

CITY COUNCIL
CITY OF NEW YORK

----- X

TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

Jointly with

COMMITTEE ON CHILDREN
AND YOUTH

----- X

April 30, 2025

Start: 10:10 a.m.

Recess: 2:58 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E: Julie Won
Chairperson

Althea V. Stevens
Chairperson

COUNCIL MEMBERS:

Erik D. Bottcher
Sandy Nurse
Inna Vernikov
Rita C. Joseph
Linda Lee
Julie Menin
Chi A. Ossé
Nantasha M. Williams

A P P E A R A N C E S (CONTINUED)

Michael Sedillo
Executive Director of Mayor's Office of
Nonprofit Services

Kim Yu
Director and Chief Procurement Officer of
Mayor's Office of Contract Services, MOCS

Michael Ognibene
Deputy Commissioner and Chief Operating Officer
for NYC Department for the Aging

Jeremy Halbridge
Deputy Commissioner of Administration at DYCD

Diane Mamet
Executive Director for Nonprofit Engagement and
Chief Nonprofit Officer at DSS

Louisa Chafee
Director of Independent Budget Office

Michelle Jackson
Human Services Council

Kristin Miller
Homeless Services United

Greg Rideout
CEO for Organizational Advancement at
Opportunities for a Better Tomorrow

A P P E A R A N C E S (CONTINUED)

Sophine Charles
Director of Council of Family and Childcare
Agencies

Terry Troia
President and CEO at Project Hospitality Staten
Island

Jody Rudin
President and CEO at Institute for Community
Living

Tierra Labrada
Supportive Housing Network of New York

Lauren Siciliano
Legal Aid Society

Hailey Nolasco
Center for Justice Innovation

Greg Morris
NYC Employment and Training Coalition

Faith Behum
UJA Federation of New York

Rachel Gazdick
New York Edge

William Jourdain
Woodside on the Move

A P P E A R A N C E S (CONTINUED)

Sophia Cohensmith
PowerPlay NYC

Molly Eckerly
Metropolitan Council on Jewish Poverty

Joe Rosenberg
Catholic Community Relations Council

Catherine Trapani
Volunteers of Greater New York

Lauren Schuster
Urban Resource Institute

Chris Mann
Assistant Vice President of Policy and Advocacy
at Women in Need

Cristina Abbattista
Policy Analyst at Urban Pathways

Chris Walter
Executive Vice President at Center for
Employment Opportunities

Jeremy Kaplan
Encore Community Services

Marcus Jackson
Encore Community Services

Carlyn Cowen
Chinese-American Planning Council

A P P E A R A N C E S (CONTINUED)

Christopher Hanway
Executive Director of Jacob A. Riis Neighborhood
Settlement House

Winn Periyasami
Goddard Riverside

Kate Connolly
United Neighborhood Houses

Katy Gual-Stigge
CEO of Goodwill New York, New Jersey

Kevin Kiproviski
LiveOn New York

Nadia Swanson
Ali Forney Center

Andrew Sta. Ana
Asian American Federation

Trenton Price
Salvadori Center

Sharon Brown

Hannah Jang
Korean American Family Service Center

Gregory Brender
Daycare Council of New York

A P P E A R A N C E S (CONTINUED)

Ariane Cruz
Philanthropy New York

Christopher Leon Johnson

Steven Grimaldi
New York Common Pantry

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 8

2 SERGEANT AT ARMS: Good morning and
3 welcome to today's New York City Council hearing from
4 the Committee on Contracts joint with the Committee
5 on Children and Youth. At this point, I'd like to
6 remind everyone to kindly silence their electronic
7 devices. At no point going forward is anyone to
8 approach the dais. Additionally, no one is to
9 approach the witness table unless you're invited to
10 testify. If you would like to sign up to testify in
11 person and have not done so already, you can do so by
12 filling out a slip located at the table in the back
13 with the Sergeant at Arms, and additionally, if you
14 have any questions or concerns during this hearing,
15 you can ask one of the Sergeant at Arms and will
16 address your concerns. Chairs, we are ready to begin.

17 [gavel]

18 CHAIRPERSON WON: This hearing is called
19 to order. Good morning. I am Council Member Julie
20 Won, chairing the Committee on Contracts. Thank you
21 for joining us today for today's joint hearing with
22 the Committee of Children and Youth with my co-chair
23 Althea Stevens to examine the City's persistent
24 challenges paying its human services providers on
25 time. I'd like to thank representatives from the

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 9

2 administration, members of the public and my Council

3 colleagues, especially Council Member-- Speaker

4 Adrienne Adams for joining us today. Today's hearing

5 is the latest in the series of Committee on Contracts

6 which has had over three years regarding late

7 payments to city vendors. Today, we focus on serious

8 financial strains that delayed payments impose on our

9 human service providers. Data released by the

10 Mayor's Office of Contract Services and the

11 Comptroller's Office makes it clear that agencies

12 charged with delivering critical services including

13 Department of Social Services, Department of Youth

14 and Community Development, and the Department of

15 aging are too often failing to meet their basic

16 obligation: paying providers on time. These delays

17 jeopardize the very services our communities depend

18 on. Providers cannot sustain their operations,

19 retain staff, or meet growing needs without timely

20 and reliable funding. This is an urgent problem that

21 demands immediate action. Late payments have serious

22 consequences, not only for the providers themselves

23 but for the New Yorkers who rely on their services,

24 many of whom are amongst the most vulnerable in our

25 city. Nonprofit organizations have been forced to

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 10

2 take on debt, reduce programs and lay off staff

3 because they're forced to wait years to be paid for

4 the work that they have already completed on behalf

5 of the City. Citywide, over \$548 million is owed to

6 nonprofit organizations according to Human Service

7 Council as well as the Comptroller's latest report

8 last night says a billion dollars in invoices that

9 have not been paid. In my district alone, over \$23

10 million is owed to 20 local organizations. The

11 current mayoral administration has pledged to improve

12 the disastrously slow pace of payments for vendors

13 for several years now since the launch of joint

14 taskforce to get nonprofits paid in February 2022.

15 We have been promised a series of reforms aimed at

16 accelerating payments on easing the financial burden

17 on vendors. MOCS and other agencies have testified

18 multiple times about their efforts to meet the

19 taskforce's goals and improve the City's procurement

20 system. MOCS and other agencies have testified

21 multiple times since then and on the work they have

22 undertaken to achieve the joint taskforce's goals and

23 improve the procurement system. The Council passed

24 three bills to accelerate payments and provide more

25 transparency into delays, but press reports on newly

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 11
2 released city data show that progress has been
3 sluggish. A recent Comptroller's report on nonprofit
4 payments aptly titled Caught in the Slow Lane
5 captures the current state of reforms. So today, we
6 ask the administration to account for the continued
7 delays and frustrations in fixing the procurement
8 system and paying for human services despite several
9 years of attention. We will also hear three bills on
10 this hearing including Intro 1247 sponsored by
11 Speaker Adams as well as Council Member Stevens,
12 Brannan, Louis, and myself which would advance 80
13 percent of a payment voucher to nonprofit vendors as
14 soon as their contracts are registered, and Intro
15 1248 sponsored by Speaker Adams as well as Council
16 Member Brannan, Stevens, and myself which would
17 create a new agency, the Department of Contract
18 Services, which will centralize and strengthen
19 oversight in our city's contracting and procurement
20 processes, and Intro 1249 sponsored by Council Member
21 Brannan, Steven, Louis, and myself would require
22 agencies with a high rate of delayed contract
23 registrations to submit corrective action plans
24 identifying causes of the delays and outlining
25 solutions. Before I conclude, I would like to thank

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 12

2 the Council staff for their work in this hearing,
3 Contract Committee staff Senior Legislative Counsel,
4 Kris Sartori, as well as Policy Analyst Alex Yablon,
5 as well as my Chief of Staff, Nick Gulotta, my
6 Legislative Budget Director, Neily Martinez [sp?].

7 Thanks to all those working behind the scenes include
8 the Sergeant of Arms for working to make this hearing
9 run smoothly. And I will now turn it over to our co-
10 chair Council Member Althea Stevens. Oh, and
11 actually, we're going to turn it to Speaker Adrienne
12 Adams for an opening statement.

13 SPEAKER ADAMS: Thank you, Chair Won.
14 Thank you, Chair Stevens, and good morning, everyone.
15 I am New York City Council Speaker Adrienne Adams,
16 and I indeed thank my colleagues Council Member Julie
17 Won, Chair of the Committee on Contracts, and
18 Council Member Althea Stevens, Chair of Committee on
19 Children and Youth, for chairing today's very
20 important hearing on how our city can address the
21 longstanding challenges facing nonprofit service
22 providers that threaten their survival and put the
23 critical human services New Yorkers that rely on at
24 risk. For as long as I've been a public servant, the
25 issue of the City's inability to simply pay its
nonprofit contract

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 13

2 vendors on time has been a major problem. The fact
3 that these challenges not only persist, but have
4 worsened in recent years underscores the urgent need
5 for reform. My colleagues have eloquently made the
6 case for why the situation is so untenable,
7 specifically for human service providers. The harm
8 resulting from late payments ultimately threatens
9 everyday New Yorkers who rely on our childcare
10 centers, our after school programs, our arts
11 programs, community health centers, our emergency
12 food programs, our senior centers, and the list goes
13 on and on and on. It also impacts the nonprofit
14 sector and human service workers who power our city.
15 The majority of this workforce is comprised of women
16 and people of color and their ability to survive and
17 thrive is on the line. Our workers make sacrifices
18 to support their fellow New Yorkers, and they should
19 not be left wondering whether their jobs are under
20 threat. Under this Council we have committed to
21 resolving these problems, holding hearings every year
22 and passing various pieces of legislation, including
23 Local Law 169 of 2023 which mandated a comprehensive
24 study on the time required to complete the City's
25 procurement process for human service contracts. We

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 14

2 also passed Local Law 31 of 2024 which created a
3 secure electronic document vault for procurement-
4 related documents to reduce duplicative paperwork,
5 and Local Law 105 of 2024 which requires city
6 agencies to provide contractors with a written
7 explanation when denying approval of subcontractor
8 upon their request. When my term as Speaker began, I
9 had hoped that we would have a committed partner in
10 the Mayor's administration with a joint taskforce to
11 get nonprofits paid starting February 2022. Despite
12 the taskforce's recognition of challenges, and the
13 stated commitment to address them, we've not seen
14 enough meaningful improvement from this
15 administration. In fact, a report this year by the
16 Comptroller's office noted that in the most recent
17 fiscal year nine in 10 contracts with nonprofits were
18 registered late with almost 40 percent of human
19 services contracts not being registered for more than
20 one year. What this means is that organizations
21 relying on city funding have no certainty as to when
22 or if they'll receive the necessary funds to pay
23 staff and keep their lights on, even though they've
24 already fulfilled their responsibilities and provided
25 services. That's why this issue was a focus in my

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 15

2 State of the City address this year. The status quo

3 is putting organizations that New Yorkers rely on at

4 risk. For the health and stability of our city and

5 residents, we cannot allow this to continue without

6 reforms. Today, the Council will focus on several

7 legislative proposals that will help alleviate this

8 crisis. Introduction 1247 for which I am the lead

9 sponsor would require the Procurement Policy Board to

10 adopt rules requiring the immediate disbursement of

11 80 percent of a fiscal year's contract funds for

12 contracts with nonprofits once the contract is

13 registered by the Comptroller, and for multi-year

14 contracts, the required disbursement would take place

15 at the start of each subsequent fiscal year. It

16 would also require that a process be set up to

17 recover funds for when a contracting agency doesn't

18 receive the agreed upon goods or services from a

19 vendor. Another bill that I sponsor, Introduction

20 1248, would create a new Department of Contract

21 Services which would be responsible for the duties of

22 the City Chief Procurement Officer. The Department

23 would be responsible for coordinating and overseeing

24 the contracting functions of mayoral agencies such as

25 the provision of procurement guidance, the

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 16

2 maintenance of computerized city procurements and
3 contracting systems, and the promotion of awareness
4 and understanding among the public of city

5 contracting opportunities. Centralizing these
6 contract functions in one city agency can help us
7 better operationalize these critical processes.

8 We're also reviewing Introduction 1249 which will
9 require city agencies with large amounts of late
10 contracts to submit corrective action plans each
11 year, laying out the causes of the delays and how to
12 minimize them in the future. Thank you to my

13 colleagues who continue to conduct oversight and put
14 forward smart solutions so that we can achieve

15 progress on this issue. I believe the reform
16 policies we examine today can result in significant

17 improvements to how the City provides essential human
18 services. New Yorkers who rely on these services,

19 and the providers who do so much to uplift our
20 communities deserve our city's full support and that

21 is what the Council will deliver. Thank you very
22 much, and with that, I turn it back over to our

23 Chairs Won and Stevens.

24 CHAIRPERSON STEVENS: Good morning and

25 welcome to today's hearing on examining late payments

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 17

2 for human service providers. I'm Althea Stevens,
3 Chair of Children and Youth Services Committee. Even
4 before-- one, I want to say congratulations even
5 before I get started, because the providers showed up
6 and showed out today. Don't think because I wasn't
7 there I didn't know what was going on. So, know my
8 heart that I was there with you guys in spirit. To
9 see you guys continuously show up to fight for what
10 you believe and deserve is super important. And so,
11 I feel like a proud mamma because you guys did that
12 today, and it's important to continue to show your
13 united power. My really good friend Maria Lizada
14 [sp?] text me while I was on my way here to just say
15 that she's full with contentment because just
16 thinking about how 10 years ago we were on those
17 steps, and it'll be like 10 of us, and now to see
18 that you guys are all coming together and being
19 united around something that is extremely important,
20 I couldn't be more proud of the work that you guys
21 continuously do. So, thank you. So, appreciate you,
22 and keep up the work and do not take your foot off
23 the pedal until we get our money. We're convening
24 this hearing at this time for city nonprofit sector
25 in being stretched to a breaking point. Today's

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 18
2 discussion centered on a longstanding, but worsening,
3 crisis that persists in systematically delays in
4 payments of nonprofit providers by the City. Let's
5 be clear, nonprofit organizations are not an optional
6 extra in our social safety net. They operate our
7 homeless shelters, deliver meals to our older adults,
8 support our youth in after school, and help family
9 access food, housing, and legal assistance. Yet,
10 time and time again, the providers are forced to
11 front costs, waiting months or even years for
12 reimbursement and struggle to keep their doors open
13 while doing the critical work the City has asked
14 them-- I'm going to say that again-- has asked them
15 and contracted them to do. The Department of Social
16 Services which include the Human Services
17 Administration, the Department of Homeless Services,
18 is one of the largest contracting agencies in the
19 city. In Fiscal 2024, HRA submitted nearly 300
20 contracts worth \$1.1 billion. DSH alone is
21 responsible for nearly 20 percent of the City
22 procurement volume, largely due to the growing demand
23 for emergency shelter services, and yet, DHS
24 providers are reimbursed only when they have inquired
25 significant costs, routinely reported by delays in

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 19

2 payments that undermine the ability to provide
3 consistent high-quality service. At the Department
4 of Youth and Community Development, delays are just
5 as dire. DYCD oversees the largest human service
6 procurement portfolio in the City. Last year, over
7 1,600 of their contracts were submitted late, more
8 than any other agency with a total value exceeding
9 \$1.3 billion. Meanwhile, providers are continuing to
10 operate without dated contracts like those of the
11 Compass and SONYC afterschool which haven't seen
12 rates [sic] in decades. Although we had an
13 announcement yesterday, which is a convenient timing
14 for this hearing, and also-- yes, we're getting RFP,
15 but why wasn't this done in January when we asked for
16 it? Why would we have this being rolled out during
17 the busiest time of the year for providers when
18 they're running summer camp and trying to gear up for
19 the next school year? This is unacceptable. So,
20 thanks for the announcement, but we're sick of
21 announcements. We're actually here to do the work,
22 and this actually puts a strain not only on the
23 providers, but also DYCD and it's unacceptable. So,
24 thank you for giving us what we asked for six months
25 late when we could have actually done this

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 20

2 adequately. Instead of supporting growth and
3 innovation, we're asking providers to do more with
4 less, and they're forced to cut staff, lower
5 salaries, or close programs. The Department of Aging
6 is no exception. Nearly 90 percent of DFTA's
7 contracts in FY 2024 were registered retroactively.
8 Organizations serving older New Yorkers face unique
9 challenges from ridding reporting requirements to
10 late reimbursement. According to the Human Service
11 Council, there's a substantial risk for doing
12 business with DFTA today, demanding assessments for
13 an agency tasked with caring for our older-- our
14 city's elders. All of this points [sic] a deep
15 troubling picture. When a city fails to pay
16 nonprofits on time, it doesn't just violate the
17 contract, it violates the trust of our partners, and
18 more importantly, put New Yorkers at risk. These
19 delays are not just an administrative inconvenience,
20 they are threats to services continuous workforce
21 stability and community wellbeing. The City has
22 taken steps like the work of the taskforce to get
23 nonprofits paid on time, but we know this is not
24 enough. Today, we need answers. We need
25 transparency, and we need a real plan to reform this

2 broken system. To the agencies representing and
3 joining us today, we appreciate your service, but
4 we're looking for more than just explanations. We're
5 looking for solutions that will ensure that
6 nonprofits are paid fairly, promptly and
7 substantially for the vital work that they do for the
8 City. And I will say it again, and I've said it time
9 and time again, we are thought partners, and it's
10 unacceptable that we have to have this conversation
11 at a hearing when I've said time and time again-- I'm
12 just as much of an expert as the people sitting at
13 this dais, and it's unfortunate that we have to have
14 this conversation here and we couldn't come up with
15 solutions, because these people couldn't get paid for
16 years. We're talking about going into the summer
17 where nonprofits still haven't been paid for Summer
18 Rising from last year. This is unacceptable, and we
19 look forward to having fruitful dialogue.

20 CHAIRPERSON WON: Thank you so much,
21 Chair Stevens. I want to acknowledge that we've been
22 joined by Council Member Lee and Council Member Julie
23 Menin, oh, and Council Member Nurse. Now I'm going
24 to pass it over to our General Counsel, our Committee
25 Counsel to swear in our testimony.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 22

2 COMMITTEE COUNSEL: Thank you, Chair.

3 Will the members of the administration please raise
4 your right hand if you're able. Do you affirm to
5 tell the truth, the whole truth and nothing but the
6 truth in your testimony before these committees and
7 respond honestly to Council Member questions? Thank
8 you. Please begin when ready.

9 EXECUTIVE DIRECTOR SEDILLO: Good

10 morning, Speaker Adams, Chairs Won, Chair Stevens,
11 members of the Contracts Committee, members of the
12 Committee on Children and Youth, and all other
13 Council Members who have joined us this morning.
14 Thank you for convening today's hearing and for your
15 ongoing commitment to New York City's nonprofit
16 providers who in partnership with thousands of
17 dedicated public servants across the administration
18 maintain our city's robust social safety net and
19 deliver essential services to New Yorkers. I'm
20 Michael Sedillo, Executive Director of the Mayor's
21 Office of Nonprofit Services, affectionately known as
22 MONS. I'm joined today by Director and City Chief
23 Procurement Officer Kim Yu from the Mayor's Office of
24 Contract Services or MOCS who will also be sharing
25 testimony, and leadership from DSS, DYCD, and New

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 23

2 York City Aging, all of whom are key partners in
3 navigating and improving our City's contract and
4 payment systems. I also want to begin by thanking
5 Council Member Farah Louis for her leadership as the
6 prime sponsor of Local Law 164 of 2021 which
7 established MONS. Her vision helped institutionalize
8 a permanent city liaison to the nonprofit sector, one
9 focused on streamlining contracting, simplifying
10 bureaucracy, and ensuring nonprofits can access the
11 support and resources they need. MONS exists to
12 ensure that our nonprofit partners who are the City's
13 frontline service providers receive the support they
14 need to navigate our complex contracting system and
15 crucially get paid on time for their vital work.
16 Serving nonprofit providers is core to our mission.
17 However, they are not the only stakeholder we focus
18 on. Our other primary stakeholders are the thousands
19 of public servants who day-in and day-out do the
20 often thankless work of helping providers navigate
21 through bureaucratic hurdles to get a contract
22 registered and ultimately paid. While some may see
23 bureaucracy as a bad word, I have the utmost respect
24 for the civil servants that I've gotten to know since
25 I started with the City nearly 10 years ago as a

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 24

2 Change Management Analyst at MOCS. Ultimately, our
3 most important customer is New Yorkers. Any law,
4 rule, policy, or budgetary action must first consider
5 an essential question: is this what is best for the
6 New Yorkers who rely on city services? With that
7 lens, I and my colleagues look forward to the
8 discussion today, and I want to also start by
9 acknowledging the truth that this past year has been
10 incredibly difficult for our nonprofit providers.
11 Delays in payments and contract registrations paired
12 with new technology and systems have tested the
13 patience and solvency of even our most resilient
14 providers. We recognize this reality and we're
15 acting urgently to turn the tide. While payment
16 delays to nonprofit providers have plagued our system
17 for decades, the current crisis is the result of four
18 converging issues. One, the transition to Passport
19 which decommissioned the legacy HHS Accelerator
20 system, brought over 15,000 contracts and 30,000
21 budgets into a platform. Providers and agencies
22 alike have had to adapt to a new way of processing
23 the nearly \$20 billion in human services contracting.
24 Essential investments like the \$741 million Human
25 Services cost of living adjustment introduced new

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 25

2 budget modifications and contract amendments into an
3 already stressed system. After being on the front
4 lines of COVID and the asylum-seeker crisis,
5 nonprofit providers and city staff have been
6 stretched thin, and fiscal issues require the City to
7 implement the hiring freeze even as contracting
8 volume rose at certain agencies. And a culture of
9 risk aversion where public servants have to make--
10 have audits hanging over their heads. I think this
11 could limit creative solutions that allow them to
12 provide our nonprofits the customer service that they
13 deserve. However, there are reasons for optimism.
14 Since the successful Clear the Backlog Initiative in
15 the first months of the Adams administration, we have
16 made significant strides to reduce bottlenecks, hack
17 through bureaucracy and get nonprofits paid.
18 Yesterday, Mayor Adams also announced that for the
19 first time in City history nonprofit providers will
20 receive over \$5 billion in advance payments in fiscal
21 year 2026, an unprecedented amount which is up from
22 \$2.8 billion in initial advances issue this fiscal
23 year. Earlier this fiscal year, OMB exempted from
24 the hiring freeze agency positions that are involved
25 in human service contracting. To date, over 183

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 26

2 positions have been unlocked which is 90 percent of

3 all positions sent to OMB for exemption. And last

4 year, after advocacy of-- years of advocacy from

5 leaders in the nonprofit sector, the administration

6 announced a \$741 million cost of living adjustment

7 for human service workers. Two years ago, we worked

8 with our partners in the City Council and

9 Comptroller's Office to establish the multi-year

10 vehicles for discretionary contracts. This dropped

11 the average time to process discretionary contracts,

12 making use of this reform from 366 days in FY24 to

13 just 46 days in FY25, a nearly 90 percent reduction,

14 slashing nearly 11 months of delays. We would love to

15 be even more bold in this space by giving agencies

16 the ability to process these council-designated

17 contracts as grants, and we're excited by the renewed

18 interest from our partners in the Council about this

19 reform. Through MOCS and the Fund for the City of

20 New York, the City offers a interest and service-free

21 loan to human service providers contracting with the

22 City, and in FY23 MOCS implemented an allowance

23 clause of 25 percent across human services contracts

24 which was meant to address the administrative burden

25 in processing amendments for anticipated budgetary

2 changes such as the COLAs and direct cost rate
3 increases in other funding initiatives. Agencies can
4 use the allowance in lieu of an amendment, and as a
5 result non-extension amendment registration decreased
6 by 67 percent after implementation of the allowance
7 clause. MOCS and other public servants have not let
8 their foot off the gas, and over the past six months
9 MOCS has led to two sprints to address an invoice and
10 retroactive contract backlog, and through these
11 efforts, agencies unlocked a billion dollars in
12 outstanding invoices, and over \$700 million in
13 retroactive contracts. In December, MOCS also issued
14 a partial payment directive to agencies to get
15 payments out faster, indicating that payments on
16 approved portions of invoices can occur and disputes
17 can be worked out separately. And just last month,
18 MOCS and OMB issued another directive to make clear
19 to agencies that the City will honor accepted ICR
20 rates, a common concern we hear from nonprofit
21 providers. Deputy Mayor Almanzar convenes a weekly
22 meeting called Nonprofit Focus for facilitating on-
23 time contracting and urgent solutions with City Hall
24 leadership to discuss and move forward bold policy
25 solutions. We also issued Executive Order 47 that

2 created the role of Chief Nonprofit Officers at
3 agencies with HHS contracts. CNOs attend regular
4 covenings with us where we present dashboards showing
5 how long payments are taking and how providers
6 perceive their service. They are then charged with
7 using the data to inform an action plan to improve
8 processing times at their respective agencies.

9 Everything is on the table for us, and we will
10 explore any avenue that responsibly gets nonprofits
11 paid and makes it easier for New Yorkers to receive
12 the services they rely upon. We ask that our
13 partners at the Council and Comptroller's Office to
14 provide us with additional flexibility and support as
15 we push through bold solutions. Thank you for
16 calling this hearing today. We look forward to
17 discussing the bills that have been introduced.

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

24 We understand this is a unique moment to support
25 nonprofits which is why we rolled out an

2 unprecedented level of advances for our providers.

3 As the bill is currently written, we see significant
4 operational and fiscal concerns and look forward to
5 further discussion. Introduction 1249 would require
6 city agencies to submit annual reports on contract
7 registration for the previous fiscal year. An agency
8 would be required to submit a corrective action plan
9 by January 1st if it meets specific criteria with
10 respect to late registered contracts. These plans
11 would analyze the cause of delays, specify
12 improvements and set implementation timelines and
13 performance targets. We're committed to improving
14 how nonprofits experience contract registration
15 across all agencies and agree with the spirit of the
16 bill. That is why we've worked with all agency Chief
17 Nonprofit Officers to create action plans based on
18 their agency's quantitative and qualitative data, and
19 we look forward to discussing the bill more. Speaker
20 Adams, Chairs Won and Stevens, members of the
21 Committees, nonprofits cannot do their jobs if the
22 City doesn't do ours. Our partners are delivering
23 shelter, food, mental health support, legal aid and
24 more, and they need us to deliver in-turn. We're
25 making progress, but we're not done. My office is

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 30

2 committed to sustain performance improvement,
3 systemic reform, and culture change. Thank you for
4 the opportunity to testify. I look forward to your
5 questions, and I'll now pass it to Director Kim Yu
6 from MOCS who will share more details.

7 DIRECTOR YU: Thank you, Executive
8 Director Sedillo. Good morning. Good morning,
9 Speaker Adams, Chair Won, Chair Stevens, and members
10 of the Contracts Committee and the Committee and
11 Children and Youth, and all the other members in
12 attendance. My name is Kim Yu and I serve as the
13 Director of the Mayor's Office of Contract Services,
14 MOCS and the City's Chief Procurement Officer. I
15 appreciate the opportunity to discuss the legislation
16 presented today and speak with you about an issue
17 that is not only critical to the strength of our
18 nonprofit sector, but also to the health and equity
19 of our city. I want to begin by thanking Mayor Adams
20 for this appointment and the City Hall leadership for
21 the trust that they have placed in me. Today marks
22 my third day in this role, and I recognize the deep
23 responsibility that comes with it. I stand on the
24 shoulders of the leaders who came before me, my
25 predecessor, there's no one else like her, Lisa

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 31

2 Flores, Victor Olds, Dan Symon, Michael Owh, Lisette

3 Camilo, Andrea Glick, Marla Simpson, and Claude

4 Millman, each of whom contributed to building and

5 strengthening this agency. I'm committed to leading

6 MOCS into the next chapter. Let me be clear, there

7 are no quick fixes to the challenges we face. This is

8 complex, demanding work, but I am ready to roll up my

9 sleeves and do the work side by side with our

10 dedicated public servants, our nonprofit providers

11 and all the stakeholders, including the City Council,

12 to ensure a contracting system that is more

13 efficient, transparent, and equitable for all New

14 Yorkers. New York City relies on thousands of

15 nonprofit providers to deliver essential human

16 services from housing support and mental healthcare

17 to afterschool programs and workforce training.

