I am the Executive Director of Jacob A. Riis Neighborhood Settlement, a 136-year old community based organization that provides holistic, multi-generational services to the residents of public housing in Western Queens. We are proud to be represented by Council Member and Contracts Chair Won in the Council and we are very grateful for the work she, Chair Stevens and many of you here today continue to do to alleviate the situation around late contract registration and payment in our city. Yet the problem persists and appears to be getting worse because the executive branch, over several administrations, simply is not taking this crisis seriously enough.

Riis Settlement is currently owed over \$606,000 in overdue payments from our two primary government funders, the NYC Department of Youth and Community Development and the NYC Department for the Aging, and almost half of those funds are for services provided in the previous fiscal year- FY24. While this might seem like a small amount compared to some of our larger colleagues, it is important to note that about one month ago, that amount was almost 1 million dollars. And keep in mind that the amount in question is a significant percentage of Riis Settlement's 8 million budget. Combine that with the almost quarter of a million dollars owed to us by our New York State partners, and the crisis is compounded further.

In addition to affecting our ability to work with and in community in as effective way as possible, I'd like to highlight some of the lesser known and less discussed costs and dilemmas that this situation puts us in. First is the human capital that is expended by myself, our Contracts Manager and our fiscal team in trying to collect these funds through emails, phone calls, conversations, outreach to our elected officials for assistance, etc. This consumes time and energy that we should be devoting to strategic program development, evaluation and improvement, deepening ties with community and, in my case, establishing new collaborations and raising private funds.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

41

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Louisa Chafee

Address: 110 William St, NY NY 10038

I represent: NYC Independent Budget Office

Address: 110 William St, NY NY 10038

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I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Hailey Nolasco

Address: 520 2nd Avenue

I represent: Center for Justice Innovation

Address: _____

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Nadia Swanson

Address: _____

I represent: The Ali Forney Center

Address: _____

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Date: _____

(PLEASE PRINT)

Name: ANDREW SANTA ANA

Address: _____

I represent: ASIAN AMERICAN FEDERATION

Address: _____

Panel with
HSC and LAS

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☐ in favor ☐ in opposition

Date: 4/30/25

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Name: Kerian Pauls

Address: 123 William St 4th Floor NY, NY

I represent: Take Root Justice

Address: same as above

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I intend to appear and speak on Int. No. 1147, 1148 Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Hana Jang

Address: [REDACTED] Bayside, NY 11361

I represent: Korean American Family Service Center

Address: 134-08 154th Street Flushing, NY 11354

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I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Rod Jones

Address: _____

I represent: Goddard Riverside

Address: _____

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THE CITY OF NEW YORK**

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☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Molly Edwards

Address: _____

I represent: Met Council

Address: 1 State Street Plaza, NY, NY

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I intend to appear and speak on Int. No. 1247 Res. No. _____

☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Faith Behum

Address: _____

I represent: USA - Federation of NY

Address: 130 E. 59th Street

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THE CITY OF NEW YORK**

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☐ in favor ☐ in opposition

Date: _____

Name: Marcus Jackson (PLEASE PRINT)

Address: _____

I represent: Encore Community Services

Address: _____

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☐ in favor ☐ in opposition

Date: _____

Name: Catherine Trapani (PLEASE PRINT)

Address: _____

I represent: Volunteers of America - Greater

Address: New York

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☒ in favor ☐ in opposition

Date: _____

Name: Kevin Kiprovski (PLEASE PRINT)

Address: _____

I represent: LiveON New York

Address: _____

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THE CITY OF NEW YORK**

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☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Carolyn Cowen

Address: 45 Suffolk Street

I represent: Chinese-American Planning Council

Address: _____

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☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Christopher Hanna

Address: [REDACTED] Avenue NY, NY

I represent: Jacob Riis Settlement

Address: 10-25 41st Avenue LIC, NY

**THE COUNCIL
THE CITY OF NEW YORK**

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Dr Sophie Charles

Address: _____

I represent: COFCCA

Address: _____

**THE COUNCIL
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☒ in favor ☐ in opposition

Date: 4/30/25

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Name: Trenton Price

Address: _____

I represent: Salvadori

Address: _____

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☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Joseph Rosenberg

Address: 191 Jordan St

I represent: Catholic Community Relations Council

Address: _____

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☒ in favor ☐ in opposition

Date: 4/30/25

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Name: Rachael Gazdick

Address: _____

I represent: New York Edge, Inc.