18 These organizations are on the front lines providing

19 vital services to our communities, particularly in

20 our most underserved neighborhoods. It is our

21 responsibility as a city to ensure they are paid

22 promptly and fairly for their work. While MOCS

23 operates with a relatively small budget, our

24 responsibilities span the entire contracting process

25 for the City. We've been charged with both providing

2 traditional oversight on the City's procurement
3 process and also help facilitating that process. To
4 successfully act on these responsibilities, MOCS
5 continues to stand on its three pillars: people,
6 procurement reform, and technology. Through this
7 approach, we've been able to successfully carry out
8 our role in the procurement ecosystem, overseeing
9 procurement reform efforts, managing and making
10 improvements to our end-to-end digital procurement
11 system, Passport, and ensuring our agency partners
12 follow fair, competitive and inclusive practices. In
13 fiscal year 2024, the city of New York awarded over
14 \$34 billion in city contracts for good, services, and
15 construction. Of that \$34 billion, human services
16 accounted for 58 percent at nearly \$20 billion. The
17 numbers make it clear that our human services sector
18 continues to be the cornerstone of the City's
19 procurement system and their partnership is
20 instrumental to the vitality of this city and its
21 people. Despite these contributions from the sector
22 and the vital role nonprofits play in the fabric of
23 our city, they continue to face challenges getting
24 paid on time. We wholeheartedly understand the
25 frustration and the hardship that these challenges

2 can cause. Whether it's the Executive Director
3 trying to make payroll, a case worker using their own
4 funds to buy supplies, or a counselor trying to
5 balance their own needs with the uncertainty of cash
6 flow, we empathize. Throughout this administration,
7 Mayor Eric Adams has announced numerous reforms to
8 streamline processes, increase transparency and
9 support the sector. First, the City boosted pay for
10 80,000 human service workers with a \$741 million cost
11 of living adjustment. With the human service
12 workforce overwhelmingly female at 66 percent, and 40
13 percent women of color, this investment represented a
14 critical step towards delivering pay equity across
15 race and gender for this workforce. Second, multi-
16 year discretionary contracting reforms. These
17 reforms enable providers to access funds nearly a
18 year earlier than before. Third, joint taskforce
19 recommendations. Progress includes expanding access
20 to interest-free loans through the returnable grant
21 fund, allowance clauses to reduce amendments for
22 routine changes, and simplifying document management.
23 Fourth, on the legislative front the City advocated
24 successfully for changes to contract public hearings
25 which will save approximately 20 days off of the

2 procurement process for most city contracts. And
3 five, allowance clause to reduce the burden of
4 amendments. All these efforts will allow nonprofits
5 to focus more on delivering essential services and
6 less on keeping their operations afloat. Further,
7 MOCS launched a series of directives to address the
8 concerns raised by this council and the nonprofit
9 sector. In addition to the partial payments and the
10 advance directives mentioned by Executive Director
11 Michael Sedillo, MOCS through the support of the
12 agency partners like the Mayor's Office of Risk
13 Management and Compliance, the Mayor's Office of
14 Nonprofit Services, and the members of the Vendor
15 Compliance Cabinet launched the Human Services
16 Disclosure Reform. These reforms will be
17 instrumental in reducing the administrative burden on
18 community-based organizations while increasing
19 transparency and compliance, all of which will reduce
20 delays in the contracting process. MOCS, as directed
21 by Council, in Local Law 169 also issued a report in
22 2024 that aims to address the lack of transparency
23 that providers face during the procurement process by
24 putting forth realistic timelines for each step of
25 the procurement process in Passport. We are

2 interested in discussing with Council after this
3 hearing feedback as we work with the Comptroller's
4 Office to develop new Procurement Policy Board rules.
5 The collaboration between MOCS and MONS has also
6 played a key role in driving other reforms that
7 Executive Director Michael Sedillo mentioned in his
8 testimony. By closely coordinating efforts, we've
9 embraced a shared vision to remove unnecessary
10 obstacles and ensure that nonprofit providers are
11 paid promptly and reliably. While the reforms were
12 advancing involves systems, policies and data, at the
13 core they reflect something deeper, a commitment to
14 honoring the essential role that nonprofits play in
15 the life of this city. In close coordination with
16 MONS and City Hall, MOCS launched a multiphased
17 backlog initiative focused on both aged invoices and
18 unregistered contracts. The first phase of the
19 backlog cleared a billion dollars in outstanding
20 payments from 3,700 delayed invoices in three months
21 at the end of 2024. We recently wrapped up an eight-
22 week contract backlog phase, unlocking over \$700
23 million in retroactive backlog contracts for
24 nonprofit organizations. Since the start of the
25 administration in January 2022, the contract backlog

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 36

2 has gone down by \$5.5 billion. While this is
3 encouraging progress, we are committed to chipping
4 away at the remaining \$5.8 billion contract backlog
5 and to using programs like the Annually Timely
6 Registration initiative to prevent a new backlog. As
7 the newly appointed Director of MOCS, I am affirming
8 MOCS' commitment to exploring impactful tools in
9 reforms to address the challenges of City procurement
10 in the vendor community. MOCS is actively exploring
11 through multiple avenues from collaboration with this
12 Council to discussion with agency partners through
13 dialogue with the Charter Revision Commission changes
14 that will contribute to solutions to these very
15 difficult problems. This is in conjunction with the
16 dedicated of MOCS staff to closely examine and re-
17 engineer the procurement and invoicing processes
18 including developing potential pilots for things like
19 discretionary contracts and risk analysis to enable
20 these improvements while just as importantly
21 protecting the money provided by taxpayers. I
22 appreciate the Council's proposal to acknowledge MOCS
23 in the Charter. We are reviewing the legislation for
24 structural issues that may make this proposal more
25 suitable for the Charter Revision Commission. It is

2 our understanding that both Charter Revision
3 Commissions are considering changes related to MOCS,
4 and we look forward to working with all interested
5 parties to best meet our shared goals.

6 Notwithstanding, I'd like to assure the Council that
7 the goals of the proposed legislation are part of the
8 vision. In the short term, both Passport service
9 response time and reporting on aged invoices are the
10 immediate goals that the MOCS team and I will be
11 tackling in the weeks ahead. With these two KPIs,
12 MOCS will be better positioned to equip all those
13 within the City contracting ecosystem with improved
14 decision-making and increased accountability.

15 Additionally, earlier this calendar year, MOCS
16 updated Passport to allow agencies to launch budgets
17 for the upcoming fiscal year beginning February 1st.
18 this change was based on feedback we received from
19 agencies and brings the Passport budget process in
20 line with the previous timeline of the beloved legacy
21 system HHS Accelerator. MOCS ruled out this change
22 in hopes of alleviating some of the pressure both
23 agencies and providers experience at the end of the
24 fiscal year. We are tracking on the progress of the
25 change weekly. In closing, I would like to thank

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 38

2 Speaker Adams, Chairs Won and Stevens and the
3 Committees on Contracts and Children and Youth for
4 this continued partnership. While there's still
5 important work ahead, the progress we made together
6 continues to exemplify our shared commitment to
7 equity, transparency and accountability. Along with
8 my colleagues, we are now happy to answer any
9 questions you may have.

10 CHAIRPERSON WON: Thank you so much for
11 your testimony. I also want to acknowledge that we
12 have been joined by Council Member Rita Joseph and
13 Council Member Eric Bottcher, and Council Member Chi
14 Ossé online. I'm now going to pass it over to
15 Speaker Adrienne Adams to ask the first set of
16 questions.

17 SPEAKER ADAMS: Thank you, Chair Won, and
18 welcome again to our entire panel. Director Yu,
19 sorry. It's all I can say. But we welcome you and we
20 thank you for your testimony today. I've got just a
21 few questions. I'm sure that Council Member Stevens
22 will deal with the administration's reforms. I'm sure
23 she's going to deal with that, so I'm going to leave
24 that alone. Introduction 1247 would require the
25 Procurement Policy Board to promulgate rules

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 39

2 requiring the disbursement of 80 percent of a fiscal
3 year's contract funds with nonprofit organizations
4 upon registration by the Comptroller. What percentage
5 of your agency's contracts typically experience
6 significant delays and initial payment following
7 registration by the Comptroller? And we know there
8 is lag, so what do you think causes those lags?

9 DIRECTOR SEDILLO: I'll jump in. thank
10 you so much for the question, Speaker, and thank you
11 for the introduction of the bill. You know, I think
12 one thing we just want to make sure to communicate on
13 the bill, advances as I think we all know are not a
14 silver bullet. There is no silver bullet here. We do
15 think that exorbitant advance rates are-- really put
16 a number of actors in jeopardy, most importantly, the
17 New Yorkers relying on those services. And so I
18 think we just want to make sure we're thoughtful
19 about that, and I think given the announcement we
20 made yesterday about the unprecedented level of
21 advances, you know, we're really trying to meet the
22 moment with the pain that nonprofit providers have
23 felt over the previous year, but ultimately our end
24 goal is to ensure that New Yorkers are receiving the
25 services, and I think that's the invoicing schema

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 40

2 that we have here is really built to be able to
3 ensure that the services were delivered.

4 DIRECTOR YU: And if I could just to
5 provide some data to just provide a snapshot on how
6 the city has been utilizing advances, and I'll start
7 reverse chronologically. So, as of Fiscal Year 2025,
8 advances-- we did this data capture at the end of
9 March. The administration advances over \$3.1 billion
10 in advance payments, and in addition to that for
11 Fiscal Year 2024 at MOCS' direction there's a mid-
12 year "migration advance." There was a \$1.85 billion
13 in Fiscal Year 2024 advances. The transactions on
14 those are upwards of 2,200. They'd gone out to the
15 sector by December 20th, 2023. So, as part of the
16 mid-year migration advances, there's an additional
17 \$673 million that was released April 2024, excuse me.
18 All to say that we recognize that advances are a
19 significant tool to get cash out the door but I will
20 also take the opportunity that advances need to be
21 coupled with recruitment and encouraging providers to
22 invoice, but it is one of the many tools in the
23 toolbox to make sure that timely payment is provided
24 to our providers.

25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 41

2 SPEAKER ADAMS: But do you have a figure
3 on the delays, the percentage of delays that are
4 experienced in initial payment following the
5 registration by the Comptroller? If no, just--

6 DIRECTOR SEDILLO: [interposing] I don't
7 know that we have data on that, but I mean I would
8 note that the policy in the past which is relatively
9 new is 25 percent advanced at the start of the
10 contract term. So, it's meant to go out immediately
11 to provide that upfront cashflow to folks without an
12 invoice or even services rendered, perhaps. So, it
13 is really the tool to give that upfront capital so
14 that programs and services can start until we get on
15 a regular invoicing path. So, there ought not be too
16 much of a delay, but we can absolutely get back to
17 you asap on that.

18 SPEAKER ADAMS: Okay. How do you think
19 this proposed legislation would impact your agency's
20 internal cash flow and budgeting practices?

21 DIRECTOR SEDILLO: Thank you for the
22 question, Speaker. I think one thing to think about
23 is that we don't always see a provider spend the full
24 budgeted amount. In some cases, there's some
25 agencies that, you know, their providers spend under

2 60 percent, under 50 percent of their contracted
3 budget. So, I think in addition to any cashflow
4 considerations, and then you add onto that the
5 considerations of federal funding, state funding that
6 comes at different periods of the fiscal year, we
7 also just want to think through about well, what is
8 the average amount of funds that are actually spent
9 on the contracted budget such that we don't put our
10 nonprofit providers in the situation where they have
11 to claw back funds.

12 SPEAKER ADAMS: I hear you and we've
13 heard that also, but I don't think that that is
14 nearly as close to those that don't actually get
15 paid. So, do you have any kind of inclination and
16 can you do a little compare and contrast as far as
17 those agencies that don't necessarily draw down the
18 funds compared to those agencies that don't get paid
19 at all?

20 DIRECTOR SEDILLO: Well, we certainly
21 work with agencies every day and show them data as to
22 where there might be bottlenecks in the process, and
23 you know, it's not as simple as just contract
24 backlogs or, you know, backlog budget modifications,
25 or backlog invoices. It's really the whole process,

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 43

2 and of course it is a dance that our public servants
3 do with our nonprofit providers. And so as Director
4 Yu mentioned, a lot of the work of public servants at
5 agencies is to work with nonprofit providers after
6 having advance the funds to ensure that there's a
7 regular invoice process and recoupment process to get
8 the funds back.

9 SPEAKER ADAMS: Okay, I'm going to let--
10 again Council Member Stevens is going to dig into
11 that one, I'm sure. I'm going to move on. Are there
12 any technical barriers to implementing immediate
13 partial disbursements? I mean, we talked a little
14 bit about Passport. We know that there are--

15 DIRECTOR YU: I would say, Speaker Adams,
16 there are-- just to scale back. Really, we're guided
17 by what makes sense from a policy perspective. I
18 would say that if the technical component, there are
19 no immediate barriers as it relates to Passport.

20 SPEAKER ADAMS: Okay, alright. Thank
21 you. Do you anticipate needing additional staff or
22 technical resources to manage this oversight, and if
23 so, can you specify what roles or responsibilities
24 would require additional capacity and why current
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 44
2 staffing or systems aren't sufficient to meet the
3 needs?

4 DIRECTOR YU: Thank you for the attention
5 to this and lifting up this issue. As my goal-- as
6 Executive Director Sedillo mentioned in his
7 testimony, it has been a challenging time for the
8 City of New York for all of us, but I am pleased to
9 announce that as part of the Exec budget plan, MOCS
10 will be funded an additional 20 additional positions
11 to support our Passport help desk. We will have
12 enhanced contracted resources to handle our Passport
13 service desk tickets, and we will see through some
14 improved Passport functionality related to processing
15 financial transactions, including nonsequential
16 transaction processing. We're appreciative of the
17 administration for this investment in not just our
18 organization, but for all that touch our
19 organization, including the nonprofit providers.

20 SPEAKER ADAMS: Okay, thank you. As you
21 both mentioned, yesterday the Adams administration
22 announced that it will be advancing \$5 billion to
23 nonprofit organizations, contracting with the City in
24 fiscal year 2026 up from the \$2.8 billion in the
25 current fiscal year. How does the administration's

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 45

2 initiative align with the goals of Intro 1247, and
3 does the administration support codifying advanced
4 payment practices through the Procurement Policy
5 Board rules to ensure continuity across future
6 administrations?

7 DIRECTOR SEDILLO: Thank you so much,
8 Speaker Adams. I think it-- again, what we are about
9 is anything is on the table for us to get providers
10 paid. The advance directive that will be forthcoming
11 that we announced yesterday is but one of the tools.
12 I do again want to very much caution that it's not
13 the silver bullet. It is not something that we took
14 lightly. It is really an unprecedented moment, a
15 unique moment for our nonprofit providers and the New
16 Yorkers receiving services given all of the noise
17 externally. And so, we thought it the right thing to
18 do, but we don't think that is a standard practice
19 that we want to subject agencies and nonprofit
20 providers to moving forward.

21 DIRECTOR YU: If I could, Speaker Adams?

22 SPEAKER ADAMS: Sure.

23 DIRECTOR YU: I want to take one step
24 back from the advances, and just really emphasize
25 that the best way to pay contracts on time is to

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 46

2 focus on on-time contract registration, and that's

3 why MOCS holds an annual initiative will of our human

4 service agencies to do-- to review the human services

5 plan, then look ahead to see what the contracting

6 needs are, and we try to hit the target of July 1st

7 of the brand new fiscal year. And if I may, I just

8 want to read off some stats as it relates to the

9 Fiscal Year 2026 timeliness initiative that we are in

10 the midst of at the very moment. So, the Human

11 Services Plan show about 900 contract actions for

12 this upcoming Fiscal 2026 year. They represent 29

13 percent increase over the Fiscal Year 2025 actions.

14 So, 900 this year, 696 last year. So, Fiscal Year

15 2026 is heavy on continuation actions which includes

16 the procurement method negotiated acquisition

17 extensions, and it doubles the extensions,

18 quadrupling from Fiscal Year 2025. The RFPs,

19 requests for proposals, have dropped off about 27

20 percent from last year. And if I also could just to

21 highlight the administration's wins from prior fiscal

22 years. As part of the Fiscal Year 2025 timeliness

23 registration when the plan showed 700 actions-- let's

24 see. We did 62 percent of contracts were submitted

25 to the Comptroller for registration by July 1st,

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 47

2 2024, and then by September 3rd, 2024 it was a 90

3 percent on-time registration. That is the best tool

4 to ensure timely register-- to ensure timely payment

5 to providers, and for the most part-- I'll stop there

6 for now. Thank you.

7 SPEAKER ADAMS: Okay, alright. Thank you

8 for that. Introduction 1248 would codify MOCS as a

9 department to reflect the importance and scope of the

10 agency's jurisdiction over public contracts which

11 account for expenditures amounting to roughly one-

12 third of the City's budget. The Commissioner of the

13 Department would serve as the City Chief Procurement

14 Officer and be responsible for ensuring the

15 Department carries out the functions currently

16 performed by MOCS. We believe that codifying MOCS as

17 a Department in the City Charter will better set

18 uniformed practices and procurement contracting and

19 payments and assist the agency with performing

20 oversight of Mayoral agency procurement and

21 contracting while strengthening enforcement of

22 applicable laws and policies. In addition to the

23 powers and duties assigned to the Commissioner in the

24 bill, there are powers, duties, or functions-- are

25 there powers, duties or functions that Council should

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 48

2 consider assigning to the Commissioner or the agency
3 in this bill?

4 DIRECTOR YU: Thank you, Speaker Adams,
5 for this piece of legislation and introducing it. We
6 are-- as I mentioned in the testimony, we are so
7 supportive of-- and appreciative of you shining a
8 light on our organization and wanting to put it into
9 the Charter. I think substantively we are aligned on
10 the goals. We want to ensure that the City has
11 consistent policies, standard practices to ensure
12 that the practices-- to ensure that our agency
13 partners are given the best direction so that they
14 can execute their tasks day-to-day with the overall
15 goal of contract registration on time and timely
16 payment to our providers. Having said all that, also
17 as I mentioned in the testimony, we really looked
18 forward to engaging offline with the Council and the
19 Council's counsel and the Law Department on the
20 structural issues as the bill is drafted.

21 SPEAKER ADAMS: Okay. As it's currently
22 constituted, does MOCS have adequate resources to
23 conduct effective oversight over mayoral procurement
24 and contracting?

25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 49

2 DIRECTOR YU: Thank you for the question,
3 Speaker Adams. I appreciate it so much. At the time,
4 we are in active conversations with our Office of
5 Management and Budget and we review our staffing
6 levels and our resource levels day-to-day. Also, in
7 addition to that, beyond just our organization, with
8 Deputy Mayor Ana Almanzar's leadership and Executive
9 Director Sedillo's leadership, MONS and MOCS released
10 a workforce survey asking all of our city agencies,
11 not just the human services ones, to take a look at
12 their procurement shops, their contracting shops,
13 their finance shops and their legal shops to really--
14 so that we could really understand what the staffing
15 levels are relative to their workload, how many
16 transactions they're processing, what is the dollar
17 amount they're processing. We are reviewing the
18 results of that analysis and that is helping us make
19 decisions based upon what the data is showing.

20 SPEAKER ADAMS: Okay. So, we're not
21 ready to share because you're still collecting that
22 data, the additional resources that may be-- okay--
23 needed. Alright, thank you. Currently the MOCS
24 Director holds a number of titles created in rules of
25 the Procurement Policy Board and in law. Primary

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 50

2 among them is the City Chief Procurement Officer, but
3 another example is the Director of Citywide
4 Environmental Purchasing created in Local Law.

5 Others created in rules of the PPB include Director
6 of the Office of Construction and the HHS Accelerator
7 Director. What is the full list of titles or roles
8 currently consolidated under the Director of MOCS?

9 DIRECTOR YU: Speaker Adams, I appreciate
10 that so much. I think some of that may be news to me
11 if I'm perfectly honest, as it is day three, and I'll
12 certainly take that question back to my team and I
13 can report back to your team.

14 SPEAKER ADAMS: Okay, thank you.
15 Introduction 1249 would require the agency to submit
16 a formal corrective action plan for each
17 retroactively registered contract. Would you support
18 this level of transparency and accountability?

19 DIRECTOR SEDILLO: I'll jump in. Thank
20 you so much, Speaker Adams, and totally agree in
21 spirit with the bill, making sure that we have action
22 plans. That's why work with the Chief Nonprofit
23 Officers at all the agencies to develop action plans.
24 You know, when we worked on the Clear the Backlog
25 Initiative in 2022, we really think the magic sauce

2 there was having specific data that went up to the
3 principals, both at the agency level and City Hall
4 level. And the attention and the, you know, real
5 specific data metrics and indicators are really what
6 we think moved the needle significantly and unlocked
7 over \$6 billion worth of contracts there. And so
8 we're doing that actively right now and we're working
9 with agencies to identify there quantitative and
10 qualitative priorities for the upcoming quarter, and
11 so, I think that is where we think the secret and
12 magic sauce is in moving the needle here. But I
13 would say one thing about the bill that, you know, I
14 would have questions about is how you're defining
15 retroactive contracts. As you all know, a
16 significant portion, I think, well over, you know,
17 two-thirds of our retroactive contracts and sometimes
18 higher are discretionary contracts that we find out
19 about the start of the fiscal year. And so those are
20 by definition retroactive and so would that be fair
21 to have an agency be subject to that and develop a
22 corrective action plan when it's largely out of their
23 hands. There's some things that we'd want to think
24 through.

2 SPEAKER ADAMS: Okay. Along with that,
3 Executive Director, then what kinds of data or
4 performance metrics does your agency already track
5 related to retroactivity?

6 DIRECTOR SEDILLO: Great question. Thank
7 you, Speaker Adams. A few things. So, we look at
8 the total contract backlog across the agencies and
9 then agency by agency. We also look at invoices and
10 those that have A: disproportionately high amounts of
11 time. We look at budget modification, cycle times
12 there, and how long that is taking agency by agency,
13 and then we also look at qualitative data because I
14 think the sentiment of a sector is just as important
15 here. You look at some of our agencies who have lower
16 cycle times, and the sentiment from the sector is
17 that they're really good partners and have a strong
18 culture of customer service, and I think that's just
19 as important. And so those are some of the things
20 that show our agency partners, and then I know MOCS
21 works with them daily, especially on the timely
22 registration initiatives, to really provide that data
23 service to them to shine a light on where some of the
24 bottlenecks are and where some of their interventions
25 ought to be really focused.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 53

2 SPEAKER ADAMS: Okay, good. So, would the
3 agency be able to easily incorporate that into
4 required corrective action plan?

5 DIRECTOR SEDILLO: I think that they
6 would probably rely on some of those pieces,
7 certainly, but I do think that the gist of the action
8 plan is significantly different in that it requires
9 alignment across the organization and with City Hall
10 principles. Again, I think that's really what's key
11 here. So, the action plans have to be developed by
12 the Chief Nonprofit Officers. They're the ones that
13 are accountable for there agency's results and the,
14 you know, sentiment with their agency partners. The
15 agency head has to sign off on that, such that it is
16 something that everyone across units, program,
17 budget, fiscal, legal is really aligned with and
18 rowing in that same direction. Did you want to add
19 anything?

20 SPEAKER ADAMS: So, what role should
21 oversight agencies like MOCS or the Comptroller's
22 Office play in reviewing or responding to agency
23 corrective action plans?

24 DIRECTOR SEDILLO: Thank you so much for
25 the question, Speaker Adams. I personally think the

2 role that we would love our oversight partners is to
3 provide us with the flexibility. You know, just
4 recently, some new audits came to some of our agency
5 partners, and so at the same time Director Yu and I
6 are pushing agencies to go as fast as possible, and
7 there's a cloud hanging over agency staff head,
8 procurement staff head, public servant's head where
9 they say, "Am I supposed to go as fast as possible
10 and provide a customer service, or am I supposed to
11 make sure every I is dotted in the most, like perfect
12 way such that the payments get out the door?" So,
13 you know, I think the flexibility support,
14 championing of our public servants across the
15 administration, what I think Director Yu and I see is
16 that the dance of building the social safety net is
17 not just to nonprofit providers, although obviously
18 they are key in delivering services. We really see
19 our public servants as maintaining that social safety
20 net and we try to make sure they understand that
21 they're a part of it in a really significant way, and
22 so we've made request of, you know, the Comptroller's
23 Office, for example. MOCS and former Director
24 Flores has asked them like they did in the 2022
25 backlog initiative to allow agencies to send over

2 contracting actions prior to the pre-processing
3 period. That was denied. Although they did in 2022.
4 Most recently, Chief Nonprofit Officers and agency
5 ACOs [sic] sent a direct letter to the Comptroller's
6 Office who have been great partners in the past,
7 particularly as I mentioned, the 2022 backlog
8 initiative that was not-- that was not agreed to.
9 So, I think there are tools that we would really want
10 to work on. So, excited to work with you and your
11 team, literally tomorrow morning, on exploring the
12 idea of grant-like options for discretionary
13 contracts. That is a game-changer that I think
14 Director Yu and team have been really shouting from
15 the rooftops and we'd be happy to talk about how that
16 would significantly reduce retroactive times and put
17 our public servants in a position to do their work
18 better.

19 SPEAKER ADAMS: Okay. I thank you again
20 for your testimony today. Our goal here is to
21 resolve this issue. We've been in this issue for
22 years and years and years and years, and I hope that
23 we have started at least have a collaborative
24 starting point so that we can take care of our
25 nonprofits the way that they deserve to be taken care

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 56

2 of. And with that, I turn it back over to our
3 Chairs. Thank you.

4 CHAIRPERSON WON: Thank you so much,
5 Speaker Adams. I want to follow up on some of the
6 Speaker's questions and some of your announcements.
7 So, the announcement yesterday was that city
8 estimates advancing nonprofits over \$5 billion in
9 fiscal year 2026 up to \$2.8 billion initial advances
10 issued during fiscal year 25. So, will the \$5
11 billion in advances that the Mayor announced
12 yesterday be a specific up-front percentage or is it
13 a dollar value? The \$5 billion sounds like a lot, but
14 the city contracts are \$8 billion for human services
15 contracts alone, not including others. So, can you
16 help us understand since it wasn't part of the
17 announcement?

18 DIRECTOR SEDILLO: Absolutely. Thank you
19 for the question, Chair Won. Really, our goal in
20 working on this together and working with our
21 partners at OMB and City Hall leadership was how much
22 can we get out the door as quickly as possible, as
23 responsibly as possible to ensure that services are
24 still rendered. And so, I think, you know, it is
25 difficult to do an across-the-board mandated

2 percentage when you get above the 25 percent
3 standard. And so, we had to really soberly look at
4 what was possible program-by-program, take into
5 consideration agency feedback, and I think what we're
6 confident in saying is that where we landed as much
7 as we could possibly and responsibly do for our
8 providers and for our city agencies.

9 CHAIRPERSON WON: So, you're saying that
10 it's going to be different per agency?

11 DIRECTOR SEDILLO: It will probably be
12 different across programs, and we will be announcing
13 that very soon from a MOCS directive and working with
14 our agency partners in the coming days, and we'd be
15 very happy to brief you all in partnership before
16 perhaps it goes out to our providers to make sure
17 that we have your support from a messaging
18 standpoint. But yes, I think it's safe to say as
19 comfortably as we could go, as high as we could go
20 everywhere. And it's-- we're confident in saying
21 that everyone's going to get more than they got this
22 last year.

23 CHAIRPERSON WON: Okay. Because I just
24 want to point out two things. The advances only work
25 in the contracts that are registered on time. So, are

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 58

2 they going to be registered-- are you going to
3 register the human services contract on time for July
4 1st?

5 DIRECTOR SEDILLO: Great question, Chair
6 Won. So, you're right that it only happens when it's
7 a contract that is registered. It doesn't mean
8 though that if it's not registered on July 1st that
9 they won't get the advance when their contract is
10 registered. If it's registered July 5th, August 1st,
11 that contract will get the advance that we agreed
12 upon. So that upfront funding will come as soon as it
13 happens, and I think with the work MOCS is doing on
14 their timeliness initiative work, that will be very
15 key to making sure that we start the fiscal year off
16 as healthy as possible. And the other thing I'll
17 point out just as the Speaker mentioned in the
18 proposed legislation, when there are multi-year
19 contracts-- so contracts that have already previously
20 been registered-- we don't need to go through a re-
21 registration process. That contract is registered at
22 the start of the fiscal year. They'll get the
23 advance amount.

24 CHAIRPERSON WON: So, for the contracts
25 to be registered on time to get the advance, how are

2 you going to ensure that registrations are happening
3 on time, especially all the agencies that are here we
4 would like to hear from as well?

5 DIRECTOR YU: Thank you, Chair Won, so
6 much for the question. As mentioned earlier, the
7 Timeliness Initiative is something that the City has
8 performed for some time now. We've performed it
9 every single year as part of this administration.
10 We'll continue to perform it this year, and we have
11 all intents to perform it next year. So, just to
12 take a step back-- under the PPB, the Procurement
13 Policy Board rules, we ask the human service agencies
14 to forecast out and think through what human service
15 contracts they are going to be needing in the
16 upcoming fiscal year. We collect that-- those lists
17 and we post them on our website. And that set of--
18 that set of contracts, those are our goals. That's
19 what we aim to work toward in the upcoming fiscal
20 year. So, when we-- we start this at different times
21 of the year, but this year we started in January to
22 hit a July 1st target. So we take those human
23 service plans that, as I mentioned before, are 900 in
24 count, and we work with each of the human service
25 agencies to track. This is what you project it out.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 60

2 How are you doing? What is the status? Have you
3 kicked off your contract in Passport? Have you
4 engaged your vendor? Do you need something from your
5 vendor? Do you need something from your oversight,
6 Law Department, OMB, MOCS? And with that, we target-
7 - we target to hit 100 percent by July 1st, and as I
8 mentioned we're at 91 percent last fiscal year. And
9 in between the start of the Timeliness Initiative and
10 July 1st and we track 'til about the beginning or the
11 end of September. We're really looking week by week
12 with our agency partners how they're performing on
13 that list of contracts that they started out earlier
14 in the year that they were going to-- that they were
15 going to try to work towards. The vast majority of
16 the contracts are DYCD contracts, but I will say that
17 the largest dollar amounts tend to be in the DHS
18 agency portfolio.

19 CHAIRPERSON WON: Yep, that's why they're
20 here. So, we'd like to hear from you directly as
21 well on what you're going to do to make sure that
22 these contracts are registered on time.

23 DEPUTY COMMISSIONER OGNIBENE: good
24 morning. Michael Ognibene, First Deputy Commissioner
25 and Chief Operating Officer for New York City

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 61

2 Department for the Aging. I'm happy to be here to
3 discuss contracts. I will point out that NYC Aging
4 does not fund any youth programs, but we're happy to
5 see that there were a number of champions that
6 support older adult services in the panel. We meet
7 with our providers constantly. Our Commissioner has
8 a monthly meeting with all Executive Directors. Our
9 Chief Program Officer meets with all directors of all
10 providers. We have information sessions. We follow
11 procurement timelines. I've been around for 27 years
12 doing procurement, so we're well familiar with
13 timelines, preproposal conferences. If we work with
14 the providers to get the information into us on time,
15 we are then successful with registrations.

16 CHAIRPERSON WON: So, for ContractStat
17 that you were announcing again, can you help me
18 understand? Is ContractStat going to be publicly
19 viewable as well for the nonprofit providers?
20 Because one of the biggest problems on Passport that
21 people struggle with is that it is not user-friendly
22 and it is impossible to know where a contract is
23 being held up and what they're supposed to do.

24 DIRECTOR SEDILLO: Thank you so much for
25 the question, Chair Won. I would say, you know, we

2 firmly believe in transparency, and I'd invite
3 Director Yu to add more about Passport public, which
4 is a pretty significant thing this administration has
5 done to put a significant amount of data online and
6 publicly available for the public. One thing I would
7 say is, as I mentioned in my testimony, I really
8 think of our two key stakeholders here, our nonprofit
9 providers and our public servants. I'm a former
10 first grade teacher. I do not believe public shaming
11 actually works, and I would say the same for city
12 agencies as I would our nonprofit providers. I would
13 not, for example, come up here and say here are the
14 nonprofit providers that are delinquent in there
15 invoices and that we need to, you know, recoup more
16 funds from. Similarly, I just don't believe
17 fundamentally that public shaming is the way in which
18 we would get providers and city agencies to really
19 meet the moment. Like I said and Director Yu said, a
20 lot of what they work on is publicly available, and I
21 think that is a really proactive way you and our
22 external partners should hold us accountable for
23 meeting our goals.

24 DIRECTOR YU: Thank you. Thank you,
25 Michael. I would just add-- so, thank you for the

2 plug for Passport Public. Our team is very proud of
3 it. It does provide a lot of transparency, in
4 particular for our vendors. It lists upcoming
5 solicitation opportunities. It lists status of
6 current solicitation, meaning when things are due,
7 when there may be an expected award. In addition to
8 Passport Public, my-- the colleagues at MOCS always
9 tell us that we have so much data, because the City
10 does so much contracting, but really harnessing that
11 data and putting it into reporting tools so that it
12 is easily digestible and you can actually do
13 something with it is a challenge that we continue to
14 face. And I'm pleased to announce that we are
15 looking in this fiscal year, maybe in the fall of
16 this year, we will roll out a set of vendor reports
17 that are going to be externally facing, that will--
18 the vision is that you log into Passport and you have
19 a dashboard or a reporting tool that really is
20 catered to you as the vendor. It pulls contracts
21 you're already awarded, and it displays that for you.
22 It pulls solicitations that you submitted to and
23 that-- it displays it to you. In the future, future
24 state, it also hopefully will give you a snapshot of
25 you've submitted this invoice. It's been pending on

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 64

2 the clock for this amount of days, or these are all

3 your invoices that have been paid. We're going to

4 see through that this calendar year. I certainly

5 believe, as Executive Director Sedillo has, you know,

6 time and time gone back to, transparency and

7 providing information that's actionable is really--

8 is really the principle that we're trying to chase.

9 CHAIRPERSON WON: So, for Passport itself

10 you're saying for the user interface as a nonprofit

11 provider, you're going to have improvements within

12 this calendar year--

13 DIRECTOR YU: [interposing] Yes.

14 CHAIRPERSON WON: on where you are on

15 your status of your contact that you have submitted

16 for registration?

17 DIRECTOR YU: Yes.

18 CHAIRPERSON WON: Okay, we will look out

19 for that. Do you when this year?

20 DIRECTOR YU: We hope for the fall.

21 CHAIRPERSON WON: Okay. And ContractStat

22 is available for all of the agencies for them to see?

23 DIRECTOR YU: I'll defer to Executive

24 Director Sedillo for ContractStat.

25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 65

2 DIRECTOR SEDILLO: That's correct, Chair
3 Won.

4 CHAIRPERSON WON: Okay. And ContractStat
5 is something that they can log onto themselves, or
6 they have to wait for someone to provide them--

7 DIRECTOR SEDILLO: [interposing] So, great
8 question. It's a service that our agency, our office
9 provides nonprofit providers. MOCS does have a Power
10 BI data field that we pull from, but we also have a
11 staffer on our team who spent years at MOCS, knows
12 the system, and can pull data, and really provide
13 that service to agencies so that they're not spending
14 too much time trying to run Excel, stat regressions,
15 things I don't even know about, but my staffer does.
16 And really helping them identify where those
17 bottlenecks are. So, all of them have the insight
18 into it and we make sure that principles, both at the
19 agency level and City Hall level see that data as
20 well.

21 CHAIRPERSON WON: Can we still hear from
22 DYCD and I forget if it was DFTA or DSS that
23 testified, but on how you're going to make sure that
24 you're registering contracts on time and paying
25 invoices?

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 66

2 DEPUTY COMMISSIONER HALBRIDGE: Sure.

3 Thank you for the question. My name is Jeremy
4 Halbridge. I'm the Deputy Commissioner of
5 Administration at the Department of Youth and
6 Community Development. Can you hear me? Great.
7 First, I want to thank the support of Executive
8 Director Sedillo and Director Yu and all the Council
9 Members here today. We share your concerns.

10 Commissioner Howard and I and all the staff at DYCD
11 are working hard on a daily basis to make sure that
12 not just contracts are registered on time, but
13 payments are made on time. What we're doing is we
14 have weekly meetings with MOCS and their team to talk
15 about the timely registration. We also have internal
16 weekly meetings where we bring together our finance
17 staff, procurement staff, legal staff and others to
18 ensure that we are hitting the targets that MOCS has
19 laid out, that contracts are registered on time.

20 EXECUTIVE DIRECTOR MAMET: Good morning.

21 My name is Diane Mamet. I'm the Executive Director
22 for Nonprofit Engagement and Chief Nonprofit Officer
23 at DSS. Thank you, Chairman Won for your question.
24 So, much like our colleagues, you know, we do
25 appreciate both MOCS and MONS support, both in

2 providing the data to us regarding outstanding
3 actions. We also convene weekly meetings with our
4 internal staff to ensure that everything that we can
5 control, we are, and to that end, that we're also
6 doing outreach with our nonprofits, right, for the
7 things that we cannot control which would be
8 submission of documents, because our goals is the
9 same as everyone else. We want your contracts
10 registered on time so that we can make timely
11 payments to you. So it really is engaging with our
12 nonprofits to ensure that they have the tools that
13 they need to submit what we need to make sure that we
14 can register their contracts timely.

15 CHAIRPERSON WON: How many staff members
16 do you have in your office to respond to all the
17 incoming from nonprofits who are having payment
18 delays?

19 EXECUTIVE DIRECTOR MAMET: That's a great
20 question. So as our new Chief Nonprofit Officer, I
21 do serve as a central point of contact for providers
22 who need to escalate issues or if they have
23 challenges, I can connect them with other areas of
24 the agency to ensure they have all the information
25 that they need, but there are several touchpoints

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 68
2 across the agency who not only work on contracting,
3 but budgeting as well as invoicing and programmatic
4 things.

5 CHAIRPERSON WON: So right now you're the
6 main point of contact for everyone to reach out to?

7 EXECUTIVE DIRECTOR MAMET: I'm one of the
8 main contacts, yes, that's at the agency.

9 CHAIRPERSON WON: Okay. I just want to
10 circle back. I'm a little confused to talk about
11 advances at a dollar figure instead of a percentage.
12 You're investing in a-- you're not investing in
13 advances. So, you're just getting nonprofits the
14 money that's owed to them at a reasonable time. With
15 the current advance policy, most nonprofit providers
16 get a 25 percent advance and there are very few who
17 are exceptions. So, to say \$5 billion in advances,
18 it seems a bit arbitrary. Can you say more about how
19 this decision was made? And I know that you're
20 saying that the percentage will be announced at a
21 later time, but the nonprofit providers want to have
22 more clarity.

23 DIRECTOR SEDILLO: Certainly. Thank you
24 for the question, Chair. I understand that, and I
25 would feel the same way if I were a nonprofit

2 provider. I think, again, what nonprofit providers
3 should understand is that we pushed as hard as we
4 possibly could, and got as high of a number as we
5 responsibly could, and we'll be communicating that
6 out very soon to our nonprofit providers. But
7 everybody should understand they're going to get more
8 upfront upon contract registration or if it's a
9 multi-year contract at the start of the fiscal year
10 than they have before.

11 CHAIRPERSON WON: Okay. We'll keep on
12 following up. Yesterday's report from the
13 Comptroller's Office said that there was a billion
14 dollars outstanding in payments for invoices, and in
15 November 2024, the Human Services Council which
16 represents a number of nonprofit human service
17 providers released the result of a survey of its 170
18 member organizations. The survey found that 90
19 percent of respondents were owed money outstanding
20 from payments from the City totaling \$365 million; 32
21 percent had experienced payment delays of at least
22 six months, and 48 percent had taken out lines of
23 credit worth a total of \$87 million. According to
24 the latest update this year, the total has now grown
25 up to \$548 million in late payments owed to nonprofit

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 70
2 providers. Can MOCS or MONS comment on the level of
3 financial distress among human service providers due
4 to late payments from the City?

5 DIRECTOR SEDILLO: I'll just start.
6 Thank you so much, Chair Won. I hadn't had a chance
7 to read the Comptroller's report just yet, but
8 looking forward to reading it. I would say, you know,
9 we are all very much aligned, and I'm very fortunate
10 to have real alignment among all the leadership at
11 City Hall, that this is a dire and urgent situation,
12 and everything is on the table. So, you know, I
13 mentioned the advance directive. That is not the
14 only thing we're doing, right? OMB as we mentioned
15 has unlocked 183 positions across agencies, having
16 exempted them from the hiring freeze. That's
17 significant. The work that MOCS has done-- and I
18 think Director Yu will chime in here in a minute--
19 has done to-- is really helping us get payments out
20 the door, but it is something that we take very, very
21 seriously and understand that it is our north star to
22 get folks paid as soon as humanly possible.

23 DIRECTOR YU: Thank you, Michael. If I
24 could add, as Michal mentioned we haven't had the
25 opportunity to digest the Comptroller's report since

2 it was just released last night, and we look forward
3 to digging in as, you know, this is our life's work.
4 I really want to think through the methodology, their
5 raw data, what they're capturing, and then how
6 they're just using those things to draw their
7 conclusions and their recommendations. Having said
8 all that and just pivoting back to the
9 administration's work to keep the eye on the prize,
10 so to speak, it is not lost on us that there are
11 nonprofit providers in crisis, in distress, who
12 really need some support. There are a variety of
13 tools that we've been deploying, and I'll start-- as
14 I mentioned in the testimony, the Returnable Grant
15 Fund. The Returnable Grant Fund is available to our
16 nonprofit providers based upon a set of criteria
17 that's pretty expansive. It was expanded not too long
18 ago to include a third category that wasn't
19 previously available. It is an interest-free loan,
20 interest-free. It is at a tens of millions of dollar
21 funding level and we monitor that loan fund
22 regularly. We have a small but might team at MOCS who
23 receives the applications for the loans once they've
24 been vetted by the agencies, and we just look to see
25 that there's going to be some collateral and that

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 72

2 there's some leverage to repay the loan, but that is
3 a significant tool that's available to the nonprofit
4 providers if they are in need of cash.

5 CHAIRPERSON WON: \$30 million is
6 currently what's available in the Returnable Grant
7 Fund. We are all about the idea of a Returnable
8 Grant Fund, but we need to expand. What is the total
9 value of applications submitted to providers, do you
10 know? And how much has been granted up to date? And
11 what plans does the City have to increase the
12 available grant fund? Because \$30 million for the
13 \$87 million of credit that people have had to take
14 out is not even half. And we're also getting reports
15 from nonprofit providers on reports that providers
16 are encountering extreme administrative barriers when
17 applying for that funding itself. What steps is the
18 city taking to reduce these barriers and assure
19 applications are processed smoothly and not kicked
20 back?

21 DIRECTOR YU: Thank you for highlighting
22 this. Maybe I'll turn it over to Michael just to
23 start and then I can--

24 DIRECTOR SEDILLO: [interposing] Sounds
25 great.

2 DIRECTOR YU: [inaudible] some of the
3 details.

4 DIRECTOR SEDILLO: Let's do that. Thank
5 you so much, Chair Won. You know, I really do just
6 want to make sure folks understand, because I think--
7 I've actually-- when I visit nonprofit providers,
8 they often times don't even know this fund exists,
9 and I want to just make sure folks know because it's
10 been a life line to many, many nonprofit providers,
11 interest and service-free loans, and that third
12 category that Director Yu just talked about is huge.
13 It was previously, as I understand, just for
14 unregistered contracts, and so now they've expanded
15 the use, and so people should think about that. The
16 one thing I'll say is, if there is ever an issue or
17 perception of administrative delays or it's, you
18 know, even stuck with the agency for whatever reason,
19 please give them my information, and we will work
20 with our partners at MOCS and the Chief Nonprofit
21 Officers at the agencies to ensure that it is
22 expeditiously reviewed. Now, you know, we do want to
23 be clear that sometimes providers will submit a loan
24 application for-- for example, something that is
25 already an invoice in the system. For us, that's not

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 74

2 an appropriate use of the loan fund, right? It would
3 be just a much simpler, probably a faster process,
4 too, if they actually just get the invoice paid out,
5 and that's why the partial payment directive that
6 MOCS did is so important and the invoice backlog work
7 they did just a couple of months ago is so important
8 as well. So, anyways. If there are issues, please
9 let me know directly, and myself and Director Yu will
10 have our teams look into it immediately.

11 CHAIRPERSON WON: So, going back to the
12 question. What is the total value of applications
13 submitted by providers and how much of the \$30
14 million has been granted to-date?

15 DIRECTOR YU: So, I have some rolled up
16 numbers, if I may. So, last two fiscal years there
17 was over \$190 million disbursed. In this fiscal year
18 already there was \$63 million disbursed. And for all
19 those who are listening, I just want to list out the
20 criteria for eligibility, and it's been expanded as I
21 mentioned. So, nonprofits with registered contracts
22 but funding release delays, that's the first one of
23 the four. The second one, nonprofits with future
24 start-up costs for emergency needs, the second of the
25 four. The third of the fourth, nonprofits

2 contracting capital discretionary if also holding an
3 expense contract. And then fourth, the last, for-
4 profits delivering human services. And also just
5 wanted to highlight that there have been the changes
6 to greatly reduce the administrative burden for
7 obtaining these interest-free loans. Previously, the
8 application was seven pages. It's now three pages.
9 Previously, there are over 60 fields for completion
10 across the application. Currently, it's cut down to
11 about one-third. Previously, it was a Microsoft Word
12 document or a PDF, but now it's been fully digitized
13 to Adobe PDF and it's web-friendly. And before it
14 was limited-- there was a limited outline of
15 eligibility parameters on the application, but now it
16 includes a full eligibility matrix in compliance
17 conditions. And previously, also, it was limited
18 eligibility to outside in-progress nonprofit
19 contracts. Currently, it's expanded eligibility for
20 registered nonprofit contracts in human service for
21 profit., as I previously mentioned. So, this is just
22 one tool in the toolbox, but it is a significant one.
23 It is one that's available. And as you mentioned,
24 there's \$30 million in the fund right now. We do
25 take a first-come first-served basis, but we do also

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 76

2 with City Hall leadership review what makes sense in
3 terms of prioritization and program priority. And so
4 we do-- the City does-- it's available, and we
5 encourage the use of the loan [inaudible]

6 CHAIRPERSON WON: Is there a conversation
7 to expand the \$30 million to a higher dollar amount?

8 DIRECTOR YU: the \$30 million right now,
9 you know, is from our review of the performance and
10 the utilization of it, a healthy amount.

11 CHAIRPERSON WON: Okay. And last
12 question before I pass it over to our colleagues
13 since we're going over. For MOCS, do you-- and MONS
14 are you tracking the outstanding debt to contractors?
15 If so, can MOCS provide an annual total of
16 outstanding debt to contractors with subtotals for
17 nonprofit vendors and human service providers for the
18 last 10 years?

19 DIRECTOR SEDILLO: You said MOCS, excuse
20 me?

21 CHAIRPERSON WON: Yeah.

22 DIRECTOR SEDILLO: I'll start real fast
23 and just say for MONS we do track, as I mentioned to
24 Speaker Adams earlier, in contracts that-- invoice
25 cycle time and those invoices that have

2 disproportionately aged, we also provide on a monthly
3 basis specific backlogs to agencies from a contract
4 registration standpoint and an invoice and budget
5 modification standpoint. So, it is something that we
6 offer to agencies on a regular basis.

7 DIRECTOR YU: I'll just jump in and add--
8 and we've been talking about the different variations
9 throughout this hearing, but as Michael mentioned-- I
10 want to just really drill down and hone in that
11 through the backlog initiative we unlocked over a
12 billion dollars in advances. In October of last
13 year, MOCS launched the backlog, the payment backlog
14 initiative--

15 CHAIRPERSON WON: [interposing] I just
16 want to clarify. My question is about what is the
17 total outstanding debt to contractors? What is the
18 total amount that the City owes?

19 DIRECTOR YU: Yes. And I think, you know,
20 just to sort of provide some more background and
21 context. The-- what we do in terms of the data and
22 capturing the data, the only way that we could even
23 do a backlog initiative is if we had the data in the
24 reporting. And so, with the data in the reporting,
25 it enabled us to do this backlog--

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 78

2 CHAIRPERSON WON: [interposing] Okay, so
3 what is the total amount outstanding?

4 DIRECTOR YU: The total amount, I would
5 have to get back to you, but--

6 CHAIRPERSON WON: [interposing] Okay. Can
7 you make sure that within this hearing your team gets
8 that number for us, because we sent these questions
9 in advance. So, we want to know the total
10 outstanding to debt contract and the subtotal for
11 nonprofit vendors and human service provides from the
12 last 10 years.

13 DIRECTOR YU: Okay. So, I will just sort
14 of-- we can definitely-- we can certainly work on
15 that. If we're not able to provide it at the
16 hearing--

17 CHAIRPERSON WON: [interposing] Okay, we
18 would like to have it within this hearing.

19 DIRECTOR YU: Okay. I just--

20 CHAIRPERSON WON: [interposing] Before the
21 testimonies are over. So, I'm going to pass it over
22 to Chair Stevens to ask the next set of questions.

23 CHAIRPERSON STEVENS: Hello. And just to
24 follow up the question she was asking, I also would
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 79

2 like to know do you know how much the City owes and
3 on budget mods. Do you have that?

4 DIRECTOR SEDILLO: Thank you for the
5 question, Chair. We-- it's hard to say owed. It's
6 hard to say owed, I think, with certainty, because
7 the entire process of a budget modification is agency
8 and nonprofit provider trying to align on what is
9 owed. Nothing really stops a nonprofit provider from
10 submitting a budget modification, and you know, as
11 good fiscal stewards, we have to ensure that that is
12 in scope and we have to ensure that is money that the
13 City does owe. So, we certainly have the amount of
14 budget modifications that are active across agencies,
15 but the number tied to it is not an exact number that
16 I think we would feel comfortable sharing. Anything
17 to add?

18 CHAIRPERSON STEVENS: So, you just don't
19 feel comfortable sharing it? Okay. I mean, so a
20 couple of things, because there's been-- a lot has
21 been being said, and so my brain is like on a
22 thousand. So, Mr. Sedillo, I've heard that you come
23 with a lot of experience. Folks like you, all the
24 things. Got good reviews from you, but that doesn't
25 mean that we happy, because with all of that no one

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 80

2 has faith that this is going to get done, because we

3 sit here time and time again doing the same dance,

4 having the same conversation, doing all the things.

5 We liked the last Executive Director. She was great,

6 too. Still ain't paid the people. So, with all that

7 being said, it's just very frustrating to just be

8 here and time and time again hear excuse after excuse

9 after excuse. Like, this does not make sense. You

10 know-- so, next question I have is, have you paid out

11 COLA interests? Have you paid out COLA in indirect

12 rates to providers that are reporting-- because

13 providers are reporting that they're owed years'

14 worth of indirect costs, and I'd like to know why

15 payments have not been paid out, what's-- why is it

16 so slow for paying this money out?

17 DIRECTOR SEDILLO: Thank you so much,

18 Chair Stevens and thank you for the kind words,

19 appreciate that. You know, I will just say as I

20 think Director Yu is going to add in, certainly

21 appreciate that sentiment. I wake up every day very

22 clear for this office that the north start is getting

23 nonprofits paid. This is not a ceremonial role for

24 me. This is not congratulations to me, yay me I'm an

25 executive Director. I am incredibly serious about

2 this, and I feel the pain. I visit nonprofit
3 providers. I work alongside our public servants. I
4 work from the city agencies regularly and make sure
5 they understand our north star. So, I take the
6 feedback, but this is incredibly personal to me, and
7 I'm very privileged to be able to support the social
8 safety net for New York . I would say--

9 CHAIRPERSON STEVENS: [interposing] I just
10 want to say, I don't think that it's not personal for
11 anyone here, but it doesn't matter because it's not
12 happening. So, one, even today you said that you
13 would give us a briefing. I said at the start of
14 this, I'm just as much of an expert as all of you
15 guys. So maybe having us be a part of the
16 conversation and the providers be in conversation so
17 that we can actually get it done, because clearly you
18 don't have the answers. And this is as the
19 administration as a whole. And so yes, you guys are
20 trying to-- everyone is working hard, and I'm not
21 saying that I know people are taking as a priority
22 but it's still not being done. So clearly, we need to
23 do something different. So, that is my response to
24 that. Like, this is not saying, oh, no one's doing
25 it. Yeah, great. But we have providers who are

2 struggling. Literally, most of the agencies have
3 multiple contracts with multiple agencies and is owed
4 money, and that is part of the problem. We've
5 already had agencies who are on the brink of losing
6 their staff or on the break of losing programming
7 because we have not paid them, and this is
8 unacceptable. I don't even like the language around
9 that these are advances. These are not advances. You
10 guys-- it's-- stuff is being stuck in the process and
11 they're not getting paid money that they have already
12 done the work for because this is all done on
13 reimbursement. And so like, even the language pisses
14 me off that we're saying like, oh, we just made an
15 announcement that we're going to give out advances
16 for money that they are owed that they already done
17 the work for. So, it's just frustrating. And so, you
18 know, I know you take this personal. I take it
19 personal. I come from nonprofit. I did this work
20 for 20 years, so I also take it personal that I have
21 to have providers call me directly for me to then
22 call the administration to say we need the money,
23 because that's unacceptable. I have other things that
24 I should be focused on and not calling you to say,
25 hey, this person's contract isn't registered. We're

2 the loophole at? And here's the thing, when I do
3 that, I get a response, but I should not have to do
4 that. So, understand my frustration. I have a very
5 needy district, so I should not have to call you
6 about getting services that they need to do in my
7 community because you guys aren't paying them. So
8 that's my frustration.

9 DIRECTOR SEDILLO: Totally understood,
10 Chair Stevens, and I appreciate your perspective and
11 passion and expertise 100 percent. I'd be very happy
12 to go with you in your district and meet some of your
13 nonprofit providers. You--

14 CHAIRPERSON STEVENS: [interposing] I have
15 a meeting every month for nonprofits. I believe it's
16 coming up this week. You were invited and I know
17 that you couldn't come, but since you said it,
18 hopefully you're at the next one. I'll make sure my
19 staff gets you the date and hopefully you'll be
20 there.

21 DIRECTOR SEDILLO: Sounds great. Sounds
22 great. And you should definitely let providers know
23 they can reach out to me directly, or you know, one
24 of the things that we did, of course, is Executive
25 Order 47 that has Chief Nonprofit Officers at every

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 84
2 agency. Any of your providers should know who those
3 people are. they're listed on--

4 CHAIRPERSON STEVENS: [interposing] All my
5 providers know this. They are contacting the agency.
6 They are contacting you, and typically I am the last
7 stop, and I get calls all the time. The amount of
8 spread sheets that I have to send and call when Lisa
9 was here and everyone else to get stuff done is
10 unacceptable. And so, this isn't new. And again,
11 you just got here. I've been here.

12 DIRECTOR SEDILLO: totally understood.
13 Thank you so much, appreciate it.

14 CHAIRPERSON STEVENS: Could we go back to
15 the question around the indirect costs.

16 DIRECTOR YU: Thank you, Council Member
17 Stevens. The passion, you know, I respect it so
18 much, and also just I appreciate the-- we're all
19 showing up as our full selves, our person, and our
20 prior experience, and having you share that provides
21 a level of insight and just contextualizes it all.
22 and as Michael was saying about how this is his
23 life's work, he's been an organizer, he's been a
24 first grade teacher, just want to take a moment to
25 share my personal background that I come from two

2 immigrants. My father had a small business, and I
3 can only imagine if my father was able to get a
4 contract with the City of New York and then he wasn't
5 able to be paid, what that would mean for him and our
6 family. So, that is not lost on us. But having said
7 that, I wanted-- if I could, Council Member Stevens,
8 I wanted to go back to Chair Won's question about the
9 overall backlog, and while I can't provide it for the
10 10 years, I can try to provide it for at least this
11 current administration. And Council Member Stevens,
12 I will pivot also to address the indirect cost rate.
13 And I will say that when-- January 2022, at the start
14 of the administration, the overall backlog was \$11.3
15 billion. March 2024 it was \$12.7 billion, not
16 trending the right direction, but okay, stay with me.
17 November 2024, \$9.1 billion, January of this year,
18 \$4.8 billion, and then April, this month, April 2025
19 \$5.8 billion. And so, we will see that there is
20 fluctuations because procurement and contracting as
21 you are all aware is cyclical. However, we went from
22 double-digit billion-dollar backlog to now single-
23 digit. As I mentioned earlier, that does not take
24 away-- the numbers do not take away from the
25 individual provider, the individual nonprofit's pain,

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 86

2 and sort of this sense of a broken promise, but we
3 are trying to take a holistic approach and make some
4 systematic improvements to the overall process.

5 CHAIRPERSON WON: Thank you. How much of
6 the \$5.8 billion that's currently outstanding is
7 currently for nonprofit vendors and human service
8 providers?

9 DIRECTOR YU: That slice I would have to
10 get back to you.

11 CHAIRPERSON WON: Okay, if your team
12 could look into now. Thank you.

13 CHAIRPERSON STEVENS: I'm going to move
14 onto some questions to DSS. In FY 2024, HRA
15 submitted 298 retroactive contracts totaling \$2
16 billion. What were the primary deliveries--
17 deliverers [sic] behind the high-volume of
18 retroactive submitted and what conceptual steps has
19 HRA take to reduce its reliance on retroactive
20 contracting going forward?

21 EXECUTIVE DIRECTOR MAMET: Thank you,
22 Chair Stevens. So, as I had mentioned earlier,
23 right, there are things that we can control and
24 things that we cannot control. Our goal is to always
25 have contracts registered on time. Sometimes

2 procurements are dependent upon seasonality and when
3 they're released, and then there's a number of
4 actions that then follows. There's a continuity,
5 excuse me, of services. So, we take this very
6 seriously. We are continuing to engage with our
7 nonprofits to ensure that we have everything that we
8 need so that we are able to register actions in a
9 timely manner so that we're able to pay them in the
10 same way.

11 CHAIRPERSON STEVENS: So, you don't have
12 like steps that you guys are doing to, like, really--
13 like, conceptual steps of like, okay, this is-- we
14 see this issue. These are the things that we're
15 trying to do. Are you just saying you're taking it,
16 I mean, nonprofit by nonprofit?

17 EXECUTIVE DIRECTOR MAMET: So, there are
18 a couple of different ways that we're looking at
19 this.

20 CHAIRPERSON STEVENS: And could you talk
21 about them, because I think it's like-- you're giving
22 very general. I would love to hear like what those
23 steps are so that like people could have a better
24 understanding and not like, oh, we're kind of-- so,
25 that would be helpful.

2 EXECUTIVE DIRECTOR MAMET: Absolutely. I
3 will start a little bit more broad and then can
4 narrow down a little bit. So, we do look at, you
5 know, year by year the financial plan and what we're
6 planning to put out for solicitations, right? All
7 that information is available. We're also engaging
8 with our partners at MOCS to ensure timely
9 registration. So it's looking at what's coming up,
10 always planning ahead how long we're going to need
11 what kind of need time to ensure that there's
12 adequate timing to ensure that things are registered
13 on time. And then from there there's also more
14 targeted approaches, right? We know that some
15 nonprofits have more infrastructure than others.
16 Some might need a little bit more support. So, there
17 is both a broad look at things as well as an
18 individualized so that we're ensuring that we're
19 supporting all of our nonprofits in an appropriate
20 matter.

21 CHAIRPERSON STEVENS: In FY2023, DHS
22 submitted 49 emergency contracts totaling over \$6
23 million. What oversight mechanisms does the agency
24 have in place to monitor how those emergency
25 contracts are being implemented and ensuring that

2 providers are meeting the services and performance
3 requirements outlined in their contract? This is for
4 DHS-- I mean DSS.

5 DIRECTOR YU: If I could, Council Member
6 Stevens? So, the emergency contracting portfolio is
7 a unique one. As Executive Director Sedillo
8 mentioned at the top, the asylum-seeker crisis that
9 the City faced, the way that we were able to meet the
10 needs of taking care of that population was done
11 through emergency contracting. And as you know,
12 under the PPB, the oversights that sign off on those
13 emergency contract include both the Law Department
14 and the Comptroller, and there are probably some
15 emergency contracts that are still sensitive in
16 nature that are-- the program is live and ongoing,
17 but with that framing, we're happy to engage maybe a
18 bit more because I think maybe that was a little bit
19 outside the scope of this particular hearing. So,
20 we're not best-positioned to reply, but we're
21 certainly happy to talk offline about that.

22 CHAIRPERSON STEVENS: Okay. This was
23 sent over before, correct? The questions were sent
24 over before. Okay. Okay. The shelter population
25 was nearly doubled in 2022 and 2024, placing a huge

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 90

2 strain on the Department of Homeless Services.

3 However, we understand that DHS staffing levels have
4 not increased to match this demand. How many staff
5 are currently assigned to manage and oversee DHS
6 contracts?

7 DIRECTOR SEDILLO: If you don't mind,
8 Chair, I'll just jump in real fast just to make sure
9 to remind, especially for the new Council Members
10 who joined, that we were very proud to work with our
11 partners at OMB to exempt human service contracting
12 positions from the hiring freeze. I just want to
13 make sure folks know that 183 positions over the past
14 few months have been unlocked because of the
15 situation and because of the unique moment we find
16 ourselves in which includes the agencies at this
17 table as well, just for framing.