Address: 58-12 Queens Blvd, Qns, NY

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Date: _____

(PLEASE PRINT)

Name: Jody Rudin

Address: _____

I represent: Institute for Community Living (ICL)

Address: _____

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I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Cristina Abbattista

Address: _____

I represent: Urban Pathways

Address: _____

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I intend to appear and speak on Int. No. all Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Lawrence Siciliano

Address: _____

I represent: Legal Aid Society

Address: 199 Water St.

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Dr. Roderick Jones

Address: _____

I represent: Goddard

Address: _____

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Ariana Cruz

Address: _____

I represent: Philanthropy New York

Address: _____

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I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Sophia Cohensmith

Address: _____

I represent: Power Play

Address: _____

▶ Please complete this card and return to the Sergeant-at-Arms ◀

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Michael J. G. Moore

Address: _____

I represent: DETA

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Gregory Brender

Address: _____

I represent: Day Care Council of New York

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Tierra Labrador

Address: _____

I represent: SUPPORTIVE HOUSING NETWORK of NYC

Address: 247 W. 37th STREET

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 1 Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: William Jourd'an

Address: [REDACTED]

I represent: Woodside on The Move

Address: 5123 Queens Blvd Woodside, NY 11357

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Chris Mann

Address: _____

I represent: Win

Address: 151st St Plaza 18th Fl.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Christopher WATKIN

Address: [REDACTED] Brooklyn

I represent: Center for Employment

Address: opportunities 50 Broadway NYC

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Kerriann Pauls

Address: _____

I represent: TAKE ROOT JUSTICE

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Michelle Jackson

Address: 130 East 59th, NY, NY, 10022

I represent: Human Services Council

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Kristin Miller

Address: [REDACTED] Bklyn

I represent: Homeless Services United

Address: 307 W. 38th St NY, NY 10018

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: April 30

(PLEASE PRINT)

Name: Jody Rudin

Address: [Redacted] Brooklyn 11215

I represent: Institute for Community Living

Address: 125 Broad St.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Greg Rieckert

Address: 882 3rd Ave Brooklyn 11232

I represent: OBTC

Address: 882 3rd Ave Brooklyn 11232

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 4/30/2025

(PLEASE PRINT)

Name: Kate Connolly

Address: 45 Broadway, NYC

I represent: United Neighborhood Houses

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☒ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: GREGORY J. MURPHY

Address: [REDACTED] Bklyn 11210

I represent: NYCETC

Address: 121 6th Ave NYC 10013

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: KATY GAUL-STIGGIE

Address: [REDACTED]

I represent: GOODWILL NYNJ

Address: 25 ELM PLACE

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Jessie Hillbridge

Address: _____

I represent: DXCDD

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Michael S. J. 110

Address: _____

I represent: MMS

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Ham, Y

Address: _____

I represent: MPS

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 4/30

(PLEASE PRINT)

Name: Diane McIner

Address: _____

I represent: DS

Address: _____

▶ Please complete this card and return to the Sergeant-at-Arms ◀

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Joseph Rosenberg

Address: 141 Jordan St

I represent: Catholic Community Relations Council

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: 4/30/2025

(PLEASE PRINT)

Name: Terry Tricia

Address: [REDACTED] SE NY

I represent: Project Hospitality

Address: 100 Park Ave SE NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 4.30.25

(PLEASE PRINT)

Name: Lauren Schuster

Address: 555 Lexington St 10463

I represent: Urban Resource Institute

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

44

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Jeremy Kaplan

Address: [REDACTED] Brooklyn

I represent: Encore Community Services

Address: 239 West 49th Street Malibu

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: 4/30/25

(PLEASE PRINT)

Name: Christopher Lean Johnson

Address: [REDACTED]

I represent: SH

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☒ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: WINN PRIYASAMY on behalf of Red Jones

Address: _____

I represent: Goddard Riverside

Address: _____

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Lisa Daglian

Address: _____

I represent: Permanent Citizens Advisory

Address: Committee to the MTA (PCAC)

▶ Please complete this card and return to the Sergeant-at-Arms ◀

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

42

I intend to appear and speak on Int. No. _____ Res. No. _____

☐ in favor ☐ in opposition

Date: April 30, 2025

(PLEASE PRINT)

Name: Sharon Brown

Address: _____

I represent: Rose of Sharon Enterprises

Address: _____

▶ Please complete this card and return to the Sergeant-at-Arms ◀