18 EXECUTIVE DIRECTOR MAMET: Thanks
19 Executive Director Sedillo. So, staffing is always
20 going to be an ongoing challenge at DSS and any
21 agency. There's natural ebb and flow both through
22 attrition and other factors as shared just now, that
23 OMB has unlocked over 180 positions and a percentage
24 of those will be coming to DHS as well as DSS to
25 support the work. The agency structure is unique in

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 91

2 that contract management and oversight involve
3 multiple departments, including budget programs, ACO
4 and finance. Each of these teams play a critical
5 role at different stages of the contract life cycle
6 from development and approval to implementation and
7 fiscal monitoring. So, as such, there are several
8 touch points across the agency due to this
9 collaborative and integrated approach--

10 CHAIRPERSON STEVENS: [interposing] So, if
11 there's several touch points, can you go over how
12 many staff and all those who have the oversight?

13 EXECUTIVE DIRECTOR MAMET: I would need
14 to get back to you with specific numbers of staff--

15 CHAIRPERSON STEVENS: [interposing] Could
16 you guys work on that so we can get that through the
17 end of the hearing? Because it was a simple
18 question, and so if there's multiple touch points,
19 then the question should just really be at this
20 Department we have this many. At this Department it
21 should have this many. So, I'm not really sure why
22 that question is so, you know.

23 DIRECTOR SEDILLO: Yeah, Chair Stevens, I
24 really, really appreciate the question. It's
25 something we are really trying to work on. Director

2 Yu mentioned the workforce analysis that we're doing
3 right now. That's not ready for our principals yet,
4 and so once we finalize that analysis--

5 CHAIRPERSON STEVENS: [interposing] Well,
6 the agency should know how many people that they have
7 on staff that are doing this work. And so, it should
8 be knowledge, and this isn't a trick question. Like,
9 this is a very simple question. And so, like, I
10 don't understand why you need a work analysis [sic]
11 to know how many people you have in a department. If
12 you ask me how many staff I have, I can tell you what
13 they do and how they do it. And so that's not that
14 hard. It's a huge agency. So, it's not a trick
15 question. So, if you guys can work on that, that'll
16 be great. It's just us trying to figure out, and
17 even saying that you unlocked more roles-- don't get
18 me started, because it should have been unlocked,
19 because they should have always had it open, but
20 whatever. So, we not going to go there. But they
21 should clearly know how many staff they have working
22 on these things, because that's part of the problem.

23 DIRECTOR SEDILLO: Yeah, Chair Stevens, I
24 fully agree with you. We saw the survey analysis

2 that came back. It was not as simple as we had
3 thought, and it's-- you know--

4 CHAIRPERSON STEVENS: [interposing] This
5 is part of the problem why we not paying people,
6 because it is that simple and we're making it more
7 difficult. So, I'll move on as you guys figure it
8 out, but like, it is really just that simple. It is
9 not as difficult as you guys are making it. It's a
10 simple question. How many staff do you have working
11 on these contracts? And if it's different points and
12 different parts of the Department, you should have
13 that number. What is the average number of
14 contractors or providers on each staff that is-- oh,
15 you don't have that. So, I'll ask that when you get
16 back to us with the number. What percentage of DHS
17 contract providers are currently experiencing delayed
18 payments and what is the average processing time for
19 invoices submitted for reimbursement?

20 DIRECTOR YU: Thank you, Council Member.
21 So, we remain committed to paying our nonprofit
22 partners in a timely manner so that they continue to
23 provide vital services to New Yorkers. This is a
24 very nuanced issue and that it can be tied to an
25 invoice that has not yet been submitted, or but not

2 yet approved. A budget modification to reallocate
3 funding within the fiscal year budget that impacts
4 their ability to invoice, or even the approval of a
5 subcontractor so that services can be invoiced for.
6 What we have done and continue to do is take a
7 holistic approach to resolving any of the underlying
8 barriers as well as expedite payments on emergency
9 basis as needed. But that said, the average cycle
10 time across the agency from invoice to payment is
11 around 28 days.

12 CHAIRPERSON STEVENS: I have some
13 questions for DYCD, and I'll pass it to the
14 colleagues, and then I'll come back because I still
15 have a few more questions. DYCD registered over
16 1,600 contracts retroactively in FY 2024, more than
17 any other city agency. Can you detail the main cause
18 of the contracting and registration delays,
19 particularly for those delays over a year. And what
20 specific entailed process changes and DYCD
21 implemented to reduce the retroactive contract
22 payments to providers.

23 DIRECTOR SEDILLO: I'll just jump in
24 again, Chair, just to mention that a significant
25 portion of-- I think you'll hear this from Jeremy-- a

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 95

2 significant portion of our retroactive contracts,
3 over two-thirds of our retroactive contracts are from
4 discretionary contracts which is a minuscule part of
5 our overall budget, but is overall--

6 CHAIRPERSON STEVENS: [interposing] I know
7 this. I've been a chair for four years, so I'm very
8 aware. Thank you.

9 DIRECTOR SEDILLO: Great. Amazing.
10 Great. And I would just say that's why the multi-
11 year vehicle we worked on in partnership with the
12 Council was so important and that's why--

13 CHAIRPERSON STEVENS: [interposing] Oh,
14 you weren't here when I knew that that wasn't going
15 to do what you guys kept saying it was doing. So,
16 I'm aware of that as well.

17 DIRECTOR SEDILLO: Great.

18 CHAIRPERSON STEVENS: Because this was
19 something, a big announcement four years ago, and I
20 was like, it's not going to do what we think it's
21 going to do. So, but you can answer the question.

22 DEPUTY COMMISSIONER HALBRIDGE: Sure.

23 Thank you, Chair Stevens. Yes, a lot of those
24 retroactive contracts are just City Council
25 discretionary awards as you know, and we've discussed

2 before. But to your question of what are main causes
3 of contract registration delays, it is various,
4 right? It can be from pre-qualified list status
5 being pending, from vendor documentation not yet
6 currently available, financial audits, reports that
7 are part of the registration process, missing
8 insurance documents, etcetera, outside of just
9 whether this is discretionary or not. Those are some
10 of the type of reasons for delays. Obviously, we are
11 working as hard as we can to break through them by
12 meeting with our providers on a regular basis, by
13 working with you, and all of our funded providers so
14 that they're aware of what they need as early as
15 possible, and I can come back working with us with
16 our Chief Nonprofit Officer. We have a help desk
17 that they can reach out to, both from our procurement
18 shop and our fiscal shop to really try and make sure
19 that they can get paid on time.

20 CHAIRPERSON STEVENS: One of the
21 criticisms that I even got from the help desk is that
22 one, that every time they call they're talking to
23 someone else, and so there's been a little bit
24 confusion around there. Can you talk to me a little
25 bit about some of the issues around the help desk?

2 Because they said that either they're getting a
3 different person and because a lot of the managers
4 aren't-- they're only there three days a week.
5 They've been having some issues with consistency.

6 DEPUTY COMMISSIONER HALBRIDGE: Thank you
7 for the question, Chair Stevens. That's not
8 something I've heard before, though. It's not a
9 surprise that-- with how we're structured. The help
10 desk is designed to take in questions from anyone and
11 everyone and respond as quickly as possible. We do
12 not give out, you know, line staff direction
13 information. We bring it in. we respond as we can.
14 To your point about managers only being in-- maybe in
15 office three days a week--

16 CHAIRPERSON STEVENS: [interposing] Yeah.

17 DEPUTY COMMISSIONER HALBRIDGE: But they
18 are working five days a week, and as Executive
19 Director Sedillo mentioned, we recently got new
20 headcount approved by OMB within the last month, and
21 so we're actively working to bring these bodies on
22 board and apply them across all of the units that are
23 relevant.

24 CHAIRPERSON STEVENS: Well, you know, I'm
25 definitely going to be on top of them making sure you

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 98

2 guys have additional staff from OMB because there--
3 you know, we had announcement yesterday, so we need
4 more bodies.

5 DEPUTY COMMISSIONER HALBRIDGE: Yes.

6 CHAIRPERSON STEVENS: So, we're probably
7 going to need more than what they approved already.
8 So don't worry, I'm on it.

9 DEPUTY COMMISSIONER HALBRIDGE: We
10 appreciate your advocacy as always.

11 CHAIRPERSON STEVENS: Because it doesn't
12 make sense, because they just gave you guys
13 tremendous amount of work to do over the summer when
14 you're the busiest. So, I'm on that. How does DYCD
15 coordinate with MOCS and the Comptroller [inaudible]
16 procurement bottleneck?

17 DEPUTY COMMISSIONER HALBRIDGE: Sure.
18 Yeah, as I mentioned earlier, we meet with the MOCS
19 and the team on a weekly basis to go through both
20 current actions, upcoming actions and any
21 bottlenecks, issues or concerns be it in Passport or
22 with the procurement process. The Comptroller's
23 Office is always available to us and we reach out to
24 them as necessary to try and move things along.

25

2 DIRECTOR YU: Council Member Stevens, if
3 I may, MOCS as the oversight of all of the mayoral
4 agencies, the human service ones included, maintains
5 a relationship with the Comptroller's Office because
6 they do own a critical part of the contract
7 registration process. They are the last stop. As
8 you know, they've got-- they're the only ones that as
9 you've pointed out with the 30-day clock. We are
10 dependent upon them because they are our partners in
11 this. While they do have separate oversight
12 responsibility overseeing the contracts and the
13 procurements. One of the things that we do with all
14 of our city agencies, we-- here at MOCS we have
15 agency representatives and liaisons to each of the
16 agencies, and then also we have our MOCS leadership
17 engaged with the Comptroller's office on a regular
18 basis to review contracting issues, including late
19 registration. And one of the things that I mentioned
20 in the testimony, one critical component that would
21 greatly be apricated from the Comptroller's Office is
22 if they were to allow pre-processing and expand the
23 window which the human service agencies could submit
24 Fiscal 2026 contracts. Right now, we are tied to a
25 date. I think it is sometime in May. If it were

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 100
2 earlier in May, I think that that would go a long
3 way. So that's all to say that we closely coordinate
4 with the Comptroller's Office, and while we respect
5 and recognize they have a different role, we also--
6 we need their partnership in this as well.

7 CHAIRPERSON STEVENS: So have you-- what
8 conversations have you had with them to see if that's
9 a possibility?

10 DIRECTOR YU: We have engaged, and I
11 don't want to speak for Michael, but Michael has
12 engaged as well, and we have asked them.

13 DIRECTOR SEDILLO: I'll just say, it's a
14 ask that we made in 2022 which they agreed to, and I
15 believe Director Flores has made that request every
16 single year since, and this year, human service ACOs
17 sent directly, and we share with council staff,
18 finance staff as well, and so we greatly appreciate
19 any support there.

20 CHAIRPERSON STEVENS: Okay, we can do
21 that. Sure. We'll reach out. I have one more
22 question, and I'll pass it over to the committee. I
23 have more questions, so I'll come back. What support
24 if any does DYCD offer to providers for us to take on
25 loans or cut staff due to delayed payments?

2 DEPUTY COMMISSIONER HALBRIDGE: Thank
3 you, Chair Stevens. Great question. We understand
4 that late registrations and payments creates stress
5 on our funded CBOs and as Director Yu and Executive
6 Director Sedillo have mentioned the various
7 administration initiatives to get providers their
8 money on time. We are working and supporting them as
9 well. In addition, we internally are working to
10 improve our processes, right? To make sure that when
11 we are reviewing budget mods and we are reviewing
12 invoices that our providers understand what the
13 process is, how it should work, and how we can
14 potentially move that-- those processes faster. I
15 think another aspect of that support is as Executive
16 Director Sedillo said, the Chief Nonprofit Officer,
17 that one point of contact for them to each out. It
18 isn't the only point of contact that they have. It's
19 one of many. As I mentioned, we have a fiscal help
20 desk and an ACO help desk to get that done, but that
21 isn't all that we do. We don't wait for them to
22 reach out to us. We're reaching out to them as
23 regularly as possible to tell them about-- here are
24 trainings that MOCS offers. Here are opportunities
25 for us to explain to them what we're doing and how

2 we're reviewing their budget mods and/or invoice
3 submissions, all of the idea of-- as the concerns
4 that you've all mentioned with getting them paid as
5 fast as possible. Last, but not least, we have a
6 large technical assistance and capacity building
7 portfolio, something around \$8 million, I believe
8 which offers support and services to our CBOs. So
9 ranging from organizational management to fund
10 raising to any other opportunities that they have,
11 and that's something that we on a regular basis reach
12 out to our providers to say, this is there and we
13 hope to use it.

14 CHAIRPERSON STEVENS: I'll pass it to my
15 colleagues.

16 CHAIRPERSON WON: Next we're going to
17 pass it to Council Member Linda Lee to ask questions,
18 and I also want to acknowledge Council Member Brewer
19 who will be next.

20 COUNCIL MEMBER LEE: Good morning,
21 everyone. Just wanted to say thank you for joining us
22 and hello to all my nonprofit colleagues and leaders
23 who are here doing the work day-in/day-out. Really
24 appreciate all your efforts, and I share a lot of the
25 frustration that Council Member Stevens has as I too

2 come from the nonprofit sector, running an
3 organization for many years. And I just have to say
4 I -- you know, in hearing your testimony it seems
5 like there's a lot of acronyms and names, all of
6 which I think we've all tried in the past, and it's
7 being repackaged and put in a nice, you know, pretty
8 box. But you know, I remember being part of the NRC,
9 Nonprofit Resiliency Committee, and just wonder, you
10 know, how much of that have you historically gone
11 back to because there's a lot of the same
12 conversation is and recommendations and suggestions
13 that were made years ago. There were all these
14 subcommittees. There was a lot of item and energy
15 and effort under the de Blasio administration as well
16 as previously in the Bloomberg administration to, you
17 know, reform a lot of the contracting processes, and
18 so I'm just wondering how much access to that
19 previous information you have, because it's all
20 there, right? And these are all issues that we know
21 have existed for many, many years, and I could
22 probably dig up my old files as well for you, but
23 just wanting to know how much of that you're also
24 historically looking back at and re-evaluating and
25 reassessing.

2 DIRECTOR YU: Thank you, Council Member
3 Lee. I appreciate that so much, and I-- I'm a firm
4 believer in institutional knowledge. It is the key
5 to success. And as I mentioned in my testimony, it
6 is not lost on me all those who sat in the chair
7 before me, and all the strides that they've made to
8 get us to where we are, good and bad. It is just--
9 the truth of the matter is the contracting and
10 procurement activity of the City of New York has just
11 grown. It is exponentially larger than it has been
12 in prior years and prior administrations. And so
13 that's a bit of a lookback. And you know, city
14 government is blessed with so many public servants
15 who also embody that institutional knowledge and know
16 the playbooks and know what has worked and what has
17 not worked. But forward-looking, one of the things
18 that I believe is different that we really, you know,
19 really tried to invest in-- it's going to be a
20 multipronged approach. One of the things that I
21 would like to sort of lift up and push is we've
22 really tried to invest in the technology in addition
23 to the process and in addition to the people. So,
24 the technology, we are not unaware that there are not
25 issues. We have expanded the technology to meet the

2 challenges and the needs of contracting in the City
3 of New York, and like all technology it's had some
4 issues. But where we are now with the technology
5 relative to where we were even in the prior
6 administration is vastly different.

7 COUNCIL MEMBER LEE: Oh, no, I remember
8 doing it by paper.

9 DIRECTOR YU: Yes, exactly.

10 COUNCIL MEMBER LEE: This definitely--
11 it's definitely very different. Vendex to where we
12 are now is different. And just-- sorry, not to cut
13 you off, because I do have a limited amount of time
14 and want to give-- pass it over to my other
15 colleagues, but I imagine it to hopefully be like,
16 you know, when I order Papa Johns, I know exactly
17 where my order is in the process, right? It's being
18 made. It's being baked, and it's being delivered,
19 right? And so similarly, if we can do that with
20 Passport and make it very clear, because I remember
21 with HHS Accelerator, to upload our contracts and
22 documents there was like one little obscure button
23 you had to press and it was like in a place that
24 didn't make any sense, and a lot of people would miss
25 it. So, everything would be there. It just wouldn't

2 be submitted and sent out to all the agencies. So,
3 hopefully, if there's something like that that can be
4 done, that would be great. But-- sorry. So, in terms
5 of the rollout, I think we touched upon this earlier.
6 I think one of the biggest frustrations for me that
7 was time consuming as an ED is that not every agency
8 executes the contracting process the same way, right?
9 So, even though there are certain standard policies
10 and procedures, the ACOs would request different
11 things for different contracts within the same
12 agency, and so I don't know what efforts are being
13 made there, because that took up a lot of time on our
14 end, quite frankly, which you know, when you have a
15 system like Passport, that is meant to cut through a
16 lot of that time and effort. So, just wanted to see
17 what was being done there in terms of your work with
18 making sure it goes down to every level of the
19 staffing. In terms of the-- I'm sorry. I'm just
20 going to ask them one-by-one. In terms of the
21 indirect rates, I remember we didn't realize that
22 some of the contracts we could qualify for indirect
23 rates, but when we asked the agencies told us yes,
24 you can ask for this, but it is not part-- it will be
25 taken out of your overall budget, right, which gives

2 us a choice which we then have to choose as ED's,
3 okay you can take this indirect rate, 10 percent,
4 put towards your contract and use it for overhead.
5 However, that will be taken from the overall pot, not
6 in addition to. And the issue I have also is with
7 subs. A lot of the times the subcontractors don't
8 get the same indirect rates. I just want to get a
9 status check of where we're at with the subs, because
10 that shouldn't come out from the min subcontractor's
11 pot, and also a lot of the subcontractors, because
12 they are working with so many linguistically-specific
13 communities, culturally-specific communities, they do
14 need that extra indirect rate. And so I just wanted
15 to get that status update. And then in terms of the
16 aged invoices. I know someone had mentioned 28 days.
17 That is a big, big, big piece. It's not just
18 contracting on time, but it's also the invoices that
19 they need to be paid out on time. And so what is the
20 average time, and what is the barrier that it taking
21 so long for those to get paid out? And I will stop
22 there for now.

23 DIRECTOR YU: Thank you, Council Member
24 Lee. If I could-- I'll try to attack it in backwards
25 order if I could and try to hit high-level, but then

2 please, I would-- we would welcome engagement with
3 your office, as all the Council Member's offices, to
4 dig in into the weeds more deeply. So, on the aged
5 invoices, you've heard from my colleague at DSS for
6 their particular agencies average processing time.
7 I've got some overall city numbers that I can share,
8 but agreed, that's the metric, right? We want to--
9 that's like-- that's the-- what we want to measure.
10 And we want to go up or down. If we're going down,
11 that's the positive direction. If we're going up,
12 red flag. Maybe we need to pay more attention to
13 that. So as of March 31st 2025, the average human
14 service payment cycle time reflecting both invoice
15 and payments workflows was 19 days, compared to 20
16 days for the non-human sector agencies. So that's
17 just very high-level, but like again, I'm happy to
18 dig in a little bit. On the subs and the indirect
19 costs, I have to be honest, I have to circle back to
20 you on that one. And then--

21 COUNCIL MEMBER LEE: [interposing] If you
22 could, that would be great.

23 DIRECTOR YU: sure.

24 COUNCIL MEMBER LEE: Just because I feel
25 like often times those organizations get pitted

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 109
2 against each other which should not be the case
3 either.

4 DIRECTOR YU: Yes, that's something that
5 we can-- that we can certainly get back to you on.
6 And then-- so on the indirect cost rate, the City's
7 committed to honoring the accepted indirect cost
8 rates through the centralized city process. And this
9 is a plug that my team is going to push me to make
10 sure that is said out loud. The application is due
11 May 1st. so that's tomorrow for Fiscal Year 2026.
12 So, that is a date to keep in mind as it relates to
13 the ICR. And then Council Member Lee, you started
14 with the difference in when you were an Executive
15 Director at a nonprofit, your experience. While
16 interacting with the City with the different city
17 agencies there were differences. And so we do have
18 an eye towards standardization, and you're right that
19 Passport through the technology tries to neutralize
20 some of this disparate activity and these practices,
21 but I will say City of New York, very vast. All the
22 city agencies very different. We've got Aging here
23 who's dealing with the aging population. We've got
24 DYCD who's dealing with the youth population. We've
25 got DHS dealing with the homeless population. There

2 are differences programmatically and there are
3 differences in funding sources, federal, state, city
4 grants. So, there are going to be some differences,
5 but to sort of cut through like what really need to
6 be a difference versus like that can be standardized,
7 those are things that we are-- that's the real work.
8 That's the real work that requires us to dig in,
9 really commit to, and the long lead time work that's
10 not going to be-- we just got to-- we just gotta [sic]
11 keep at it. But we do have standardization of
12 invoicing and just budget practices. You know, those
13 are one of the longer term strategies that both
14 Michael and I know that we need to tackle. Oh, yes,
15 go ahead.

16 DIRECTOR SEDILLO: Sure. And I just want
17 to-- on the ICR, it is a common thing I hear when I
18 meet with nonprofit providers is somewhat related to
19 your lack of standardization piece which is that I
20 have this accepted rate, but the agency is telling me
21 to put the de minimis and there's the back and forth.
22 As you may know, if not I want to make sure you know
23 we can send it to you or at least the top lines of
24 it. OMB and MOCS a couple of months ago, I believe,
25 sent out a directive making very clear to all the

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 111
2 agencies that the City must and will honor accepted
3 ICR rates. And as you probably know, the application
4 is period is coming. There are a significant portion
5 of those that are soon to expire. The directive also
6 let agencies know that they have to honor the current
7 or expiring rate, because there had been some
8 confusion with that, actually one of our members of
9 our MONS Advisory Council had flagged that. And then
10 other thing from standardization, why we partnered
11 and they're so happy about the document vault that is
12 in Passport which, you know, was a part of HHS
13 Accelerator as you probably know. Hoping that leads
14 to a lot more standardization so that agency A
15 doesn't ask for the same documents that agency B is
16 asking for. And then lastly, I would say one of the
17 things that I really care about from our Chief
18 Nonprofit Officers is really building a community of
19 practice. It is true that there are different
20 programs, different providers. To the greatest
21 extent possible, we want to share best practices,
22 celebrate wins, and ensure that folks are to the
23 greatest extent possible working with one city rather
24 than 15 to 20 different smaller entities.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 112

2 COUNCIL MEMBER LEE: Thank you. And
3 congrats, Director Yu.

4 CHAIRPERSON WON: Thank you. Next we
5 have Council Member Brewer followed by Council Member
6 Rita Joseph.

7 COUNCIL MEMBER BREWER: Thank you. Well,
8 I have laryngitis. I have institutional knowledge
9 also. Well, see the state-- the nonprofits tell me
10 that on a state level they get 100 percent of the
11 money upfront, and then the state audits them, and
12 that they owe money. Then they get taken from future
13 payments. What prevents the City from doing the save
14 thing? It is the Charter? Is it OMB? Who says we
15 can't do it like that? And can we change it?

16 DIRECTOR YU: thank you, Council Member
17 Brewer. I'm sorry to hear that you Laryngitis.

18 COUNCIL MEMBER BREWER: I'll live.

19 DIRECTOR YU: Okay. So, that is-- we do
20 have our eyes on that model. It is a--

21 COUNCIL MEMBER BREWER: [interposing] when
22 can we switch it?

23 DIRECTOR YU: There are some constraints
24 that we have as the city, that we're just different
25 than the state.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 113

2 COUNCIL MEMBER BREWER: I know.

3 DIRECTOR YU: We've get our oversight
4 bodies, Department of Investigation, the Mayor's
5 Office of Risk Management and Compliance and the Law
6 Department and also our Comptroller--

7 COUNCIL MEMBER BREWER: [interposing] We
8 can take care of the Comptroller.

9 DIRECTOR YU: Okay. So, that model is--
10 that's a paradigm shift for the City of New York.
11 That is really going all in, really trusting, and
12 then kicking the can down the road on the risk to
13 claw back if there are issues.

14 COUNCIL MEMBER BREWER: But how could we
15 do it? What's the mechanism for doing that?

16 DIRECTOR YU: It's something that we have
17 been exploring and trying to pilot, and we have a
18 small team that thinks that through the innovation
19 on, like, surveying what's out there in terms of
20 practices that we can adopt.

21 COUNCIL MEMBER BREWER: Okay.

22 DIRECTOR SEDILLO: Yeah, and I'll jump
23 in. the-- we've been doing a little research
24 ourselves, and--

25

2 COUNCIL MEMBER BREWER: [interposing] me
3 too.

4 DIRECTOR SEDILLO: I know you and I know
5 that to be true. The model that I'm familiar with
6 from the state is-- and I get the state acronyms
7 wrong often, OCFS if that's what it is. They-- what
8 I understand is not 100 percent advanced. It is a
9 quarterly advance system where they get 25 percent,
10 25 percent, 25 percent I think that is something that
11 we are interested in exploring. And as Director Yu
12 said, it'd be a paradigm shift. And I am not-- I'm a
13 lowly staffer. I don't know the mechanisms to make
14 that happen, but I think we've explored it and it's
15 possible.

16 COUNCIL MEMBER BREWER: Okay, thank you.
17 Number two. A lot of organizations pay like \$28,000
18 a month in interest because of-- they're not getting
19 paid. So, my question is-- I guess some of them know
20 about your grant, your fund, your \$30 million. Some
21 don't. Some may not be eligible. Do you have a lit
22 either through the funds for the City of New York or
23 banks as to the number of nonprofit human services
24 that are paying all this interest? Like, do you know

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 115

2 who's doing all this and can you help them maybe go
3 to your fund?

4 DIRECTOR YU: I-- to my knowledge, I
5 don't know of a list, but we do have-- we are here
6 and we are-- make ourselves available.

7 COUNCIL MEMBER BREWER: Just so you know,
8 some of them are paying \$28,000 a month in interest,
9 seven percent at the bank. I don't know what the
10 fund charges. It's a lot of money, and it's all going
11 for not, basically. Alright, something to think
12 about.

13 DIRECTOR SEDILLO: Let me just jump in, if
14 you don't mind, Council Member--

15 COUNCIL MEMBER BREWER: [interposing]
16 They're mostly in the room here behind you.

17 DIRECTOR SEDILLO: I'm sorry?

18 COUNCIL MEMBER BREWER: The people who are
19 paying all this interest--

20 DIRECTOR SEDILLO: [interposing] Oh, yes.

21 COUNCIL MEMBER BREWER: they're right
22 sitting behind you.

23 DIRECTOR SEDILLO: We-- I hear from them
24 often.

25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 116

2 COUNCIL MEMBER BREWER: They're all
3 writing me notes every two minutes.

4 DIRECTOR SEDILLO: I figure. I'm happy to
5 work in partnership with them. I would say maybe not
6 the folks that have your number aren't aware of this,
7 but--

8 COUNCIL MEMBER BREWER: [interposing] They
9 all have my number.

10 DIRECTOR SEDILLO: Okay, great. I-- it
11 is shocking to me when I meet established nonprofit
12 organizations that don't either know that it is
13 interest and service free, don't know that it exists,
14 or there's a perception that there's not funds there.

15 COUNCIL MEMBER BREWER: Okay.

16 DIRECTOR SEDILLO: So, like, there's
17 other--

18 COUNCIL MEMBER BREWER: [interposing]
19 We'll make sure.

20 DIRECTOR SEDILLO: I'm sorry?

21 COUNCIL MEMBER BREWER: I can help make
22 sure that they know about it.

23 DIRECTOR SEDILLO: Yes, and also work
24 with their chief nonprofit officers. Because I've
25 also seen other situations where you go to an agency

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 117

2 and say there's cash flow issues. There are other
3 options that agencies can do, including mid-year
4 advances. So, the Chief Nonprofit Officers by EO are
5 supposed to be these creative problem-solvers.

6 COUNCIL MEMBER BREWER: Okay. Now, the
7 question-- I should know this. But the Passport, the
8 one I love is the Comptroller's check, checks that
9 you can see. I remember one time Bloomberg, he paid
10 money on wine and he got in trouble, because we saw
11 it in the checkbook list. So, how can Passport make
12 information more public about, you know, where the
13 status of each situation is? Is that already done,
14 do you think, enough, or don't you think you need
15 more granular data? How can you go about that?

16 DIRECTOR YU: thank you, Council Member
17 Brewer. Being an alum from the Comptroller's Office,
18 I too love Checkbook. It is--

19 COUNCIL MEMBER BREWER: [interposing] My
20 favorite.

21 DIRECTOR YU: a great transparency tool.

22 COUNCIL MEMBER BREWER: I read it before
23 I go to bed.

24 DIRECTOR YU: As we previously mentioned,
25 there's Passport Public that is externally facing.

2 There's-- that's a tool that's really available for
3 the vendor community to be-- to find solicitations,
4 and also mentioned earlier, MOCS is primed and ready
5 to engage with the vendor community and also the City
6 Council to roll out vendor reporting. Vendor
7 reporting meaning, you come into Passport and there's
8 an individualized report based upon your activity and
9 where your contracts are and where your budget's at,
10 and where your invoices are. So, we would welcome the
11 opportunity to demo that for you before we unveil it,
12 hopefully fall of this calendar year.

13 COUNCIL MEMBER BREWER: Pretty
14 sophisticated people are asking me that question.
15 Finally, DYCD, you got a lot of problems. Just so
16 you know, a lot. So, are you-- like, if you-- I have
17 a contract. I'm not going to give the agency. I gave
18 \$100,000, but they can't do it to help kids get jobs
19 and so on, because another contract in another part
20 of the agency-- this is a huge nonprofit-- isn't
21 moving. Why the hell can't my kids get help for the
22 \$100,000 when the other contract who has nothing to
23 do with them, but they can't get the \$100,000,
24 because the other one's not moving? Can we change
25 that?

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 119

2 DEPUTY COMMISSIONER HALBRIDGE: Thank you
3 for your question and for your advocacy for us. We
4 appreciate that.

5 COUNCIL MEMBER BREWER: You do need help,
6 badly.

7 DEPUTY COMMISSIONER HALBRIDGE: We
8 appreciate your advocacy for sure.

9 COUNCIL MEMBER BREWER: Okay.

10 DEPUTY COMMISSIONER HALBRIDGE: I am not
11 aware of that situation. That seems to be a little
12 bit out of the norm, and so if you want to send me
13 the details--

14 COUNCIL MEMBER BREWER: [interposing] I
15 certainly will.

16 DEPUTY COMMISSIONER HALBRIDGE: I'd be
17 happy to--

18 COUNCIL MEMBER BREWER: [interposing] It's
19 like old contracts aren't moving. The new contracts
20 can't move.

21 DEPUTY COMMISSIONER HALBRIDGE: Yeah, I
22 mean, there could be a lot of reasons why other
23 contract can't move if a provider has outstanding
24 vendor documentation and we can't find them
25 responsible for the contract to be registered. That

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 120
2 could potentially be a reason why the other contract
3 can't move as well. But if it is a registered
4 contract that you're referring to, one shouldn't hold
5 up the other, and I'm happy to look into that after
6 and get back to you after the hearing.

7 COUNCIL MEMBER BREWER: Alright, thank
8 you. Now, one question. On that last question, so
9 many people drop out. They just say screw it, I
10 can't do this anymore. Who keeps track of that?
11 Does anybody know if they get half-way through or
12 they're frustrated? Is there any-- I mean, they call
13 me and we try to deal with them, but there are many
14 others. They just take the money. Is that something
15 you keep track of?

16 DIRECTOR YU: I can try to jump in. It'd
17 be interesting to know at what stage they drop out.

18 COUNCIL MEMBER BREWER: They get-- they
19 are awarded the money and it's too complicated to
20 fill out the stuff. I don't care if it's three pages
21 or 17 pages-- or you did cut it down, I got it. But
22 you got a lot like that. These are the little
23 groups. They don't have a, you know, comptroller.
24 They don't have somebody at the agency. Are you
25 keeping track of that?

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 121

2 DIRECTOR YU: That's something that we
3 can certainly take an eye towards tracking, but and
4 also, you know, on a-- this is not the ideal. But if
5 there are situations like that, we are available to
6 point them to the right resources to move them
7 through the entire process, because if they've gotten
8 so far that they've been awarded a contract to
9 provide some service in their neighborhood or their
10 community, we hope to see them through all the way.

11 COUNCIL MEMBER BREWER: they don't go.
12 They quit. That would be something to look at,
13 because at least have a discussion with them why this
14 happening. I have about three or four right now just
15 in my area.

16 DIRECTOR SEDILLO: If I may jump in,
17 Council Member, I think that's also why we're so
18 excited about thinking about council discretionary
19 contracts as grants, because it is crazy to me that
20 we treat them like they were competitively bid
21 contracts. Those under \$25,000 contracts have to--

22 COUNCIL MEMBER BREWER: [interposing]
23 These are way under.

24 DIRECTOR SEDILLO: go through the same
25 process. So, for us, that would represent removing

2 the registration process and really going directly to
3 payment which is what the out-years of the multi-year
4 vehicles accomplishes, but we would like to go more
5 bold, and I think that would disproportionately help
6 the small organization to really have their pulse on
7 the organ-- or on the community.

8 COUNCIL MEMBER BREWER: Thank you. I
9 could go on and on. Thank you.

10 CHAIRPERSON STEVENS: I just have a real
11 question-- question before Council Member Joseph
12 jumps in. Because it's been said a couple of times
13 even in this hearing and I've heard it before around
14 one of the reasons why they don't want to give money
15 up front, because you don't want to have to claw
16 back. Why are we treating the nonprofits as if
17 they're going somewhere? Because they have multiple
18 contracts throughout the City, like it's just-- it's
19 one of the things that I feel like you guys keep
20 saying it, and it's not going over my head, because
21 saying you're clawing back-- they're not going
22 anywhere, and so that just does not make sense to me.
23 So, I need a better understanding of, like, your
24 rationale of like we don't want to have to claw back
25 funding if we give it to them, or these advances.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 123

2 Because how often is that happening? Because so
3 we're at a place where we rather owe them than them
4 owe us, which I don't think would happen, because we
5 wouldn't be giving out 100 percent. So, I need a
6 better understanding of the rationale behind that.
7 Because that's being said over and over again, and
8 most of these nonprofits have been here for 50, 60,
9 70 years. So, where they going?

10 DIRECTOR YU: Council Member, we hope
11 nowhere. You know, we hope that they stay--

12 CHAIRPERSON STEVENS: [interposing] I
13 mean, they might go somewhere because they're going
14 to go out of business because y'all not paying them.
15 So that's the reality. So, I need a better
16 understanding of this claw back, because you guys
17 keep saying it. You guys said it here. I've heard
18 this multiple times from multiple people. What's the
19 rationale behind this?

20 DIRECTOR YU: Understood. And just to
21 scale back, to the extent that it's helpful, these
22 are taxpayer dollars. They're dollars of the New
23 Yorkers, and there-- we are constrained by ensuring
24 that the services that are provided or the goods that
25 are contracted for are received. So, that is, you

2 know-- that statement without a lot of editorializing
3 and packaging around it, that is one of the reasons.

4 CHAIRPERSON STEVENS: Well, just-- and
5 just to be clear, I am-- no one's harder on the
6 nonprofits than I am. If they're not producing, I'm
7 one like, then pull the contract. Move on and find
8 someone to do the work, because I understand the
9 critical nature of the work that they're doing and
10 the impact it has on the community. But it just does
11 not make sense when we are at a place where we're
12 owed them so much money, and we're like well, we
13 don't want to have to claw it back if we give it to
14 them, and it's being held up because of it. So, it--
15 and even saying that it's taxpayer dollars, they're
16 doing service and a labor of love, because we're not
17 even talking about how we're under paying them and
18 how these contracts are underfunded for work that we
19 know that if we did ourselves we would have to pay a
20 lot more. So, that's a whole another conversation.
21 So, it's a little disingenuous to say that it's like
22 taxpayer dollars and we have to be careful, because
23 it's taxpayer dollars that we're actually wasting by
24 holding these things up and having so much man power
25 being exhausted time and time again to pay out the

2 money that they're owed. So, I think that we have to
3 also just kind of-- the language that we're using,
4 it's important, and I believe that we need to also be
5 rethinking some of the things that we're saying,
6 because we already have a system that's built on
7 reimbursement, which is also-- let's be clear--
8 systematically racist. Because we know that also
9 puts different organizations in different positions
10 to be able to get these contracts. So, a lot of the
11 language you're using is triggering for me today,
12 because to say, like, we're going to have to claw
13 back. Then claw back. And then we also need to be
14 looking at the contract because if we have to claw
15 back money from an agency that isn't doing the work,
16 then maybe we should be re-evaluating that those are
17 the folks we should be doing business with. And so
18 that to me just doesn't-- it just does-- it has not
19 been sitting well with me, and it's been said several
20 times today. So, I just had to address that.

21 CHAIRPERSON WON: I think to the Council
22 Member's point-- do you have reports on how often
23 every fiscal year you're "clawing back" from
24 nonprofits who are-- who have caused issues for the
25 City so that we can look at it in a pattern and trend

2 within the last 10 years on why there is this over-
3 looming fear which we typically on the Council side
4 are not privy to. So, we want to understand, like,
5 where's this coming from, and can you substantiate
6 it?

7 DIRECTOR YU: Sure. I can try. So, big
8 picture, ideal state, contract is registered on time.
9 And that's when the services start to be rendered.
10 We know that not to be true. We know that our vendors
11 are working at-risk. We know that they are going out
12 of pocket with their own funds, and putting their
13 team out there providing services when they're
14 already maybe potentially vulnerable as an
15 organization and operationally. I want to say it out
16 loud and acknowledge it. Going back to how it should
17 work. Contract is registered, services are rendered,
18 provider provides an invoice. City pays. That's
19 overly simplistic, and that's not happening. But
20 there are a variety of tools and mechanisms such as
21 the advance that we-- once contract is registered,
22 money gets pushed out the door, and then also if
23 there happens to be a delay in registration there's
24 the loan fund that's available. We've talked about
25 that. But to your point, Council Member Won and

2 Council Member Stevens, when we say claw back, I want
3 to-- and the finance people will say this better than
4 I can say. It's not taking money out of the pocket
5 of the provider. It really is from a budgeting and
6 invoicing perspective an accounting that has to be
7 done. So,--

8 CHAIRPERSON WON: [interposing] Okay, so
9 can we get an actual report from the last 10 years of
10 when this accounting had to happen for nonprofits
11 citywide? But there is this over-looming fear that
12 if you pay them, that you're going to have to get the
13 money back somehow. Because from our knowledge, it
14 does not happen often, so we'd like to understand.

15 DIRECTOR YU: Council Member, we're happy
16 to take this offline and really dig in. I will say,
17 10 years may be tricky for us to go back to.

18 CHAIRPERSON WON: Okay, even five years,
19 even three years, four years, anything. We cannot be
20 working off of assumptions based on fears that were
21 legislated 10-15 years ago for procurement rules
22 from, like, Mafia days or whatever it may be. We
23 cannot operate like this anymore. And were you able
24 to get a breakdown of the \$5.8 billion that are
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 128

2 subtotals for the nonprofit vendors and the human
3 service providers?

4 DIRECTOR YU: So, that \$5 billion is
5 entirely nonprofit.

6 CHAIRPERSON WON: Okay.

7 DIRECTOR YU: And if-- we can provide a
8 better breakdown at the conclusion of the hearing, or
9 after the hearing.

10 CHAIRPERSON WON: Okay, I'm going to pass
11 it to Council Member Rita Joseph, and then I'll come
12 back to questions.

13 COUNCIL MEMBER JOSEPH: Well, thank you,
14 Chairs. I have a quick question. How many of your
15 nonprofits have returned contracts because they were
16 not getting paid? Do you have a number?

17 DIRECTOR YU: Thank you, Council Member,
18 for the question. I want to unpack it a little bit
19 more so I can respond--

20 COUNCIL MEMBER JOSEPH: [interposing]
21 Thank you.

22 DIRECTOR YU: to the best of my ability.
23 Contracts returned, sometimes that means contract
24 returned by the Comptroller's Office, but I--
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 129

2 COUNCIL MEMBER JOSEPH: [interposing] No,
3 by providers as well. You just got here three days
4 maybe you're not aware.

5 DIRECTOR YU: Okay.

6 COUNCIL MEMBER JOSEPH: But that has
7 happened. Quite a few providers have returned the
8 contract because they had a pattern of not getting
9 paid on time.

10 DIRECTOR YU: Meaning they terminate the
11 contract?

12 COUNCIL MEMBER JOSEPH: With you.

13 DIRECTOR YU: And they don't want to
14 provide the services any longer?

15 COUNCIL MEMBER JOSEPH: Correct.
16 Correct. Is there a number of providers that have
17 done that?

18 DIRECTOR YU: That is something that we
19 can certainly dig into and take back and work with
20 your office after this.

21 COUNCIL MEMBER JOSEPH: That would be
22 great. Your-- have you done any outreach with small
23 organizations around your interest-free loan, and why
24 kind of support do you provide them, these small
25 orgs, around budgeting, repayment, around the small

2 organizations getting this loan? And have any
3 outreach have been done for non-English communities
4 as well?

5 DIRECTOR YU: So, thank you for the
6 question. To start narrow and then maybe expand
7 outwards, we have done communication blasts to our
8 nonprofit providers for the loan fund. We actually
9 did one maybe a couple of weeks ago, and we did one
10 earlier in the year. It's really-- it's give and
11 take. We try to go out and meet people where they
12 are, and then people we hope-- if we put information
13 publicly on our website, on the City's website,
14 people will find us. But it's a variety of
15 strategies to be able to ensure that those who need
16 the services and support are being met with the
17 resources that they seek. In addition, I think-- the
18 engagement with the vendors for the entire city is
19 something that MOCS is committed to. We do it
20 through a variety of methods, some of which have been
21 spoken about already. But I will-- I'll make a plug
22 also. If a vendor is looking for a contract and is
23 having a difficulty, whether it be getting the
24 resources they need to even get started or finding a
25 contract, MOCS is here. We have a service desk. We

2 have a website. We have-- we try to push out a lot
3 of information, but even beyond that, we have a
4 training series and we have a vendor engagement
5 series. My predecessor started a program called MOCS
6 in Your Neighborhood. It goes to each of the five
7 boroughs and it really hosts opportunities to
8 information share. Generally, to bring-- to bring
9 organizations in that have not traditionally done
10 business with the City of New York, but then also we
11 do targeted trainings for those who do have contracts
12 and maybe are stuck at a particular point in the
13 process, and we call those a variety of things. We
14 call them Coffee Hours or Office Hours and we do
15 things like we bring laptops to event spaces and we
16 will sit with vendors and we will try to establish a
17 Passport account with them, and there's nothing more
18 gratifying than our team setting somebody up so that
19 they can meaningfully compete for a contract with the
20 City of New York.

21 COUNCIL MEMBER JOSEPH: How often do you
22 do these events?

23 DIRECTOR YU: We do these events pretty
24 frequently, and we do also post on our website
25 calendars so that who are interested can sign up, and

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 132

2 depending on the nature of things, sometimes they're
3 just walk-in, and so there's lots of information that
4 we put out there on our website, but in addition to
5 that we post it on social media. We put it on
6 Instagram, LinkedIn, X, all those communication--

7 COUNCIL MEMBER JOSEPH: [interposing] I'm
8 a small provider. I have access to none of that.
9 How can you make sure the services are reaching
10 myself and the communities that I serve?

11 DIRECTOR YU: If you are in contact with
12 a constituent that has a small business in your
13 district, there's certainly-- the lines of
14 communication are open, Council Member, from you to
15 the administration to the Mayor's Office of Nonprofit
16 Services, and certainly to the Mayor's Office of
17 Contract Services.

18 COUNCIL MEMBER JOSEPH: And you provide
19 technical support and customer service and help desk.
20 When I call the help desk, how long is-- how long do
21 you take to get back to a provider?

22 DIRECTOR YU: It will depend in all
23 honestly. It will depend on the volume and it will
24 depend on the complexity. It is openly known by all
25 who are sitting behind that there have been an uptick

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 133
2 in the amount of time it takes for the MOCS team, the
3 tech team to touch a ticket when it comes in. in a
4 positive development, the response time is trending
5 down. So as of right now, I would say--

6 COUNCIL MEMBER JOSEPH: [interposing] When
7 you say response times-- sorry, Chair. When you say
8 response time, what does the window look like?

9 DIRECTOR YU: As of right now, the latest
10 that I have is eight days.

11 COUNCIL MEMBER JOSEPH: That's a long
12 time.

13 DIRECTOR YU: And depending on the
14 complexity it will-- for resolution it will-- it
15 could take a variety. It could be as little as an
16 hour from then or it could take longer.

17 COUNCIL MEMBER JOSEPH: Thank you,
18 Chairs.

19 CHAIRPERSON WON: Thank you so much,
20 Council Member Joseph. I just want to acknowledge, I
21 know that DOE is not a city agency, but we do have so
22 many inquiries and complaints about DOE nonpayments.
23 It's been extremely heartbreaking, especially for our
24 childcare providers, for 3K and Pre-K, but continue
25 to provide childcare services without getting paid.

2 Okay. So, my next question is, can MOCS and MONS
3 comment on the implementation of Local Law 169 of
4 2023 requiring the City to complete a comprehensive
5 study on the time required to complete the City's
6 procurement process for human service contracts on
7 setting a binding timeline by October 2025? Which is
8 Council Member Stevens' bill. So, are we on track to
9 complete this goal? It is 2025 and October is right
10 around the corner.

11 DIRECTOR YU: Thank you, Council Member
12 Won. Thank you, Council Member Stevens for
13 sponsoring that piece of legislation. I'm pleased to
14 say that we did commit-- we did follow through and
15 perform the study and we did issue a report, and we
16 did deliver it to the Council. We'd be happy to
17 engage in the results of the report. We've also been
18 engaging with the Comptroller's Office as we know a
19 part of the legislation is to put some-- put a rule
20 into the PPB to ensure-- around the legislative
21 intent that was introduced in the Local Law. With
22 that, we're on track. As you mentioned, we have
23 until October 2025 to develop the parameters of the
24 report, but we did complete the first portion of that
25 legislation.

2 CHAIRPERSON WON: Okay, so by October
3 you're going to have a set binding timeline?

4 DIRECTOR YU: We're in active
5 conversations with the Comptroller about it, and we
6 would welcome the opportunity to have more
7 conversations about it.

8 CHAIRPERSON STEVENS: Just to add to
9 that, because I know the Comptroller also put out a
10 statement around how the report was inaccurate. It
11 was a lot of things that was left out, and it wasn't
12 fully-- a report was submitted, I will say that, not
13 necessarily what we were asking for or what was
14 necessary. So, I hope that this October that we see
15 more comprehensive information and really addressing
16 the things that we need to get done in it, because
17 that's not what the report that we got last year. It
18 was submitted. I will give you that, but that
19 doesn't mean-- I mean, if I had to grade it, it would
20 probably be a D, because it was not what we were
21 looking for. And so hopefully again it's more
22 thought out. And I think that even, you know, Lisa
23 worked really hard on it, but also she explains that
24 there's only one staff member doing all the reports
25 for MOCS. And so hopefully with the new staffing

2 that OMB just let up, that you guys will have more
3 people to do some of the reports, because that is a
4 major issue. And so having one person doing all
5 these reports is just not sustainable. So, I hope
6 that you have additional people able to kind of
7 address some of these issues as well.

8 CHAIRPERSON WON: Can you confirm,
9 though, the 20 additional employees that you're going
10 to have is going to be dedicated to reporting?

11 DIRECTOR YU: The 20 additional team
12 members are going-- are dedicated to providing
13 contract technical support as it relates to Passport.
14 It's not specific to reporting.

15 CHAIRPERSON WON: Okay. So, I guess we
16 got more advocating to do.

17 CHAIRPERSON STEVENS: Obviously, because
18 [inaudible].

19 CHAIRPERSON WON: Yes, they do need more
20 staff. Some contracts are structured to span
21 multiple years which should in theory reduce
22 administrative delays, yet providers continue to
23 report significant payment lags on even under these
24 multi-year agreements. Why do payment delays persist
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 137
2 even when contracts are designed to cover multiple
3 years?

4 DIRECTOR SEDILLO: Thank you for the
5 question, Chair. A variety of reasons. I think for
6 multi-year contracts definitely the start of the
7 fiscal year advance is something that is easy to do,
8 but often times there are budget modifications, and
9 when there's a budget modification it pauses
10 invoicing in the system and there's a back and forth
11 that has to happen between the agency and the
12 nonprofit provider to ensure that that budget
13 modification is agreed to. Or it may be a situation
14 where we have recoupments, and so the nonprofit
15 providers will be getting invoices that reflect
16 recoupments from potentially even prior fiscal years.
17 So, as a number of reasons, but I think what we're
18 seeing in the data is a lot of times it's due to
19 budget modification back and forth with agencies and
20 nonprofit providers.

21 CHAIRPERSON WON: Can you also help us
22 understand how much is owed in amendments that cannot
23 be submitted yet? We get this complaint a lot.

24 DIRECTOR SEDILLO: I'll start. I don't
25 know if you have the number, Director Yu. Great

2 question. And I think that's why-- and this was a
3 part of the joint taskforce report from 2022 to
4 really allow some flexibility from the amendment
5 process, and so what MOCS implemented in 2023 if I
6 remember correctly was the 25 percent-- what we call
7 the allowance clause. So that's that additional
8 budget that can be tapped into avoiding an amendment
9 process, and I think what MOCS has shared is that
10 that reduced overall amendments by 67 percent, and so
11 I think we're doing what we can and are interested if
12 possible to even go higher and allow for more
13 contracts to avoid an amendment registration process,
14 and instead use this allowance clause.

15 CHAIRPERSON WON: Okay. My next set of
16 questions is for-- these are from Human Services
17 United. We want to understand has the agency
18 organized an accounts receivable aging report for
19 previous fiscal years?

20 DIRECTOR YU: Council Member Won, will
21 you say it for me one more time?

22 CHAIRPERSON WON: Has MOCS or any other
23 agency organized an accounts receivable aging report
24 for previous or current fiscal years?

2 DIRECTOR YU: So, we do do-- we're going
3 to be. I want to just sort of frame it. This is
4 what is visible to us in Passport. And as we
5 mentioned at the top of the hearing, we just went
6 through a migration from a legacy system where the
7 human service contracts were completed and paid and
8 that was migrated over to Passport, and so there--
9 it's going to be a more narrow set of data than, you
10 know, 10 years-- than 10 years per say. But within
11 Passport, we do do financials reporting, and part of
12 that financials reporting is on the aged invoices
13 meaning when the invoice is received by the City,
14 accepted by the City and then the days that are-- we
15 count the days. And then also as part of that data,
16 we also have the numbers that are associated with
17 those submitted invoices. So, we do have some of
18 that.

19 CHAIRPERSON WON: So, does-- from
20 Passport, are you able to create a report with detail
21 of how many individual contracts are unresolved from
22 fiscal year-- this fiscal year and prior?

23 DIRECTOR SEDILLO: I'll jump in, Chair
24 Won. You know, we work with HSU and Christa [sic]
25 Miller and team regularly on this issue, and for a

2 substantive provider, we've even created a standard
3 report to just make sure they're clear on how many
4 budget modifications are in the system, how many aged
5 invoices there are, where they are in the process.
6 As a service to both the agency and the nonprofit
7 providers. And I don't know, Diane, if you want to
8 add to any of the work that DHS has done with all
9 shelter providers to make sure that they're clear on
10 processes and, you know, what supports are needed to
11 close out any prior year actions.

12 EXECUTIVE DIRECTOR MAMET: Thanks,
13 Executive Director Sedillo. So, yeah. So, we
14 acknowledge that there are a number of barriers for
15 folks having outstanding items, you know, change in
16 technology notwithstanding. We have been bringing in
17 each of our providers having one-on-one meetings with
18 them to go through with each and every one of their
19 outstanding items. We leave those meetings within
20 action work plan and expectations for what will be
21 done and when. This has been very helpful, both for
22 our nonprofits to better understand some of the
23 processes, as well as to bring together all of the
24 groups who work on whether they're contracts or
25 they're invoices so that they're all in the same

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 141
2 place. So, we've taken a very targeted approach with
3 our nonprofits to help resolve anything that might be
4 outstanding.

5 CHAIRPERSON WON: So, is this report
6 available to them on Passport directly from their
7 view, or they have to request it from you directly,
8 and you have to pull it for them and share it back?

9 EXECUTIVE DIRECTOR MAMET: So, some of
10 the-- like, most of the information is in Passport.
11 In order to package it into a report, that is
12 something I believe that--

13 CHAIRPERSON WON: [interposing] So, how
14 can our providers have purview into this kind of
15 reporting so that they know in real time for each
16 contract?

17 DIRECTOR YU: Council Member Won, that's
18 certainly something that we've got our eye on, and as
19 I spoke about the vendor reporting that we hope to
20 turn live this calendar year. What I can say exists
21 now, there is an invoicing age report that we share
22 out weekly with the agencies. That is a performance
23 management tool and it is really-- it's really for
24 the agencies, and we wanted to make sure that the
25 agencies have what they need to do-- to have what

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 142

2 they need to do their work, and then sort of scaling
3 out. We do very much have our focus on vendoring
4 reporting for this year.

5 CHAIRPERSON WON: So, again, how are our
6 nonprofits going to have purview into what is
7 outstanding for themselves other than they themselves
8 have to track it? And also, if you're a non-- if
9 you're a small nonprofit servicing immigrants and you
10 don't have this kind of knowledge on procurement, you
11 don't even know what to ask, how are we going to
12 service them? They have to come to you and say like
13 how many final cost certificate requests on
14 preliminary or partial cost reports are still pending
15 for themselves? How are we servicing them?

16 DIRECTOR YU: It's a fair question, Chair
17 Won, and I think what we spoke about earlier about
18 just using a myriad of tools and really taking an
19 approach of meeting people where they are and
20 understanding what they need while also really
21 thinking through what makes sense systematically,
22 because technology is an equalizer or can be to a
23 certain extent, and we just hope with the vendor
24 reporting-- and we're going to validate this, and
25 we're going to battle test this, and we're going to--

2 we're going to take our strategic partners such as
3 the Council and such as our umbrella groups to really
4 be at the table with us and think through what makes
5 sense to share with the providers, what information
6 they really need to do their work, and that can be
7 easily digestible, because you're right, there's so
8 much information out there to cut through it,
9 especially if you're really just focused on your
10 mission's work. It's a lot. It's a lot to ask.

11 CHAIRPERSON WON: Can you also give me a
12 status on what's happening with the COLAs for all of
13 these nonprofits? I remember last hearing we had
14 issues with the COLAs causing even further delays and
15 processing their contracts.

16 DIRECTOR SEDILLO: Great question.
17 Director Yu will give some statistics here in a
18 minute, but I think you're spot on that, you know,
19 we were very proud of the investment that this
20 administration made last year at \$741 million to the
21 workforce. Extremely important to us for a variety
22 of reasons, and as you probably know and I'm sure
23 Chair Stevens knows given her expertise, that
24 announcement then translates for our public servants
25 at the agencies and in the nonprofit providers into

2 an often, you know, byzantine dance of doing a budget
3 modification to apply that to the actual contract.

4 So, I think a lot of work has happened with that, and
5 I know a lot of our agencies are in constant dialogue
6 with our provider partners, and I get questions on
7 this, and I'm happy-- happily work with the Chief
8 Nonprofit Officers. I don't know if you want to add
9 in, Director Yu.

10 DIRECTOR YU: Yes, I just want to share
11 some numbers just to contextualize this a little bit.
12 So, in fiscal year 2025 the City worked to get COLA
13 funding to providers through an increased 30 percent
14 budget advance. And then June 2024, a gov [sic]
15 delivery message was sent to 602 providers with non-
16 discretionary Fiscal Year 2025 actions, alerting them
17 their agencies would reach out by July 1st with COLA
18 templates to confirm eligible contract funding and
19 next steps. A follow-up was later sent on June 21st
20 that concluded comprehensive FAQ resource. As of
21 December 16, 2024, over 93 percent of Fiscal Year
22 2025 COLA funding had been received and approved by
23 city agencies.

24 CHAIRPERSON WON: Can I just see a show
25 of hands from the folks who are here to testify from

2 nonprofits, how many of you have had your cost of
3 living adjustment processed and received from the
4 City of New York? Literally nobody. Oh, one, two,
5 two people. Oh, okay, partial. Okay, so I really
6 want to make sure that as we have done a lot of
7 victory laps about the cost of living adjustments,
8 that these are actually being processed and we're
9 paying folks. Can you also help me understand why
10 have indirect cost rates above 10 percent not been
11 paid over the last five years, and why there are so
12 many barriers in getting the funding out? Some
13 nonprofits are waiting for over \$10 million in unpaid
14 indirect cost rate funds.

15 DIRECTOR SEDILLO: I would just say as
16 mentioned to Council Member Lee earlier, here have
17 heard this as well, which is why-- what we decided to
18 do is put that directive together with OMB and MOCS
19 out to all agencies to make sure they were clear that
20 this is not an option, that if there's an accepted
21 rate, that must be and will be honored. And again,
22 to those that are about to expire, that those are the
23 ones that should be applied until a new one may be
24 realized in the coming months. So, something that
25 constantly have heard, we use the policy tools in our

2 toolbox to ensure the agencies are standardized
3 there, and I think that the allowance clause as we
4 mentioned earlier really ought to be, and we can
5 continue to work with agencies to make sure that they
6 understand that that is an option to them to avoid an
7 amendment registration process.

8 CHAIRPERSON WON: Okay. Talking about
9 indirect cost rates, I want to talk about returnable
10 grant funds again. Nonprofits have been told that the
11 returnable grant fund doesn't cover indirect costs
12 which is where millions of dollars are being held up.
13 It's disingenuous from our perspective to say that
14 nonprofits don't know that a returnable grant fund
15 exists when most of them have been denied. Why
16 doesn't the returnable grant fund account for
17 indirect cost rates?

18 DIRECTOR SEDILLO: Thanks so much for the
19 question, Chair Won. I would-- I'm not-- I don't
20 have on-hand the, you know, all three of the
21 categories, but I do understand the third category to
22 be funding delays, and I do think that there are
23 opportunities for providers to submit for ICR or
24 approved new needs in some certain situations. And
25 so if that is not being honored or if there's an

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 147
2 issue there, be happy for folks to flag for me, and I
3 can work with the Chief Nonprofit Officers to see if
4 that some is flexibility we can provide to the
5 providers.

6 CHAIRPERSON WON: Yeah, we should
7 definitely look into expanding the refundable--
8 returnable grant fund and also including indirect
9 cost rates. I'm going to turn it over to my Co-chair
10 Stevens to ask more questions.

11 CHAIRPERSON STEVENS: So, I have a
12 question-- a couple more questions for DYCD. DYCD
13 managed 1,639 contracts for FY 2022 which includes
14 the largest human services portfolio of any agency.
15 How many staff currently are dedicated to managing
16 the DYCD contracts, and do you believe the agency has
17 significant capacity to handle this workload
18 effectively, or additional resources or staffing
19 needed to meet the demand and further delays? And
20 what is the average caseload per staff person on the
21 contracting team, and how does that compare to
22 staffing ratio in other large city agencies?

23 DEPUTY COMMISSIONER HALBRIDGE: Thank
24 you, Chair Stevens. At a high level it is a bit of a
25 nuanced question right there. Our number of

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 148
2 divisions and units that work together for contract
3 management. That said, in aggregate it is about 160
4 budgeted headcount across fiscal procurement, legal,
5 and our discretionary units, and as you know, we are
6 the agency with the largest number of discretionary
7 contracts from the City Council. Approximately 80
8 percent of that 160 are on board. As mentioned
9 earlier, Executive Sedillo and myself earlier, we did
10 just get approval from OMB for approximately 40 heads
11 in those units to bring them on board, and so we are
12 bringing them on board. Ratios is a little bit hard,
13 right, because they're doing different parts of
14 different things. The discretionary team, it can be
15 anywhere from 50 to 100 or higher. It depends on
16 when the awards are cleared. It depends on-- and
17 that sort of goes through the process, not just
18 discretionary, but for contracts that we have, and we
19 split them up in parts. But we actively are looking
20 through our resources and working with Director Yu
21 and Executive Director Sedillo, and of course, City
22 Hall and OMB to ensure we have the resources to do
23 what we need to do.

24 CHAIRPERSON STEVENS: According to Summer
25 Rising providers, they have not been paid for last

2 year programming. As parents are already receiving
3 slots for this summer, providers are understandably
4 concerned about how they will cover up front costs
5 like staff trainings and program ramp-up while
6 waiting for last year's reimbursement. What-- why
7 have last year's Summer Rising providers not ben paid
8 yet, and how does this agency expect providers to
9 manage fiscal demands of launching this summer
10 program under these conditions?

11 DEPUTY COMMISSIONER HALBRIDGE: Sure.

12 Thank you for the question. What I understand is at
13 this point all of the Summer Rising actions have been
14 implemented in the systems and contracts that they
15 have. We do know that there have been delays in
16 payments, and that has caused problems for our
17 providers. We are working hard to ensure that the
18 time to implement those changes, and on their
19 contract, right, Summer Rising is an add-on to the
20 base contracts, something that we've talked about
21 with you before. You've expressed your support there
22 or not. But what we are trying to do to get ahead of
23 that, right, is as the next summer rolls out ensure
24 we have that information and call roll them into the
25 new contracts. Specifically, right now we're working

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 150
2 on FY26 continuation actions and Compass is one of
3 the programs that are in that, and so our first main
4 priority is to get those contracts registered so that
5 we can get payments out the door. We had the initial
6 advances that have been discussed coming up, going
7 forward, and it's our hope that those advances will
8 help them with that.

9 CHAIRPERSON STEVENS: But do we see how
10 problematic it is that we rolling into another summer
11 and we have not paid for the services that was
12 provided last summer? And it's costly, right? Like,
13 listen, I ran camps for 14 years. Like,
14 understanding that not having those proper resources
15 for them to ramp up is problematic and this is just
16 cash on-hand. So that's why even, you know, I think
17 to me this is a glaring-- or a spotlight being put on
18 a bigger problem in the system. Like, this is a
19 problem. We're literally rolling into the summer and
20 continuing seeing delays. And so, you know, the City
21 is consistently using, you know, nonprofits to front
22 money for us, and that's what it feels like at this
23 point. So, I think that like I know that-- and
24 again, I want to reiterate because I said this
25 before, this is not because I don't think anyone on

2 this panel isn't working or wants to pay out, but
3 there's clearly issues in the system, and you know,
4 we had a taskforce and was able to chip down at the
5 backlog and did a really good job about it, and then
6 here we are worse off than we were a year ago which
7 speaks to the bigger issue of like if we were able to
8 do it before, why wouldn't we be able to be
9 consistent? And so why do we have to be loud and be
10 on the steps and rallying and press conferencing, and
11 me being a psycho and calling people and all the
12 things for us to, like, make this an issue. We
13 should not be here again when we cleared out the
14 backlog. Like, it just does not make sense. So,
15 it's just very frustrating. And I know we have a ton
16 of providers who've already signed up to testify, so
17 I don't want to keep hammering. I actually do want
18 to hear from the providers and some of the things,
19 and hopefully you guys will stay around to hear it
20 firsthand because, you know, they're struggling on
21 trying to make ends meet, and at this point we have
22 nonprofits who are borrowing from Peter to pay Paul
23 and shuffling things around and having to raise
24 supplemental money and all these things when we're
25 asking them to do work. Because let's be clear, if

2 these nonprofits today said, you know what, we're not
3 taking no more contracts and we're done, we're
4 screwed. And you know whose district is going to be
5 screwed? Mine, because we need these services. I
6 need my homeless providers. I need my workforce
7 development people. I need my food pantries, because
8 that-- we're lacking it. And so we have to see them
9 as real partners, and so as you guys are going
10 through these things, maybe we should stop having
11 briefings and stop having taskforce and having photo
12 ops and taking pictures, and actually have us all
13 come to the table and come up with real concrete
14 solutions, because what we're doing is not working.
15 Clearly, the administration don't got the answers,
16 because if they did we would not be back here. We
17 would not be back here after the taskforce gave clear
18 instructions on how we can have a roadmap to clear it
19 out, and then we're back in the same position. So,
20 again, I am sick of the announcements. Enough with
21 the announcements; let's just do the work.

22 CHAIRPERSON WON: Okay. Council Member
23 Gale Brewer has a follow-up question.

24 COUNCIL MEMBER BREWER: Just very
25 quickly. So, on the indirect cost, I think you're

2 trying to address it, I got that. What happens
3 apparently is OMB says the agencies can pay the
4 backlog ICR, and then the agencies say they can't pay
5 backlogged, the ICR, because it's been held up by
6 OMB. Who would figure that out? Who would undo that
7 mess?

8 DIRECTOR YU: Thank you, Council Member,
9 for the follow-up questions. Michael and I agree that
10 we've got to sort of untangle this a little bit, and
11 there's lots of conversations around ICR, and do you
12 go to your agency--

13 COUNCIL MEMBER BREWER: [interposing] I've
14 got six more questions about it, yeah.

15 DIRECTOR YU: Do you go to MONS? Do you
16 go to MOCS? Do you go to OMB? I think we're happy
17 to receive any sort of incoming and entangle--
18 because I think individual provider maybe in a
19 different situation, but big picture when they
20 implemented the initiative, OMB was on the front line
21 of pushing out what they projected the ICR-- the--
22 I'm sorry. I'm confusing the initiatives. On the ICR
23 we have resources available. There's a website that
24 we can provide to you where any provider who has a
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 154

2 question about their ICR is able to get in contact
3 the City to untangle the ICR. And there's a--

4 COUNCIL MEMBER BREWER: [interposing] It's
5 an OMB problem, not yours?

6 DIRECTOR SEDILLO: I'll just jump in real
7 fast.

8 COUNCIL MEMBER BREWER: Have y'all tried
9 to call OMB?

10 DIRECTOR SEDILLO: Yeah, I would say that
11 is why it was so important for us for the ICR
12 directive that it came from MOCS and OMB, so it was
13 not like MOCS and MOCS or MONS saying this is
14 something you ought to do, or pretty please. It was
15 a directive from both OMB and MOCS to honor and make
16 sure it-- if there's an accepted rate to pay that,
17 not the de minimis. I also want to point out that OMB
18 does have a Chief Nonprofit Officer, as does MOCS and
19 Law, our oversight partners, and that's key for our
20 agency partners who, you know, have to go through
21 their taskforce. They should know that OMB has
22 somebody there who's supposed to be there to help
23 them solve problems like these.

24 COUNCIL MEMBER BREWER: Supposed to.
25 Thank you.

2 CHAIRPERSON WON: Okay. My last set of
3 questions is for DFTA. In Fiscal Year 2024, nearly
4 90 percent of DFTA's contracts were registered
5 retroactively. What are the root causes of delays in
6 registering DFTA contracts, and what is the agency
7 doing to address them?

8 DEPUTY COMMISSIONER OGNIBENE: If that's
9 from the Comptroller's report from yesterday, we're
10 still reviewing it, but the 90 percent number you
11 mentioned may be a description of many agencies, not
12 just us.

13 CHAIRPERSON WON: So that's even worse if
14 all of you guys are 90 percent registering contracts
15 retroactively.

16 DEPUTY COMMISSIONER OGNIBENE: However,
17 we do take late payments and registration seriously,
18 because providers deserve to be paid. We do have a
19 shared goal here, and one of our priorities is to pay
20 providers on time. You know, we have presented a
21 face to the story, if I may say. Last year, for
22 example, like why do we work at NYC Aging? Why does
23 someone work at Aging or DYCD or DSS? Certainly, if
24 you're on the program side, it makes sense, but if
25 you're not, then why am I there? We had every single

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 156

2 staff visit an older adult center last year, every
3 single staff no matter where you worked. You had to
4 go out and to visit, because we wanted to put a face
5 to the story. Here's the work that we do. It's
6 important. It's ultimately about serving older
7 adults. We can talk about contracts, paperwork, but
8 really it's about delivering services for older
9 adults. So, we connect our staff right to the work
10 that we're doing. We-- every single staff wrote a
11 letter to all of our caregivers last year thanking
12 them for the work that they do. By doing that, we
13 have a better connection with our provider community.

14 CHAIRPERSON WON: Okay. But what is the
15 root cause of the delays? Is it because you guys are
16 all out in the field and nobody's processing the
17 work?

18 DEPUTY COMMISSIONER OGNIBENE: No, that's
19 not it. I don't think that we have 90 percent late
20 registration, but I will say that our-- we're very
21 proud of our payment time. Once you submit an
22 invoice to us correctly on time, we pay that within
23 15 to 20 days.

24 CHAIRPERSON WON: Okay, but if the
25 contract is not registered, you're not going to get

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 157

2 to the payment. So, can you help us understand? Is
3 it certain types of contracts or services such as
4 home-delivered meals or older adult--

5 DEPUTY COMMISSIONER OGNIBENE:

6 [interposing] Well, you've heard about--

7 CHAIRPERSON WON: [interposing]

8 [inaudible] programming?

9 DEPUTY COMMISSIONER OGNIBENE:

10 discretionary contracts that are late by definition.

11 CHAIRPERSON WON: So, for-- from your
12 perspective, you believe that it's just going to
13 continue this way? Just discretionary contracts is
14 just how it is, is that your answer?

15 DIRECTOR SEDILLO: Well, I-- and I'll
16 jump in, Chair Won. You know, it is not us-- and I'm
17 sorry to be a broken record on this, but-- because I
18 think there's a real shared opportunity for
19 partnership with the administration and the Council
20 on this. I just want to say again, two-thirds at
21 least, and it could be more in some agencies in
22 particular with DYCD, of those contracts that are
23 retroactive are discretionary contracts. And I don't
24 say that defeatist, right, because tomorrow morning,
25 literally 8:30 we're meeting with your staff to go

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 158

2 through a grant-like process which would eliminate a
3 registration process, right? Again, out-years and
4 the multi-year vehicle, years two and three we don't
5 have a registration process. We would do that for a
6 significant portion of discretionary contracts. And
7 so I do think that if we partner with that, that is
8 the right thing to do, and it will significantly
9 reduce the workflow for agencies and the amount of
10 time that it takes for us to be able to just pay
11 nonprofit providers and ensure that they are getting
12 the services that you all understand, need-- are
13 needed in your district done in a timely manner.

14 CHAIRPERSON WON: So, for discretionary
15 contracts, do you still believe that nonprofits who
16 are crying about like millions of dollars in not
17 getting paid are crying over the Council's
18 discretionary of \$5-\$10,000?

19 DIRECTOR SEDILLO: Thanks for the
20 rephrase. I think where there's a retro-- where
21 there's a contract backlog issue, more often than
22 not, it is a discretionary contract. I'm not saying
23 that we're proud of that. The cycle time on that is
24 very high and it can be lowered, certainly. But if

25

2 the underlying issue is a retroactive contract, more
3 often than not it is a discretionary contract.

4 CHAIRPERSON WON: So, let's continue to
5 unpack that. So, what exactly is causing the issues
6 of discretionary contracts being retroactively
7 registered?

8 DIRECTOR SEDILLO: Great question. For
9 one, we find out at schedule C who's getting the
10 awards, right? So, again, by definition retroactive.
11 Two, throughout the year there are transparency
12 resolutions that further clarify it, of course. And
13 so if you're a city agency, you're finding out in the
14 fall, right, who is getting the funding, and months
15 into the services provided. If you're a nonprofit
16 provider, you're like, I got to contract that started
17 on July 1st, or I was told I was-- I got it. Am I
18 supposed to start? And then you have a situation
19 where the registration process takes forever, because
20 we treat it as if it was a competitively-bid millions
21 of dollars contract, but it's not, right? And so,
22 for us, we want to treat them like the grant that
23 they are and be able to-- when you tell us they're
24 getting this funding, we can move forward and go to
25 an agreement and get them paid immediately.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 160

2 CHAIRPERSON WON: So, for DFTA, how much
3 of your contracts are discretionary? What's the
4 dollar amount for fiscal year, roughly?

5 DEPUTY COMMISSIONER OGNIBENE: \$40-odd
6 million.

7 CHAIRPERSON WON: \$40 million out of--
8 what is the total budget for how much you contract
9 out with a vendor?

10 DEPUTY COMMISSIONER OGNIBENE: We have a
11 budget of about \$500 million.

12 CHAIRPERSON WON: So, we're talking
13 again-- out of \$500 million, you're talking about
14 only \$40 million when there is clear complaints about
15 90 percent of your contracts. So where is the rest
16 of the money that is not being registered from
17 outside of your discretionary, those not getting
18 paid?

19 DIRECTOR YU: If I could, Chair Won, just
20 to jump in and sort of provide some numbers. When
21 we're talking about retroactivity, when we-- Michael
22 is right. When we include the discretionary contract
23 portfolio it does skew the data, and it looks very
24 different. And I'll just sort of read off again just
25 some information that I-- that the MOCS team tracks.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 161

2 So, for Fiscal Year 2024 for the human service cycle
3 times for just-- for the discretionary contracts, the
4 median cycle time was 337 days.

5 CHAIRPERSON WON: Bless you.

6 DIRECTOR YU: Bless you, Council Member
7 Stevens. When you take the discretionary contracts
8 out of that, the median amount of days drops to 228.
9 And when you look at-- we do some of this by heat
10 map. For Fiscal Year 2024 and 2025, if you just look
11 at discretionary contracts, we are looking at numbers
12 in the 90 to 100 percent range, but if you take the
13 discretionary contracts out of the Fiscal Year 25
14 contracts, we're about 54 percent on time, and then
15 for the Fiscal Year 24 we're 73 percent on time. And
16 just to-- in Aging's defense, for Fiscal Year 2025
17 they were at 100 percent on-time registration for
18 their contract portfolio.

19 CHAIRPERSON WON: Okay. For the contracts
20 that are registered on time, how quickly does DFTA
21 begin reimbursing providers?

22 DEPUTY COMMISSIONER OGNIBENE: As I said
23 earlier, if they submit invoices on time and
24 correctly, we have a proud track record of 15 to 20
25 days.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 162

2 CHAIRPERSON WON: 15 to 20 days, okay.

3 For our nonprofit providers who encounter delays due
4 to missing documentation or compliance issues, we
5 know that we were supposed to have document vault go
6 live. It's on fully functional now. Do our providers
7 all get to use it so that they don't have to upload
8 the same document multiple times for each agency?

9 DIRECTOR YU: Thank you, Council Member
10 Won, and thank you also for the legislation that you
11 provided in this space. With Passport Release six we
12 were able to increase Passport functionality to
13 include a document vault. that was turned on live
14 and it's available to our agencies. It's available to
15 our vendors, and the other functionality that we
16 introduce with Passport R6 was subcontractor
17 functionality.

18 CHAIRPERSON WON: Okay, so Passport 6 is
19 live?

20 DIRECTOR YU: Yes, that's correct.

21 CHAIRPERSON WON: Okay. Okay. We're
22 going to close out the questions so that we can move
23 into our testimonies, because I know people are
24 getting very hungry because it's lunchtime. So,
25 we're going to move on. Thank you so much for coming

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 163

2 to testify. We are still extremely frustrated as you
3 heard from myself and my colleagues and who you will
4 hear from next. I hope that you will remain to
5 listen-- if not yourself, your staff. Yes?

6 DEPUTY COMMISSIONER OGNIBENE: Yeah, I
7 just want to thank Director Yu for clarifying our
8 position 100 percent. Thank you.

9 CHAIRPERSON WON: Thank you. Okay. Our
10 first panel is going to be Louisa Chafee from the New
11 York City Independent Budget Office. Okay, go ahead.

12 DIRECTOR CHAFEE: I made a joke and you
13 missed it. I said good evening. So my name is
14 Louisa Chafee. I'm the Director of the Independent
15 Budget Office. It is a great honor to testify today
16 to you, Councilwoman Stevens and Won, and other
17 members of the Committee. I have a lengthy testimony,
18 because I have been in this space for a long time,
19 and I have to say I hear your frustration that some
20 people came to the party late, but at least everyone
21 is at the party, including the Comptroller who
22 released a report yesterday. So, I think it's
23 important to recognize that your Council oversight
24 work and leadership has really elevated a critical
25 issue to the nonprofit sector. So, the disclosure

2 is, I served on the Joint Taskforce for Nonprofits to
3 get paid. I sat on the Board of the Human Services
4 Council. I've worked in the nonprofit sector. I
5 worked at the Mayor's Office of Contract Services. I
6 led human service procurement reforms for City Hall,
7 and I also led the Strengthening Nonprofit Committee
8 which has a whole lot of institutional memory. So
9 I'm just saying that so that you understand I'm not,
10 you know, a neutral bystander. The Independent
11 Budget Office welcomes the Council's longstanding
12 efforts to ensure fiscal responsibility on the part
13 of City agencies, especially to ensure that the
14 critical work of nonprofit human service
15 organizations under contract with the City can
16 continue without fiscal disruptions. As IBO indicated
17 in this year's response to the January financial
18 plan, and testified at the April 16th Council hearing
19 on preparing for changes in the federal funding, the
20 financial stability of providers depends on City
21 agencies paying their bills on time. To that end,
22 IBO also welcomes both the Mayor's announcement
23 yesterday of the various measures the Administration
24 is now taking to clear the backlog of late payments,
25 again, to nonprofit providers and distribute larger

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 165

2 advance payments for next year, and the ideas for
3 potential Charter reforms in the procurement area in
4 the Preliminary Report of the Mayor's Charter
5 Revision Commission, released this morning.

6 Additionally, IBO supports the Council's focus, both
7 through legislation and oversight, to proactively
8 avoid future payment delays. The Council's Commission
9 to Strengthen Local Democracy has also identified
10 procurement as a major area for reform. So, I'm not
11 going to go over what the challenges are, because you
12 know it's late registration and late payment. But I
13 did want to highlight a couple ideas that are not
14 included in your current suite of initiatives that we
15 think would make some differences. So, IBO suggests
16 that Intro 1247 be adjusted to consider adding a
17 reasonable time frame for payments. most bills
18 require payments in 30 days from initial receipt of
19 invoice. And that obviously is also linked to the
20 idea of advances and the percentage of advances, but
21 part of the challenge here is simply moving money
22 through the system at a timely basis. So, we do
23 think that adding some level of time frame would be
24 beneficial. We also suggest, or we also suggest
25 considering adjusting the timing of payments to align

2 with invoicing, such as monthly or quarterly. IBO

3 identified in its testimony to the Commission to

4 Strengthen Local Democracy a mandate in the use of

5 contract extensions for existing competitively-

6 awarded contracts when a new contract will not be in

7 place within six months of a contract's expiration.

8 So, why? When a City agency has a program that is

9 continuing, that they've issued a new solicitation,

10 but the program is not ready-- the new solicitation

11 process has not been completed on time. This often

12 leads to this incredible delay in contract

13 registration. So, IBO suggested that a rule that

14 would require the City agency, once it's six months

15 before the end of the existing contract, they could

16 do-- the City agency could do one of two things:

17 Either automatically register a contract extension on

18 the existing award even while continuing to work on

19 the new solicitation; or inform the provider to stop

20 providing services when the contract lapses. Now,

21 the first option is greatly preferable, as it would

22 allow for continuous service provision, but the

23 second, if invoked, would at least hold the City

24 agency accountable to the public for its delays. IBO

25 has analyzed how contract extensions could lead to

2 better results with data, and as of today, human
3 service contracts using the Department of Youth and
4 Community Development as an example-- and this is
5 data for contracts in 2025. There are 896 contract
6 extensions, which were registered, on average, 31
7 days late. In contrast, there are 154 solicitation
8 request for proposal awards, and those were
9 registered, on average, about 97 days late. So,
10 that's 66-day difference, and for a nonprofit, that
11 is approximately four biweekly payrolls, nearly one-
12 third of the year's rent, etcetera, not being paid.
13 In other words, by requiring an automatic extension,
14 the nonprofit would have significantly less pressure
15 through the late contract registration. In addition
16 to the problem of late registration for competitively
17 awarded contracts, it's important to address the
18 lateness issues around discretionary contracts. And
19 as we heard today, the administration is considering
20 moving into the grant process. We'd be happy to
21 assist you in any kind of research we could do and
22 also assist with research on exactly how the state
23 advances its money, so as to simply move money
24 through the process. Financial data on the City
25 Council contracts for 2024 indicate that they were

2 registered about 13 months after their start dates,
3 which would give an indicator that it's time for
4 improvements. The Mayor's City Charter Revision
5 Commission is proposing the potential grant process
6 at least for smaller awards, and given the lateness
7 of registration, IBO also suggests continued
8 consideration of a requirement to pay 80 percent of
9 the value of such awards, including the larger ones,
10 at the time of registration. There's agreement
11 between the Council and the Administration to
12 reinforce real accountability by setting out a clear
13 mandate and responsibilities for MOCS, similar to
14 those already in place for other critical Mayoral
15 functions, such as the Office of Management and
16 Budget and the Office of Operations. Further, with
17 the improvement of ContractStat, the Council
18 oversight in this area could also be strengthened.
19 So, with abbreviated testimony, I thank you for the
20 opportunity to testify, and I'm happy to answer any
21 questions.

22 CHAIRPERSON STEVENS: One, I have to
23 start off by saying those glasses are fabulous.

24 DIRECTOR CHAFEE: So are yours.
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 169

2 CHAIRPERSON STEVENS: Oh, thank you. But
3 no, just-- I know you said the timeframe, the
4 reasonable timeframe for 1247, that was actually the
5 original bill, but you know, always trying to work in
6 good partnership with the other side, they had some
7 clear concerns about it, and so we adjusted it. But I
8 will be looking to amend that bill to go back to its
9 original state, because clearly it's needed. So,
10 thank you. And your recommendations definitely were
11 great, and we'll definitely be in contact to continue
12 to have more conversation about them.

13 DIRECTOR CHAFEE: Great.

14 CHAIRPERSON WON: Thank you so much. I
15 now open the hearing for public testimony. I remind
16 members of the public that this is a formal
17 government proceeding and that decorum shall be
18 observed at all times. As such, members of all
19 public shall remain silent at all times and the
20 witness table is reserved for people who wish to
21 testify. No video recording or photography is
22 allowed from the witness table. Further, members of
23 the public may not present audio or video recordings
24 as testimony, but may submit transcripts of such
25 recordings to the Sergeant at Arms for inclusion at

2 the hearing record. If you wish to speak at today's
3 hearing, please fill out an appearance card at the
4 Sergeant at Arms and wait to be recognized. When
5 recognized, you'll have two minutes to speak today,
6 and today's hearing topic: examining late payments to
7 human service providers, Intros 1247, 1248, and 1249.
8 If you have a written statement or additional
9 testimony you wish to submit for the record, please
10 provide a copy of the testimony to the Sergeant at
11 Arms. You may also email the testimony to
12 testimony@council.nyc.gov or other email address
13 within 72 hours of this hearing. Audio and video
14 recording will not be accepted. Our first panel will
15 be Michelle Jackson from the Human Services Council,
16 Doctor Sophine Charles, Kristin Miller, and Greg
17 Rideout.

18 MICHELLE JACKSON: Well, if you have that
19 20/20 vision, you don't need it. Alright, we all
20 here? Okay. Good afternoon, Chair Won and Stevens.
21 My name is Michelle Jackson. I'm the Executive
22 Director of the Human Services Council. I have to
23 start by saying thank you for the passion that you're
24 bring to this and the attention. I've been doing this
25 longer than I want to admit, and I'm really grateful

2 to see the amount of like focus and dedication that
3 this issue is getting, and it's really because of the
4 two of you. So, thank you. I submitted a very
5 lovely testimony, but today what I'll be saying is
6 the testimony that made me upset. So, it's a little
7 bit different. So, I want to start by saying passion
8 doesn't pay the bills. I have the utmost respect for
9 my city colleagues. I appreciate first that they
10 still answer my calls in the midst of all of this,
11 and I know they're working on some of what can feel
12 like the most intractable, like, problems, and really
13 making progress in ways that will, you know, have
14 meaningful change. But passion doesn't pay the bills,
15 and we did not really hear today answers on how we
16 ended up here. How did we end up with a billion
17 dollars in unpaid invoices with 90 percent contracts,
18 you know, being registered late. There actually is a
19 silver bullet: pay us on time. That's it. When
20 we're not paid on time there are real consequences to
21 communities. There's no space between the service
22 and the contract. If we are not-- if a nonprofit is
23 not paid is not paid on the contract, it impacts the
24 service to the community. I will acknowledge that
25 there has been big steps, allowance clauses, bigger

2 advances, lots of different processes and directives
3 that have clarified things for city agencies, and yet
4 there's a billion in unpaid invoices right now
5 amongst my membership. The way this issue is spoken
6 about is like money is a process. Money is money. I
7 have providers who are missing payroll, who are going
8 into debt, and who are closing programs. Those
9 things impact real people who receive those services
10 and work at those programs. And I have to-- I do
11 have to spend a minute on calling out the kind of
12 unspent fund issues. Providers are owed years of
13 indirect, like going back to FY21. Some of them
14 never got their approved workforce enhancement
15 funding which means they were never able to give it
16 out. Enhancement modifications, the indirect, all
17 those different things, like, back up, and if you
18 can't spend that money if you're contract is
19 registered late-- sometimes you can't spend all that
20 money in a year. So, they would spend all the money
21 if their budget modifications were approved. I'm
22 preaching to the choir here, but if I don't get a
23 paycheck, I can't pay my bills. Providers are
24 working with unregistered contracts, putting them at
25 legal risk. Then, their invoices have slowed down,

2 meaning they can't get paid in a timely way which
3 means they're not paying their bills. Then their
4 budget modifications aren't getting approved, meaning
5 they can't spend for those unapproved expenses, and
6 that is why we have accruals.

7 CHAIRPERSON STEVENS: We love you, but
8 you got 10 seconds.

9 MICHELLE JACKSON: I'm done. I'm good.
10 That was it. I just had my last line. These are the
11 reasons that we got here. It's not-- and this
12 legislation will greatly improve the process going
13 forward, but we do need more action now in the
14 current fiscal year. Thank you.

15 KRISTEN MILLER: There we go. Good
16 afternoon. I'm Kritsin Miller. I'm Executive
17 Director of Homeless Services United, representing
18 over 50 nonprofits that operate shelters and homeless
19 service programs. Thank you so much today for this
20 hearing. We are incredibly grateful for the
21 attention that this issue is getting. We've been
22 talking about it for a long time and greatly
23 appreciate not only the hearing, but the bills that
24 have been introduced. I echo a lot of what my
25 colleague Michelle has said. It is wonderful to hear

2 that \$5.5 billion has been issued to nonprofits, but
3 what is kind of terrifying is that there are still
4 \$5.8 billion owed to nonprofits. We are seeing
5 headway. I too am very grateful for my colleagues at
6 the administration. We see-- we see improvements.
7 We see cash starting to trickle, but I think it's--
8 we're worried it's too little too late. We need big
9 action, big bold action on multiple, multiple levels
10 in order to just get us paid. My executive directors
11 are lying awake at night wondering about cash flow,
12 about payroll. It should not be this way. We hear a
13 lot about contract registration. It is-- you can't
14 do anything without having your contract registered,
15 but what is also just as important is the invoicing,
16 but it's getting to the approved invoice where we see
17 the biggest logjam. So when you hear reports of this
18 many invoices pending, this many paid, the nuance in
19 between is what's in limbo. What have been approved
20 by the City, by OMB, by the agency, but not yet in
21 someone's line item budget so that they can invoice
22 and get paid. And I think that is the devil in the
23 details, and that is extremely time consuming.
24 That's where we really, really encourage you to keep
25 the heat on as we are to make sure that this stuff

2 moves. We also submitted lengthy testimony
3 commenting on a lot more. Happy to answer questions,
4 and again, thank you.

5 GREG RIDEOUT: I put good morning in my
6 comments, but I'll start with good afternoon. My
7 name Greg Rideout and I serve as Co-CEO for
8 Organizational Advancement at Opportunities for a
9 Better Tomorrow. We are proud members of both the
10 Human Services Council and New York City Employment
11 and Training Coalition. Every year, OBT serves more
12 than 1,500 young adults and adults providing them
13 with free educational and vocational programs to help
14 them enter or advance in the New York City workforce.
15 I first want to thank all of you for holding today
16 hearing and for the legislation already drafted to
17 address what can only be described as a longstanding
18 deeply harmful crisis in nonprofit contracting and
19 payment. For organizations like OBT, where over 75
20 percent of our budget supports weekly payroll and
21 participant stipends, timely payments from the City
22 of New York are not just an operational issue. They
23 are a lifeline. OBT's staff, many of whom come from
24 the same communities we serve, are a workforce in an
25 of themselves. When City payments are delayed, it

2 threatens our employees' stability and the essential
3 services they deliver. Participant stipends allow
4 us to keep our young people engaged, learning, and
5 working towards a better future. Each year, OBT
6 connects more than 300 young people to training and
7 employment in healthcare, technology and
8 construction/renewable energy mostly through City
9 contracts with the New York City Department of Youth
10 and Community Development. So, delays do not just
11 slow payments. They slow real economic opportunity
12 for particularly young New Yorkers. I go into much
13 more detail in the testimony that I submitted, but
14 let me close by saying nonprofits employ nearly 20
15 percent of the City's workforce. We are the City's
16 safety net during crises, during recovery and every
17 day in between. We are asked to stretch and
18 sacrifice in ways that for-profit partners never
19 would. We're not asking for favors, we're simply
20 asking for fairness. If this city truly values
21 equity, community and opportunity, then it must show
22 it through action.

23 SOPHINE CHARLES: Good afternoon. I am
24 Doctor Sophine Charles from the Council of Family and
25 Childcare Agencies, and my teeth are chattering [sic]

2 because I'm freezing here. I just want to thank the
3 Chairs Won and Stevens for just really putting a
4 spotlight on this in such a profound way. We thank
5 you for your efforts for doing this, and on behalf of
6 the agencies that we represent at COFCA, the agencies
7 that provide the foster care and prevention services
8 and those who really keep families stable and
9 children at home, they're struggling. As many of our
10 colleagues have already said, they need to keep the
11 lights on. They need to keep-- to be able to make
12 payroll and to pay their staff. Without those
13 delayed, backed up payments, it's tough for them to
14 continue to work with families, and your support on
15 this is incredibly helpful, and I just want to say
16 that the proposed City Council bills we appreciate.
17 Very helpful. Really putting the spotlight on and
18 hopefully speeding up and getting rid of the backlog
19 and the bottleneck, and it's important also to
20 acknowledge that our agencies, we did a financial
21 health report on our child welfare agencies, and
22 about 40 percent of the New York City organizations
23 have less than 15 days of cash flow on-hand. Another
24 47 percent of the child welfare nonprofits, they have
25 less than one month of cash revenue, and that's a

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 178

2 real problem when they're not being paid. And the
3 recommendation that I want to mention is streamlining
4 New York City government contract processes. There's
5 a clear need to reform the registration and payment
6 systems to reduce the delays. And also, we need to
7 have better forecasting when it comes to the future
8 rates by keeping up with the CPI inflation rate. And
9 I'll end by saying that we do have a city agency that
10 works very effectively with our child welfare
11 colleagues, and that is the Administration for
12 Children's Services. They do a pretty good job in--

13 CHAIRPERSON STEVENS: [interposing] That's
14 why they wasn't here today.

15 SOPHINE CHARLES: That's why they're not
16 here today?

17 CHAIRPERSON STEVENS: Yeah.

18 SOPHINE CHARLES: Oh, okay.

19 CHAIRPERSON STEVENS: That's why they
20 wasn't here. That's why we didn't invite them.

21 SOPHINE CHARLES: Oh, okay. Well, thank
22 you anyway for your work on this.

23 CHAIRPERSON STEVENS: Absolutely. Thank
24 you all for being here. You have questions? I
25 guess, to me, the first question I would ask is to

2 HSC. I know you guys have been doing a lot of
3 surveying with your members, and could you talk to us
4 a little bit about, like, how much is owed to the
5 collective of your members and also just even around
6 some of the indirect costs? I know that's like a huge
7 issue. Can you talk a little bit about what-- like,
8 what that loss has been around the indirect? I know
9 you mentioned it a little bit in your testimony.

10 MICHELLE JACKSON: Yeah, absolutely.
11 Thank you for that. So we did a survey, not of our
12 full membership, but the ones who responded were owed
13 \$582 million as of about three weeks ago, a month
14 ago, and obviously the Comptroller has better data,
15 because everyone fills it out and also our non-
16 members. So that's, you know, the \$582 million is
17 just for my membership. And then when it comes-- you
18 know, I think the indirect is a good example of like
19 why they problem is the worst it's ever been, it's
20 that we're not just seeing late contract
21 registration, we're also seeing the slow invoices and
22 all these budget modifications that are stacking up,
23 and indirect is certainly kind of the worst offender
24 in that area. Providers every three years have to
25 get an approved indirect cost rate, and every year

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 180

2 it's retroactively put into their budget which makes
3 no sense when it should just be incorporated into
4 their budgets, you know, after they have an approved
5 rate. So, they have to submit a budget modification.

6 Once you submit a budget modification, you can't
7 submit another and you have to wait for it to get
8 approved, and so these budget modifications stack up
9 on top of each other, and we've seen particularly in
10 DFTA, and I know Live On and others will testify with
11 much more detail than I will, some of the providers
12 are owed literally from FY21 when the initiative was
13 created. They have not been paid indirect, and so
14 they don't know if they're ever going to see that
15 money at this point honestly, and so that's where
16 some of the accruals come from. They don't know--
17 you know, and then they have accruals, and that means
18 they actually get less indirect, because it's a
19 percentage of the budget that you spend, and so it's
20 a full mess. Your face says it all, and so-- but you
21 know, some of our organizations end up being owed a
22 million or two million dollars just on indirect that
23 they're not sure-- there's no guarantee that they're
24 going to paid for it. We haven't heard from-- you
25 know, we know there's a directive out about it which

2 is great, but we're not seeing the city agencies
3 really step up and pay that and clear that backlog.

4 CHAIRPERSON STEVENS: Thank you. Greg
5 Rideout, I just have a question even around some of
6 the loan stuff that was, like, kind of talked about
7 today, and I know your agency specifically has had
8 like some challenges, and I know we talked
9 extensively about the amount of interest that your
10 agency has had to pay on it and where it's left you
11 guys. So, could you talk a little bit about that
12 experience?

13 GREG RIDEOUT: Sure. It is exceedingly
14 frustrating to hear that cited over and over and over
15 again as the solution. I mean, it's fairly comparable
16 to the idea of releasing as much advance as is
17 proposed for fiscal year 26 when it requires
18 contracts to be registered and we all know how long
19 that takes. But the fund is-- while it is interest-
20 free, it is not easy to complete the forms. And so
21 while I'm not surprised to hear the numbers that were
22 cited earlier today in terms of how much money has
23 been distributed or how many applications have been
24 made, I don't think it is an issue that agencies are
25 not aware of it, because every city agency when you

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 182

2 go to them and you ask them for help in getting
3 contracts registered or invoices approved, budgets
4 approved, they will tell you to go and apply to Fund
5 for the City of New York. They see it as the
6 solution. But you have to put in a grave amount of
7 detail in terms of expenses already incurred, and
8 there are a number of different categories, budget
9 categories that are not included, including indirect.

10 KRISTIN MILLER: Chair Stevens, if I may?
11 We did a sample survey and just 12 of my members
12 about six weeks ago were owed \$170 million by DHS,
13 and I have a number of members who have paid over in
14 interest on lines of credit in just one year.

15 CHAIRPERSON STEVENS: And so obviously
16 agencies do know about the Fund for New York and this
17 loan, although that was stated that a lot of
18 organizations probably don't know, because you guys
19 are also seeking not only from there, but from other
20 places which is also acquiring the interest. And I
21 know my colleague has a bill, Justin Brannan, around
22 like the City should have to pay the interest if
23 that's happening and that's another one, you know,
24 another good bill as well. I don't have any more
25 questions. Do you have any questions for this one?

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 183

2 Well, thank you guys all for testifying today and we
3 appreciate the work that you continuously do.

4 CHAIRPERSON WON: Thank you. Our next
5 panel is Jody Rudin, Tierra Labrada, Gregory Morales
6 [sp?], Lauren Siciliano, Hailey Nolasco, Terry Troia,
7 Greg Morals [sic], Morris.

8 REVEREND TERRY TROIA: Good afternoon
9 and thank you, Chair Won and Chair Stevens. My name
10 is Reverend Terry Troia. I'm the President and CEO of
11 Project Hospitality in Staten Island. In September
12 of 2022 we took on two new family shelters on Staten
13 Island, and after an initial advance of two months in
14 each shelter, we saw no additional funding until a
15 few months ago. We went more than two and a half
16 years with any funding to manage those two shelters.
17 We carried those shelters and an additional family
18 shelter for nearly two years without reimbursement.
19 In May of 2024, New York City owed us \$16.2 million
20 for services rendered, and I know that that's peanuts
21 compared to the numbers that you've just heard. I met
22 with former Deputy Mayor Williams-Isom who directed
23 us to meet ongoing with Mr. Vincent Pullo of the
24 Department of Social Services. He's the CFO there.
25 These meetings have been ongoing weekly since May 1st

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 184
2 of 2024. Mr. Pullo has been incredibly gracious and
3 his staff incredibly helpful, and nine months later
4 we are now owed only \$4.5 million, but that was last
5 week, and then it went up to \$11.5 million, and it
6 goes up and down. We are grateful for the
7 intervention of both the former Deputy Mayor and Mr.
8 Pullo, but the impact of living through more than two
9 years of very late payments and no payments at all,
10 particularly for the new family shelters we opened on
11 Staten Island, have had a profound effect on our
12 agency. We can't pay our bills. We have huge bills
13 and our budget is about \$50 million, and most of that
14 is city contract dollars. We've taken a new \$7
15 million in a line of credit. We've applied for a \$10
16 million line of credit to follow the \$7 million line
17 of credit. We spent \$50,000 in loan interest and
18 FY2024 and we expect to pay a minimum of \$100,000
19 just by the end of June of this year. We haven't paid
20 our contracted security force for our 24-hour drop-in
21 center by the Staten Island ferry for more than two
22 years. What happens? And then you want them to bid,
23 the lowest bid on the contract in order to get the
24 contract again. What happens when we can't pay
25 payroll, and how much more loan money can we take

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 185
2 out before we're denied a loan and then what happens?
3 We need the City Council to do a comprehensive
4 analysis of the situation of late payments and for
5 the City Council to implement legislation to correct
6 the late payment situation and take on the
7 responsibility of paying interest rates--

8 CHAIRPERSON STEVENS: [interposing] 10
9 seconds. Please wrap it up. Thank you.

10 REVEREND TERRY TROIA: for these loans
11 that we nonprofits have to bear to keep our doors
12 open. Thank you.

13 JODY RUDIN: Good afternoon, Chair Won
14 and Chair Steens. Thank you for the opportunity to
15 testify and thank you for your leadership and
16 attention on this matter. I'm Jody Rudin. I'm the
17 President and CEO of an organization called the
18 Institute for Community Living, or ICL. We're a
19 nonprofit that supports 13,000 New Yorkers each year
20 across 140 programs providing housing, healthcare and
21 recovery services. I want to express ICL's support
22 for the legislative package under consideration
23 today. We need cash. We need accountability, and
24 we're grateful for your leadership. The City
25 currently owes ICL \$30 million for services we've

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 186

2 already delivered, including housing, treatment, job

3 support, and more. Like many nonprofits in this

4 city, we spend an inordinate amount of time managing

5 cash flow, because the City is late paying us. It's

6 not just an administrative burden, it is an

7 existential threat. At times we've been peril of

8 missing payroll. We've had to take out loans to

9 cover basic operating costs, effectively acting as a

10 bank for the City of New York. I do want to say that

11 while the system has been broken for too long, I want

12 to acknowledge that ICL has seen good progress and

13 good faith efforts from our partners and agencies in

14 recent months. We were at \$60 million outstanding

15 three months ago. Now we're at \$30 million. I want

16 to give credit where it's due. I also feel a little

17 bit vulnerable disclosing this, because I'm worried

18 if there's a sense of progress the City will move on

19 and perhaps focus on nonprofits in more dire shape,

20 and we can't continue to have \$30 million in

21 receivables. Nonprofits like ICL, as you know, the

22 backbone of the City safety net, and it's time for a

23 contracting system that supports us, too. Thanks

24 again for the opportunity and your leadership.

25

2 TIERRA LABRADA: Exactly two minutes.

3 That was fantastic. Alright, let me see if I can do
4 this. Thank you, Chair Stevens. Thank you, Chair
5 Won. Thank you for this hearing today and I really
6 do appreciate your leadership. My name is Tierra
7 Labrada and I'm the Director of Policy and Advocacy
8 at the Supportive Housing Network of New York. We're
9 a nonprofit membership organization representing the
10 developers, owners and operators of supportive
11 housing, collectively operating about 62,000 units
12 across the City. I'm not going to preach to the choir
13 here, but I'm going to read from my testimony. As
14 you know, supportive housing providers routinely
15 began delivering services and housing tenants before
16 contracts are registered or payments are received.
17 While we do recognize the administration's progress
18 in clearing some of the backlogs and the announcement
19 about advances, the underlying structural issues do
20 remain. At this time, just five of our members are
21 collectively owed about \$318 million, \$165 million of
22 that from previous fiscal years. Jody is one of
23 those. That's not even including Reverend Troia's
24 over here. One of our members are reported \$4
25 million in delayed payments on a contract of-- on a

2 budget, an organizational budget of \$18 million. In
3 other words, 22 percent of their entire budget is
4 outstanding. With that, we do support the legislation
5 under consideration today, and again, thank you for
6 your thoughtful approach. We also strongly support
7 increasing the budget for the returnable grant fund
8 and including the ICR in that. Supportive housing
9 providers are unique in that their contracts can
10 expand across various agencies, and the discrepancies
11 between each agency's contracting and invoicing
12 process is cumbersome and confusing. I was very
13 pleased to hear about the rollout of some updates to
14 Passport including a dashboard that tells you where
15 your invoices are in the process. I think that's
16 going to be great. A couple of other recommendations
17 that we have is like simplifying the data entry
18 process by creating auto populated fields in
19 Passport, streamlining again the contract and
20 approval process across agencies, and I know that's
21 something that this legislation is going to support,
22 and there's like-- this is very nuanced, but like
23 blocking errors that our members are always talking
24 about. And so, creating some sort of database that
25 allows for providers to understand why they are not

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 189

2 able to submit their invoices in Passport. Thank you
3 so much. Look at that, I got seven seconds left.

4 LAUREN SICILIANO: Good afternoon, Chair
5 Won and Chair Stevens. My name is Lauren Siciliano
6 and I'm the Chief Operating Officer of the Legal Aid
7 Society. I'm here today on behalf of a coalition of
8 legal services providers whose work benefits millions
9 of New Yorkers each year. We defend people against
10 incarceration, deportation and eviction, and are a
11 lifeline to New Yorkers in need. We're grateful for
12 the package of legislation introduced by the Council
13 to address the contracting and payment issues, and
14 greatly appreciate the Council's focus on tracking
15 procurement and registration timelines. We certainly
16 believe this is an imperative step, but we also
17 believe that additional steps must be taken to
18 address the issues that cause delays after
19 registration, and I want to highlight just a couple.
20 The first is budget approval. Just to take one
21 example from Fiscal Year 25. Despite timely
22 registration of our housing contracts, our coalition
23 only started receiving budget approvals in late
24 January. That meant that more than seven months into
25 the year we were still not able to submit invoices

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 190

2 for payment. After months of advocacy alongside with
3 providers who were at risk of not making payroll or
4 had to take out high-interest loans, we were
5 ultimately able to secure additional advances, and
6 working with Director Sedillo and others we were able
7 to start receiving payment after these delays. The
8 second issue that I'd like to highlight is invoice
9 review. There's been a lot of discussion on that
10 today, so I'll just echo that when submitting
11 invoices or budget modifications we face an
12 incredibly onerous and ever-changing process that
13 varies from agency to agency and these delays have an
14 enormous impact on cash flow as well. The last issue
15 I'll highlight is that payments to nonprofits are
16 often delayed when funding is confirmed late. There
17 was some discussion on this around the indirect cost
18 rate. So just to highlight, the rate is confirmed
19 through the MOCS application process, but the exact
20 dollar value is often confirmed very late in the
21 fiscal year or even sometimes after which makes it
22 very difficult to access that funding. I just want to
23 thank the Council for your leadership on these issues
24 and urge you to consider causes of delays after
25 registration.

2 HAILEY NOLASCO: Good afternoon, Chair
3 Stevens and Won. My name is Hailey Nolasco and I'm
4 the Senior Director of Government Relations at the
5 Center for Justice Innovation. Thank you so much for
6 the opportunity to testify today. Nonprofit and
7 human services organizations are the backbone of our
8 city with 13,000 nonprofits contributing nearly \$78
9 billion annually to the local economy and employing
10 nearly one in five New Yorkers, most of whom are
11 women and people of color. This sector not only
12 empowers our economy, but also advances equity in
13 communities too often left behind. In the Bronx
14 alone, over a third of residents work in nonprofits.
15 These workers keep our hospitals, schools, courts,
16 and family services running, forming the heart of our
17 social safety net. Yet, we're in crisis. According
18 to the Human Services Council which I believe just
19 testified earlier, 68 nonprofits with over a thousand
20 city contracts are owed \$385 million due to delayed
21 payments. Nearly half have had to take out loans
22 totaling over \$87 million, accruing to \$6 million in
23 interest, money that could have been going to serve
24 our communities in need and not banks. The Center
25 for Justice Innovation is no exception to that. We

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 192

2 are currently waiting on approximately \$38 million
3 from the City. That's money already spent on grants
4 to local businesses, youth stipends, case management
5 for thousands of-- for thousands in supervised
6 released and diversion programs and violence
7 intervention and prevention services. In 2022, we
8 paid \$400,000 in interest alone, significant funds
9 that again could have gone directly to our
10 communities. At a time when critical funding is also
11 at risk, we must resolve the City issue of delayed
12 payments. Nonprofits need timely reimbursement to
13 fulfill our mission. Delays force cuts, stress
14 staff, and compromise care for those who need it the
15 most. Thank you both so much for your leadership in
16 addressing this important issue. Thank you.

17 GREG MORRIS: Thank you very much for
18 making this time. My name is Greg Morris. I'm the CEO
19 of the New York City Employment and Training
20 Coalition. I'm going to defer to members of the
21 coalition on what has become an agonizing effort for
22 them to support workforce development and workforce
23 development providers given the City's broken
24 contracting system. Instead, I'm going to pivot to
25 some open-ended questions from this hearing that you

2 have either asked directly, teed [sic] up, or I think
3 we're all wondering about which goes like this: The
4 city's announcement of unprecedented advance payments
5 raises a simple question. Why now? And more
6 importantly, once the money has been recouped, will
7 nonprofits still be trapped in a contracting maze
8 that is supposed to enable the public good, but has
9 instead become one of the greatest barriers to it?
10 Why is the process for compensating essential work so
11 slow, opaque and punitive? Are there enough staff in
12 place to make it less slow, opaque and punitive?
13 Have we invested enough in the technology, digital
14 platforms, increased the speed, transparency, and
15 accuracy of the systems that can make contracting
16 less slow, opaque and punitive? Who's responsible
17 for improving performance at the end of the day, and
18 who does that person report to? And is that
19 contracting crisis at the top of that person's
20 agenda? For how long will it be at the top of the
21 agenda? Are those people going to be in those
22 positions for very long enough to fix the particular
23 problems we're talking about? Is the City's
24 nonprofit contracting failure by design? And if so,
25 what does that say about what we value in our city?

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 194

2 What does that say about who we value? Don't we
3 value public safety? If so, do we tell Police
4 Departments to wait for backpay? And why isn't there
5 the same emergency for hiring social workers and
6 childcare workers as there is for hiring police
7 officers? Is this a matter of perception? Why do we
8 fail to appreciate the full value that nonprofits
9 provide? Do we falsely assume that some aspect of
10 city life is untouched by nonprofit services? Do we
11 fail to respect nonprofits because the sector is
12 predominantly staffed by Black and Brown women whose
13 labor is chronically and historically undervalued?
14 Now, how do we feel about that? Do we understand
15 that nonprofits are not optional accessories? Do we
16 see them as connective tissue between public systems
17 and private markets? Do we understand that there are
18 essential businesses, not charitable add-ons? Can we
19 choose not to act incrementally or symbolically, but
20 instead strategically and structurally, stabilizing
21 an advanced sector that commits \$80 billion a year to
22 New York City's economy, nearly 10 percent of its
23 GDP. If we continue to sideline and stifle
24 organizations that hold communities together, aren't
25 we further fueling the collapse of public trust,

2 deepening inequities and destabilizing the City
3 itself? Can we see us begging-- can we be seen as
4 building, not begging? Can we be seen as essential
5 economic engines? Can the city afford to fund and
6 fix systems failing our nonprofits? Can it afford
7 not to? We support your legislation while we work
8 towards answering those questions.

9 CHAIRPERSON STEVENS: Well, thank you
10 very much. I think those are some great questions,
11 and the beautiful thing is, the Executive Director
12 has stayed behind. Give a shout out to him, because
13 they typically don't stay. You should give him those
14 questions so he can get back to us. But thank you so
15 much.

16 UNIDENTIFIED: I didn't even notice.

17 CHAIRPERSON STEVENS: No, he's here.
18 He's here. Shout out to him. He said I'm going to
19 stay and listen.

20 CHAIRPERSON WON: I didn't even see him.
21 Thank you so much.

22 CHAIRPERSON STEVENS: Yeah, thank you.

23 CHAIRPERSON WON: Okay. You have
24 questions?
25

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 196

2 CHAIRPERSON STEVENS: I did, but they
3 already leaving.

4 CHAIRPERSON WON: Okay. Our next panel
5 is going to be Faith Behum, Molly Eckerly, Sophia
6 Cohensmith, Rachael Gazdick, Joseph Rosenberg, and
7 William Jourdain.

8 FAITH BEHUM: Thank you, Chairpersons
9 Won, Stevens, and members of the Committees on
10 Contracts and Children and Youth, for holding this
11 oversight hearing and for the opportunity to submit
12 testimony. My name is Faith Behum. I'm the manager
13 of Government and External Relations at UJA
14 Federation of New York. Established more than 100
15 years ago, UJA Federation is one of the nation's
16 largest local philanthropies. Centrally UJA's
17 mission is to care for those in need, identifying and
18 meeting the needs of New Yorkers of all backgrounds
19 and Jews everywhere. UJA supports and expansive
20 network of nearly 100 nonprofit organizations serving
21 the most vulnerable and allocates of \$185 million
22 annually to address the needs of communities across
23 New York City, Westchester and Long Island. UJA's
24 nonprofit partners host some of the largest social
25 services programs in the City, including but not

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 197

2 limited to Summer Youth Employment Programs, Summer
3 Rising programs, kosher food pantries, supports for
4 Holocaust survivors, and older adult centers.

5 Nonprofits in UJA's networks have experienced delayed
6 payments from several city agencies, including New
7 York City Public Schools and the Department of Youth
8 and Community Development. Recently, DYCD has been
9 the worst offender, struggling to register contracts
10 and approve budgets and invoices, resulting in
11 delayed payments and nonprofits. A very small
12 sampling, but recently I was told by one agency they
13 stated as of late April 2025, their DYCD Fiscal Year
14 25 discretionary contracts which amount to over \$1.4
15 million are either partially registered or not
16 officially registered. Another agency is owed over a
17 million dollars from DYCD between unpaid invoices
18 from Fiscal Year 2024 and 2025, stating DYCD's
19 process for approving budgets and invoices takes too
20 long to complete. Nonprofits have also struggled to
21 benefit from the indirect cost rate funding. In
22 January 2025 nonprofits were asked to begin gathering
23 information needed to receive the ICR in Fiscal Year
24 2026. Meanwhile, they still did not receive the
25 funding for the ICR from Fiscal Year 23 through 25.

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 198

2 We thank the members of the City Council for
3 recognizing how late payments impact human service
4 providers and the programs they offer their
5 communities.

6 RACHEL GAZDICK: Thank you to the Chair
7 and members of the Committee for your-- for
8 championing these bills and for your longstanding
9 support of New York Edge. I'm Rachel Gazdick, the CEO
10 of New York Edge. We serve 33,000 student and 136
11 schools throughout all five boroughs of New York. We
12 have four Beacon Centers, 21 community schools, and
13 four food pantries. Just to give the panel a sense,
14 our line of credit before the Passport
15 implementation, our interest would run about \$70,000
16 a year. It's now at \$1.1 million and continues to
17 grow and we have maxed out our line of credit and
18 have had to meet with the banks around whether
19 they'll continue the line. This is a very serious
20 issue. I have a expansive staff probably unlike
21 smaller not-for-profits. I have nine people that can
22 process this in our finance department, but with
23 three fiscal years open-- so, if we're going to give
24 the City 20 people, I need somebody to give me 20
25 people, because I have about 10 that can handle a

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 199

2 year's worth of work, not three years. And every
3 time we have to-- and DYCD has been great in working
4 with us and the City as well, but the volume and our
5 staff continuously having to shift their priorities
6 back and forth because the system can only handle one
7 thing at a time. When contract amendments go in, it
8 moves and rejects all the pending budget mods, and it
9 creates a freeze on invoicing, and we go through this
10 constantly. So, it's not unlike what anyone else has
11 said today, but it is crucial that these issues are
12 addressed immediately so we can continue. And we
13 also provide Summer Rising, about 15,000 kids in
14 Summer Rising, and that's becoming increasingly
15 challenging. Thank you.

16 WILLIAM JOURDAIN: Good afternoon, Co-
17 Chairs Won, and Stevens, I guess, walked out for a
18 little bit. To our city officials who stuck around--
19 my name is William Jourdain and I have the honor and
20 blessing to serve as Executive Director of Woodside
21 on the Move, a grassroots nonprofit serving western
22 Queens for nearly 50 years. We provide critical
23 services and youth development, housing advocacy,
24 economic empowerment and cultural programming. We're
25 also a proud member of the Stabilizing NYC Coalition,

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 200

2 working to protect affordable housing and empower
3 tenants across the City. We meet and often exceed
4 our contractual obligations. We deliver, but the City
5 doesn't. for example, we're still owed roughly \$1
6 million from HPD, and that's just one city agency,
7 and we're unable to fully process FY23 deliverables
8 due to delays in documentation from HPD which
9 highlights the complete bureaucratic maze. This
10 isn't just frustrating, it's destabilizing. We've
11 applied for RGF loans just to stay afloat, but that
12 process is another bureaucratic maze. First the
13 agency, then MOCS, costing us time and capacity we
14 can't afford to lose. Discretionary contracts are
15 even worse. They're rarely processed within the
16 fiscal year and there are no advances. We're forced
17 to start services without funding, effectively
18 floating the City's obligations with nonprofit
19 dollars. Let's be honest, if we were a year late
20 submitting deliverables, our contracts would be
21 cancelled. When the City is a year late on payments,
22 nothing happens, no accountability, no urgency. This
23 is not a bookkeeping problem. It's a public
24 accountability failure. Late payments jeopardize
25 programs, delay hiring and weaken the very

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 201
2 infrastructure of our communities. We urge the
3 Council to pass Intro 1247, 1248, and 1249. These
4 bills set real deadlines for registration and
5 payments, increase transparency, and begin restoring
6 trust between the City and its nonprofit partners.
7 Thank you.

8 SOPHIA COHENSMITH: Good afternoon, Chair
9 Won. My name is Sophia Cohensmith and I'm honored to
10 serve as the Senior Development Manager for PowerPlay
11 NYC. On behalf of our executive team, I want to
12 express our sincere gratitude for your leadership and
13 continued support of youth-serving organizations
14 across the City. For 27 years, PowerPlay has remained
15 steadfast in our mission to empower girls, primarily
16 young women of color from under-resourced
17 communities, through sports-based youth development.
18 Every year we serve over a thousand youth across all
19 five boroughs of New York City, helping them grow
20 stronger physically, emotionally, and academically.
21 Our programs are completely free, offered in
22 partnership with Title I schools and community-based
23 organizations and serve as lifelines for many young
24 people who would otherwise have no access to safe
25 spaces for physical activity, mentorship or

COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 202

leadership development. Today, I urge the City Council for support in ensuring timely payments to human service providers like ourselves. 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 on equity and inclusion. As you know, the national backlash against diversity, equity and inclusion, or 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 such as ourselves, 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. What's at stake is cash flow crises. Delayed payments disrupt our ability to maintain programming, rent safe place spaces, pay staff, and fulfill contractual obligations, talent recognition. The inconsistent cash flow jeopardizes

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 203
2 staff morale and retention as well as service
3 disruptions, delays risk force [sic] and cancellation
4 of high-impact programs for girls and young women who
5 rely on our services for physical activity,
6 mentorship and leadership development. It is
7 critical that the City honors its commitments by
8 releasing payments on time so that organizations like
9 PowerPlay can remain focused on what we do best,
10 serving communities. Thank you for the opportunity
11 to testify today.

12 MOLLY ECKERLY: good afternoon, Chair
13 Won, Chair Stevens. Thank you for holding this
14 hearing today and your continued leadership on this
15 issue. My name is Molly Eckerly and I'm a Policy
16 Associate at the Metropolitan Council on Jewish
17 Poverty. Met Council is the country's largest Jewish
18 charity dedicated to fighting poverty, providing a
19 wide array of support to over 320,000 New Yorkers
20 annually regardless of religious observance. Met
21 Council's capacity to provide support services to
22 hundreds of thousands of New Yorkers every year is
23 directly tied to funding from city contracts. An
24 immense burden is placed on the organization when
25 contract registration is delayed and when contracts

2 are not paid in a timely manner. Particularly in the
3 face of recent and looming federal funding cuts, it's
4 essential that the City act and minimize late
5 payments to nonprofit organizations. Without timely
6 payments from the City, organizations are put in a
7 position to begin spending money on services before
8 they receive funds. Met Council provides essential
9 services to New Yorkers in all five boroughs every
10 day, and any delay in service dramatically impacts
11 the health and wellbeing of vulnerable New Yorkers.
12 The Mayor's commitment to dramatically increase
13 advanced payments to nonprofits is encouraging and
14 definitive step in the right direction to ensure that
15 nonprofits can provide the services New Yorkers need.
16 Additionally, we want to thank Speaker Adams and
17 Chair Brannan and the Council for your continued
18 efforts to support New York City's nonprofits. The
19 three proposals under consideration today have the
20 potential to significantly reduce the burdens
21 currently faced by Met Council and other nonprofits
22 with city contracts. These changes working together
23 could make a real change to the financial stability
24 of New York City's nonprofit sector. Nonprofits have
25 shouldered the challenges of retroactive contract

2 registration and delayed city payments for decades.

3 This issue is now more urgent than ever before. The

4 Federal Government is making sweeping cuts to the

5 social safety net and eliminating supports for low-

6 income Americans. Met Council and other nonprofits

7 are facing unprecedented funding cuts, and for Met

8 Council alone millions of dollars in federal funding

9 have already been frozen, cut or under threat. In

10 this time of immense uncertainty, the role of the

11 City is vital and prompt and reliable payments are

12 not just helpful, they're essential to sustaining the

13 services New Yorkers rely on every day. We thank you

14 for your time today, and we hope to continue to work

15 with this committee and City Council to meet the

16 needs of all New Yorkers.

17 JOE ROSENBERG: Good afternoon, Chair

18 Won. I'm Joe Rosenberg, Director of the Catholic

19 Community Relations Council representing the

20 archdiocese of New York and the diocese of Brooklyn

21 and Queens. Thank you for your long-term support of

22 nonprofit human service providers and our need for

23 contract reform. For over a century, Catholic

24 Charities of both dioceses have served the basic

25 needs of New Yorkers of every day of every year.

2 There are food pantries for those who are hungry,
3 housing for the homeless and the elderly. Support
4 services and legal representation are provided for
5 refugees, immigrants and unaccompanied minors who
6 have fled the violence of their home countries. Youth
7 programs deliver early childhood support, school
8 dropout prevention, and vocational training. At
9 times we must be reminded that there is not just a
10 public sector and a private sector that serve our
11 city. There's also a nonprofit sector, one that is
12 often the first responder to natural, economic, and
13 even political crises. Right now, all nonprofit human
14 service providers are in a critical situation. As
15 federal programs serving vulnerable Americans are
16 being eliminated or severely cut, the need for our
17 services have never been greater. The challenges we
18 face have rarely been more threatening or extreme.
19 The continuing and longstanding obstacles that all
20 nonprofit providers confront in our city is the lack
21 of prompt payment when awarded service contracts.
22 With unprecedented federal budget cuts targeted at
23 the nonprofit sector, it is crucial that the city
24 expedite all contract payments. Without such reform,
25 New Yorkers will encounter difficulties obtaining the

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 207
2 services they need while providers will continue to
3 face precarious financial situations. No
4 justification exists for awarded monies to be delayed
5 for months and even years from being delivered to
6 nonprofits. We support all three bills that are on
7 today's agenda, especially Intro 1247 which would
8 require immediate payment to a nonprofit provider of
9 80 percent of an awarded contract following the
10 contract's registration by the Comptroller. This
11 reform would provide nonprofits with a greater
12 percentage of funds earlier in the procurement
13 process and would be invaluable in assisting our
14 clients. Thank you.

15 CHAIRPERSON WON: Thank you so much. Our
16 next panel is Lauren Schuster, Cristina Abbattista,
17 Doctor Roderick Jones, Catherine Trapani, Chris Mann,
18 and Christopher Walters. Oh, Christopher Walter.
19 Thank you.

20 CATHERINE TRAPANI: good afternoon.
21 Thank you so much for your leadership and frankly for
22 your patience on a very long hearing. My name is
23 Catherine Trapani. I am the Assistant Vice President
24 for Public Policy at Volunteers of America Greater
25 New York. I've submitted much lengthier testimony

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 208

2 for the record, but for the sake of brevity I'm just
3 going to give you the highlights, or in our case
4 perhaps the lowlights. We are owed \$32 million by the
5 City of New York, and payments for services already
6 rendered for services such as supportive housing,
7 shelter and economic empowerment services. We have
8 spent last year \$1 million on our line of credit and
9 are projected to spend \$1.5 million in Fiscal 25. The
10 fiscal strain has become untenable and it has already
11 impacted our ability to provide high-quality
12 services. We've delayed the opening of one shelter,
13 returned the contract for two more, and we still have
14 not been able to give our staff much needed increases
15 that were promised for them under them the COLA
16 initiative. It's really unconscionable. The
17 following actions are needed immediately to preserve
18 the sector and frankly our survival. We need a huge
19 infusion of cash in that returnable loan fund. Our
20 estimate is \$500 million. The fact that \$30 million
21 was characterized as healthy to me is offensive when
22 I alone am owed \$32 million, and the fact that the
23 fund is underutilized is really not because there's
24 not a need, but because we've submitted over 40
25 applications, six of which have been approved. So

2 the process is slow. It is limited and it is very
3 challenging, and that's why we're forced to rely on
4 private loans. We also need to ensure that every
5 outstanding budget amendment for the current and
6 prior fiscal years is immediately cleared.

7 Everything for FY26 is due tomorrow, and so we want
8 to make sure that our budgets for FY26 are started
9 with the true cost of doing business. We also applaud
10 the committee's efforts to get additional staffing
11 for MOCS, DSS, DHS, DOHMH so that they have the
12 infrastructure to do all of the good work. Finally, I
13 just want to express my support for the legislative
14 solutions and believe that an 80 percent advance
15 would go a huge long way to repairing these issues in
16 the future. Thank you very much.

17 LAUREN SCHUSTER: Good afternoon and
18 thank you. My name is Lauren Schuster. I'm the Vice
19 President of Government Affairs at Urban Resource
20 Institute. Thank you, Chair Won and to the staff,
21 for this very long day and for holding this hearing.
22 It signals your recognition of the impact that late
23 payments in contracting have on our agencies and the
24 people who we serve. It also signals your continued
25 partnership on this issue for which we are truly

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 210

2 grateful. URI is the largest provider of domestic
3 violence shelter services in the country. We're also
4 a leading provider of transitional housing to
5 families experiencing homelessness. Today, we are
6 currently owed more than \$20 million from the New
7 York City Department of Social Services. That means
8 combined, Catherine and my organization, are owed \$52
9 million from the City. Our funding is-- our
10 receivables are dated as far back to fiscal year
11 2023. Working closely with DSS we've made progress
12 and received payment on some of these outstanding
13 invoices. We're grateful for that, but we need to be
14 made whole to ensure-- and to ensure that we don't
15 get this backed up again. Payment delays of this
16 magnitude create significant cash flow issues. We
17 recently pulled a line of credit that cost us \$38,000
18 in interest. This is money that we will never get
19 back. It is money that we will never be able to use
20 to support our residents, our participants, or our
21 staff. URI supports Intro 1247, 48 and 49. Taken
22 together, these bills will help accelerate the future
23 payments and create accountability among agency
24 staff. It's also critical that these agencies have
25 the resources that they need in terms of training and

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 211
2 headcount to get this done. We are grateful for your
3 partnership and look forward to continuing to work
4 together to address these issues. Thank you.

5 CHRIS MANN: Good afternoon, Chairs Won
6 and Stevens. Thank you for the opportunity to
7 testify. My name is Chris Mann. I'm the AVP of
8 Policy and Advocacy at WIN, the largest provider of
9 shelter and supportive housing for families with
10 children in New York City. Every night, nearly 7,000
11 people, including 3,800 call WIN home across our 16
12 shelters and nearly 500 units of permanent supportive
13 housing. But we, like many providers, are being
14 destabilized by chronic delays in city payments.
15 WIN's currently owed \$4.5 million in back payments
16 from the City. Sad to say that that's one of the
17 lower numbers at this table. On average, it takes at
18 least six months for our contracts to get registered.
19 We're forced to open sites and house clients months
20 before any payments are issued. We've lost key
21 contractors including those repairing essential
22 infrastructure such as plumbing, elevators, because
23 we were waiting on funds from the City to pay them.
24 When the City doesn't pay us, it's not just a budget
25 issue. It delays critical repairs, hampers services

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 212
2 and significantly erodes quality of life for families
3 that call WIN home. That's why we strongly support
4 Intros 1247, 1248, and 1249. You know, providing 80
5 percent of contract value up front after registration
6 would go a long way to resolving some of these
7 issues. 1248, which creates a centralized Department
8 of Contract Services to simply and standardize
9 contracting processes across agencies. 1249 requires
10 agencies to submit annual reports and corrective
11 actions. Again, all of these would go a long way
12 towards helping resolve some of these issues. New
13 York's nonprofit sector is holding up the safety net,
14 but the procurement system is breaking us. These
15 reforms are necessary, overdue and meaningful steps
16 towards fixing this broken system. Thank you.

17 CRISTINA ABBATTISTA: Good afternoon,
18 Chair Won, Chair Stevens and members of the
19 committees. My name is Cristi Abbattista and I'm the
20 Policy Analyst at Urban Pathways, a nonprofit
21 homeless services and supportive housing provider
22 serving over 2,500 single adults annually. Thank you
23 for the opportunity to testify today. We appreciate
24 the Council's understanding of the detrimental effect
25 that compounding late contracting issues has on human

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 213

2 services providers and the communities we serve. The
3 backlog initiative created meaningful reforms to
4 address the procurement challenges faced by
5 nonprofits. However, there continue to be months of
6 catch-up needed in the contracting process in getting
7 reimbursements for services provided. The lack of
8 timeliness in payments threatens the sustainability
9 of our programs and organization. It makes it
10 difficult to pay staff, vendors, and run programs for
11 the people we serve. Currently, Urban Pathways is
12 owed almost \$1.5 million by DHS, which contracts our
13 Drop-in Center, Safe Havens, and stabilization beds,
14 and around \$2 million by DOHMH which contracts our
15 permanent supportive housing. The City must hold each
16 agency accountable to pay invoices on time and clear
17 the backlog of contracting actions. To create a fair
18 and transparent contracting system, the Council must
19 stand with the human services sector by passing the
20 following bill package. Intro 1247 requires the City
21 to immediately release 80 percent of contract funds
22 upon registration. Timely access to these funds
23 ensures we can meet ongoing program needs and
24 continue supporting the most vulnerable New Yorkers
25 without interruption. Intro 1249 requiring agency

2 corrective action plans for retroactive contract
3 registration. Human services providers should not be
4 penalized for delays that are entirely out of our
5 control. Intro 1248, create a Department of contract
6 services to oversee contracting and ensure consistent
7 policies across agencies. A centralized office would
8 reduce bureaucratic redundancies by streamlining
9 agency payment practices. Thank you for your time,
10 and there's more details in my written testimony.

11 CHRIS WALTER: Thank you to the Chairs
12 and to the Council. I appreciate your leadership on
13 this important topic. I've submitted my testimony,
14 so I'll try not-- you've heard, I think, very
15 compelling from my colleagues the challenges
16 nonprofit community face. My name is Chris Walter.
17 I'm the Executive Vice President at the Center for
18 Employment Opportunities. We're the largest provider
19 of transitional employment services for people
20 leaving incarceration. We are a proud member of the
21 New York Employment Training Coalition. And you
22 know, the people who come to us at CEO are people who
23 are desperate, in need of employment, in need of
24 jobs, and our work helps them to connect to
25 employment in this city. So, we serve employers that

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 215
2 are local. We serve justice-impacted people who are
3 leaving, and the evidence in our program shows that
4 it reduces recidivism. I'm here today really in
5 support of the bill package. You know, our New York
6 City office is owed about \$8 million, \$5.7 million of
7 that are from city agencies, and when you think about
8 what that pays for, it pays for our staff. It pays
9 for support services, for people who are coming home.
10 There's not really dedicated funding for people who
11 are justice-impacted and leaving incarceration as
12 there are for other populations. So, we really rely
13 on the ability of our government partners to pay for
14 services. The other point that I want to make, too,
15 that I think is important, CEO, the success of our
16 model that began here in New York City-- we're now in
17 30 cities across the country in 12 states. No other
18 jur-- everyone in government pays slow. We measure
19 in other states by months how long it takes to get
20 paid-- in New York City, by years. And I'll give you
21 one example in my brief time left. We stood up in an
22 emergency during COVID in April of 2020 to support
23 the hotels for people who were coming out of
24 incarceration. We did not get paid for that work
25 until 2023 even though we provided for our city at

2 that point. Our crews went out and supported the
3 City in the time of crisis. So, it's an example of
4 the challenges that we all in the nonprofit community
5 face. So, thank you very much for listening.

6 CHAIRPERSON WON: Okay. Thank you so
7 much. Executive Director Sedillo, did you have any
8 questions? If you ever have questions, just let me
9 know. Okay. Great. Our next panel is Jeremy
10 Kaplan, Marcus Jackson, Christopher Hanway, Caryln
11 Cowen, Kate Connolly, and Winn Periyasami.

12 JEREMY KAPLAN: Thank you, Chairs, Won
13 and Stevens. My name is Jeremy Kaplan. I'm the
14 Executive Director of Encore Community Services. We
15 provide 800,000 meals a year, case management,
16 affordable and supportive housing, and critical
17 community services for older adults. At the end of
18 2021, at the same time that our organization was
19 called on by the City to provide emergency meals to
20 9,000 people daily across Brooklyn, Bronx and Staten
21 Island, our CFO completed all of the required
22 processes to get Encore's actual indirect cost rate
23 approved. Leading up to a December 31st deadline
24 after weeks and week of asking the MOCS help desk for
25 technical assistance with their own spreadsheet,

2 specifically assistance with a formula in the MOCS
3 spreadsheet, we got absolutely no response from the
4 MOCS help desk. We submitted the application and the
5 spreadsheet anyway before the deadline. Our verified
6 indirect rate was denied because of an error in a
7 cell related to the exact questions for which we were
8 asking technical assistance. We were reverted to an
9 ICR de minimis of 10 percent when our verified and
10 true indirect rate was 19 percent, and we were told
11 by MOCS to take the difference from programs and
12 services that we're providing to older New Yorkers.
13 two years later, Director Flores and her team
14 reviewed the situation and agreed that the original
15 decision was wrong and that MOCS reversed the
16 decision and said that Encore is in fact owed our
17 true indirect rate, and they instructed all of our
18 city funding agencies to pay Encore retroactively to
19 fiscal year 2022 using our allowance amendment,
20 totaling up to \$2 million. Today, we're owed \$3
21 million. To this day, we have not seen a dime of
22 that money for services that we rendered back to
23 2021. Despite the rate being verified and accepted
24 by the city, despite MOCS directing the agencies to
25 pay for it. Our funding agencies tell me that it's

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 218

2 being held up by OMB. OMB tells us that it's being
3 held up by the City agencies. It's just a vicious
4 cycle. We need to get paid. We need help. We can't
5 make payroll. We can't pay our vendors. Thank you
6 so much for your attention to this matter.

7 MARCUS JACKSON: Good afternoon, Council
8 Members. I appreciate your time today. My name is
9 Marcus Jackson. I'm the Aging Friendly community
10 organizer with Encore Community Services. I just want
11 to say that Encore exists because New York committed
12 to care for its most vulnerable and chose nonprofits
13 like ours to do the work. Though we appreciate the
14 announcements made about increased advances, we also
15 know the City will recoup them back faster than they
16 pay us for our actual invoices. our partnership with
17 the City is now strained to the breaking point, and
18 here's some reasons why. My colleague just mentioned
19 some unpaid bills, but Encore is owed up to \$3
20 million at any given time with reimbursements going
21 back as far as Fiscal Year 2022, including indirect
22 cost claims that the City has already approved. We
23 have uneven enforcement while funds sit in limbo.
24 The City is quick to fine us. Last month, we got
25 collections notice from the City which is frankly

2 ridiculous considering that the City owes Encore
3 millions. Program impact: delays force us to stretch
4 meal budgets, postpone supply orders, freeze new
5 programs, despite rising need. We hesitate to hire
6 and retain staff without guarantees salaries. Front
7 line workers stay late, spend their own money and
8 show their extra stress, because the mission can't
9 pause. It's a ripple effect on small businesses as
10 well. Many vendors we pay are minority and women
11 owned. We can't meet our obligations, their cash
12 flow and their employees' livelihoods suffer.
13 There's a community credibility impact. I personally
14 recruit local businesses and institutions to join
15 Encore's Aging Friendly Discount Network, and it is
16 hard to ask them to step up when the City is lagging
17 on its own bills. These are problems that are
18 systemic. Slow contract registrations, chronic
19 reimbursement delays, and no clear accountability,
20 New York cannot call itself a progressive leader
21 while treating nonprofit sector as an afterthought.
22 We are not asking for handouts. We're not asking for
23 favors, only for the City to honor its signed
24 contracts and pay promptly, fairly, and consistently.
25 Doing so will stabilize essential services, protect

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 220

2 small vendors, and uphold promises the Council has
3 made for older adults. Encore stands ready to keep
4 delivering. We need the City to be a reliable
5 partner our community deserves. Thank you for your
6 time and I'm open to any questions.

7 CARLYN COWEN: Good afternoon, Chair Won
8 and Chair Stevens. Thank you so much for the
9 opportunity to testify at today's hearing. My name's
10 Carlyn Cowen, pronouns they/them, and I'm the Chief
11 Policy and Public Affairs Officer at CPC, the
12 Chinese-American Planning Council. As you know, CPC
13 serves over 80,000 Asian-American immigrant and low-
14 income New Yorkers each year. It's been a long day,
15 so I'll try to keep this quick, but I have submitted
16 a full written testimony. CPC is waiting on over \$2
17 million from the City, and from the sounds of today's
18 hearing and rally, we are some of the lucky ones,
19 because a lot of providers here are owed a whole lot
20 more. While we appreciate the City's announcement
21 about providing more advances-- that's really
22 exciting news-- the reality is when we wait for often
23 times over a year for our contracts-- I'm not an
24 English major but advances is maybe not the word that
25 I would use for that. So, a word that I will offer

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 221
2 today for how nonprofits like CPC feel is scrambling.
3 We are often scrambling to figure out how we are
4 going to make payroll by, again, life-saving things
5 for our community members through our programs, and
6 then when contracts finally do get registered and
7 advances do get paid, often seemingly randomly, we're
8 then scrambling to spend down before the contract is
9 over. So, thank you so much for your leadership on
10 this. We are grateful to both of you, to Speaker
11 Adams, Chair Brannan, for putting forth these
12 important bills, and we hope that instead of
13 scrambling nonprofits will be able to be stable when
14 you pass them. Thank you.

15 CHRISTOPHER HANWAY: Good afternoon,
16 Chair Won, Chair Stevens, and no other committee
17 members right now. Thank you for allowing me the
18 opportunity to testify today. My name is Christopher
19 Hanway and I'm the Executive Director of Jacob A.
20 Riis Neighborhood Settlement, a 136-year-old
21 community-based organization that provides holistic,
22 multigenerational services to the residents of public
23 housing in western Queens. We are proud to be
24 represented by Council Member and Contracts Chair Won
25 in the Council and we are very grateful for the work

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 222

2 that she, Chair Stevens and others here today
3 continue to do to alleviate the situation around late
4 contract registration and payment in our city. Yet,
5 the problem persists and appears to be getting worse
6 because the executive branch over several
7 administrations simply is not taking this crisis
8 seriously enough. Resettlement is currently owed
9 over \$600,000 in overdue payments from our two
10 primary government funders, DYCD and DFTA, and almost
11 half of these funds are for services provided in the
12 previous year, FY24. While this might seem like a
13 small amount compared to some of our larger
14 colleagues, it is important to note that about a
15 month ago that amount was almost \$1 million, and keep
16 it in mind that the amount in question is a
17 significant percentage of our overall budget of \$8
18 million. Combine that with the almost quarter of a
19 million dollars owed to us by our New York State
20 partners, and the crisis is compounded further. In
21 addition to affecting how we work with community, I'd
22 like to highlight some of the lesser-known dilemmas
23 that this situation puts us in. First is the human
24 capital that is expended by myself, our contracts
25 manager, our fiscal team, and our program leaders in

2 trying to collect these funds through emails, phone
3 calls, conversations, outreach to our elected
4 officials for assistance, etcetera. This consumes
5 time and energy that we should be devoting to
6 strategic program development, evaluation and
7 improvement of programs, deepening ties with
8 community, and in my case, raising private funds.
9 Second is the reliance on "advances." We have spent
10 countless hours employing funders for additional--
11 two minutes already-- for additional advances. And
12 as many have said, the advances are not advances
13 because this is money we should have had long ago,
14 and those advances have to be recouped just as much
15 as the initial advances. So, I'll stop there, but
16 there's more in my submitted testimony. I clearly
17 read way to slowly. Thank you very much.

18 KATE CONNOLLY: Hello and thank you for
19 the opportunity to testify. My name is Kate Connolly
20 and I'm a Senior Policy Analyst for United
21 Neighborhood Houses, an umbrella organization that
22 represents settlement houses across New York State.
23 We'll submit a more detailed written testimony, but
24 I'll use my time to comment on what we've heard
25 today. First, we appreciate that multiple agencies

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 224

2 are working on the issue of late payments every day.

3 However, despite recognition that this is a major

4 issue, the City still owes human service providers a

5 lot of money. From a survey of some of UNH's

6 members, we calculated that the City owes over \$90

7 million across 16 of our members. They're not alone.

8 Earlier at the rally some folks referenced, we heard

9 providers sharing that they're owed \$15, \$20, \$32

10 million for services already provided. Late payments

11 are not the fault of any one particular agency, but

12 are a consistent fact of life for all human service

13 providers at this point. And like we mentioned, the

14 advances that have been announced are not actually

15 advances. in fact, I've heard from providers who've

16 utilized the returnable grant fund to hold them over

17 until they can get their advance which will help them

18 float programming until they're actually paid for

19 their work. I was also going to end by suing DYCD's

20 Summer Rising program as an example of the flaws in

21 this system and how they impact providers, but Chair

22 Stevens beat me to it. That situation is not at all

23 unique, and it's often compounded by late payments

24 across multiple programs. When nonprofits are owed

25 funding across multiple contracts and from multiple

2 city agencies, payroll is threatened, program
3 delivery is limited, and program staff and community
4 members are the ones who wind up bearing the brunt of
5 these delays. Thank you.

6 WINN PERIYASAMI: Thank you, Chairs Won,
7 Stevens, Speaker Adams, Chair Brannan, members and
8 central staff from the Council, for your attention to
9 this hearing and to this work over so much time. My
10 name is Winn Periyasami. I'm the Director of
11 External Affairs, speaking on behalf of President Rod
12 Jones of Goddard Riverside who unfortunately had to
13 step away. We're a multi-service social services
14 agency and settlement house serving 20,000 New
15 Yorkers from youth through older adulthood. We as a
16 sector have been here many, many times before. You
17 know this. We know this. And we share many-- like,
18 our agency shares many of the problems and
19 experiences of our colleagues across the sector,
20 across services, across communities, with our DYCD
21 contracts experiencing some of the worst delays. As a
22 result, Goddard is one of the organizations Kate just
23 mentioned that is experiencing an overall \$15 million
24 in delayed payments across the board. This is past
25 work rendered but unpaid, work we can't start because

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 226

2 of past payments we still await, and staff capacity
3 and care towards reconciling payments of often far
4 past that could be put towards work present and
5 future. We've seen improvements, and we appreciate
6 the attention and care from government partners like
7 you all that has helped us get here. We echo our
8 partners in the sector now and ongoing when we ask
9 you to keep your eyes and fire on this work. Goddard
10 supports the legislation on the agenda today and
11 thinks there's additional lessons that could be
12 learned from places like federal procurement which
13 can have up front lines of credit and simplified
14 auditing processes, and we'd be happy to discuss in
15 future conversations. These are painful cycles, and
16 we need ongoing partnership and creativity to ensure
17 both providers and government can focus most on the
18 point of these contract services for New Yorkers.
19 Thank you so much for the time and the work.

20 CHAIRPERSON WON: Thank you so much. Our
21 next set of panelists is Katy Gaul-Stigge, Kevin
22 Kiproviski, Andrew Sta. Ana, Sharon Brown, Nadia
23 Swanson, and Trenton Price.

24 KATY GAUL-STIGGE: Hi, good afternoon.
25 Thank you so much for your time. I'm Katy Gaul-

2 Stigge. I'm the CEO of Goodwill New York, New Jersey,
3 and I really appreciate the legislation put forward
4 today. Goodwill was founded in Brooklyn in 1915 and
5 we provide employment services to over 9,000 New
6 Yorkers each year here. To focus on late payments,
7 let me just tell you, we're owed \$8 million from HRA
8 and from Department of Health. We provide mental
9 health, autism services, and TANF supports. This
10 also includes, as was mentioned earlier, City Council
11 Speaker's Initiative, but that is just \$200,000 of
12 all of that. So, it's certainly not the majority.
13 We are also paying this year and every year about
14 \$500,000 in interest on our lines of credit. So, in
15 total, if I had all of that up, it's about \$8.4
16 million. Essential services are just assumed to be
17 covered with our late contracting, not just late
18 payments, but obviously the contract registration.
19 We have-- our contract registrations with HRA have
20 consistently been five to eight months late in
21 registering. I just want to point out some of the
22 important things that you've already heard, but that
23 staff are spending countless hours dealing with
24 administrative issues that could be better spent
25 enhancing services, developing new programs, or

2 working directly with the people we serve.

3 Additionally, we must spend time fund raising for

4 money. No one has a gala to raise \$500,000 to pay

5 the bank, and unfortunately, that is what is

6 happening. Everyone wants to make sure that their

7 donors and their committees and their community

8 members are getting funding for services they want.

9 We really appreciate this. I also want-- appreciate

10 the Department of Contract Services, and I want to

11 suggest single audit, like the single federal audit,

12 and I also want to make sure that we-- you are

13 looking at the metrics in Passport. We have had many

14 things cancelled in Passport. It's like pushing the

15 plane back, and then saying it's an on-time

16 departure. They are cancelling the items in Passport

17 and then saying that they are done. So, I would

18 appreciate you looking at that as well. Thank you.

19 KEVIN KIPROVSKI: Thank you so much Chair

20 Steven and Won for holding this hearing. my name is

21 Kevin Kiproviski and I am the Director of Public

22 Policy for LiveOn New York. We represent over 110

23 community-based nonprofits that provide core services

24 under the New York City Aging portfolio. Basically,

25 if it keeps an older person independent in their

2 home, we probably represent them. This has been an
3 issue for years and years, but it is particularly
4 problematic now for two reasons. One, the Federal
5 Government got rid of the Administration for
6 Community Living which is what pays all of the aging
7 services out for everyone in our network, and two,
8 the Mayor has decided to cut \$100 million from DFTA's
9 \$500 million budget. So, our members are
10 particularly scared about money that they haven't
11 been paid yet and getting paid in the future. There
12 are a few key issues that I think are specific to
13 aging. I'm not going to repeat everything that
14 everyone else has. One, ICR Deltas [sic] have not
15 been paid for five full years of service and that
16 have already been rendered. There are people in our
17 network that need \$5 million, \$8 million, and across
18 our network it's probably closer to \$50 million.
19 These are people who have been putting together
20 ungodly coalitions of funding to make sure that they
21 can keep their programs running, and at this time
22 we're starting to find issues that are making them
23 question if they can make payroll. So, we're really
24 at a critical level there. Second, the Passport
25 system has unnecessarily created bottlenecks in

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 230

2 payments. I've been told that Passport can't process
3 multiple-year ICRs at the same time which doesn't
4 make sense to me. I don't know how that works, but it
5 should be able to do that, and the second thing is we
6 were told that you had to pick COLA or ICR because
7 Passport can't process two separate payments streams
8 at the same time. So there definitely needs to be a
9 review of Passport functionality, because it is
10 preventing money from getting out the door. And you
11 know, we don't think that the system that's meant to
12 facilitate payments should be stopping payment.

13 Next, we need a standardizes payment processes across
14 all agencies. There's a lot idiosyncratic decision-
15 making among program officers that just leads to
16 capricious denials of invoices and budget models
17 that, you know, there's no standardization there that
18 our members can see. So even though, you know, once
19 things are invoiced properly they get paid out. What
20 is properly depends on what day you're talking to
21 who. And the last one, we support the passage of all
22 the bills on today's agenda. 1247 will alleviate some
23 of these cash flow intros. 1248 will alleviate some
24 of these standardization issues, and 1249 will bring
25 to light the scale of the issue, but we just need

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 231

2 this money out. Thank you so much. Have a great
3 day.

4 NADIA SWANSON: Good afternoon Chair
5 Stevens and Chair Won. My name is Nadia Swanson,
6 pronouns they/them. Director of Technical Assistance
7 and Advocacy at the Ali Forney Center. We're a 24/7
8 365 program for LGBTQ unhoused youth. I'll keep this
9 brief since our situation is sadly not unique and I
10 don't need to tell you the impacts of late payments
11 on young people. But over half of our budget has
12 been years behind. We can't go into FY26 without
13 fixing the system, especially as the Federal
14 Government is removing housing vouchers for youth and
15 threatening our contracts for serving trans youth and
16 those with HIV. We have taken out over \$4 million in
17 loans in the last year, with \$240,000 in interest.
18 We are regularly taking out last-minute loans for
19 payroll. We're behind on rent for 14 different sites.
20 We are paying check to check for all of our bills at
21 our subcontractors, ruining our relationships with
22 them and not being able to make payments, and every
23 week there's a decision about who can get paid as a
24 vendor, and anytime there's payroll, no vendors are
25 getting paid. So, we need a guaranteed reimbursement

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 232

2 of 30 to 60 days, faster transparent, provider-
3 centered reimbursement, and increase percentage of
4 contract advancement. Thank you.

5 ANDRE STA. ANA: Thank you, Chair Won,
6 Chair Stevens, and the Committees on contracts and
7 Children and Youth. I'm Andrew Sta Ana, Deputy
8 Director of Research and Policy at the Asian American
9 Federation where we represent over 70 member
10 nonprofits and serve 1.5 million New Yorkers. At AAF
11 we recognize New York City's procurement process is
12 crucial for delivering essential services, like the
13 ones AAF members provide regularly. Through City
14 funding we serve, feed, educate, house, support
15 seniors, youth, survivors of violence, immigrants,
16 small businesses and many other New Yorkers across
17 the five boroughs. The current system, however,
18 fails New Yorkers. It is slow, complicated and puts
19 an excruciating burden on the providers and
20 ultimately the New Yorkers that rely on our services.
21 These delays are particularly harmful to Asian
22 American nonprofits which are historically
23 underfunded. According to the Asian American Pacific
24 Islander institute of philanthropy, only 20 cents of
25 every \$100 awarded to foundations goes to AAPI

2 organizations, and given that disparity, many
3 community-based organizations rely on government
4 funding. As a result, payment delays can weaken
5 community-based organizations, causing them to go in
6 debt, miss payroll, reduce staff, eliminate programs,
7 and rather than providing language and culturally
8 specific programs, they're in a contract abyss.

9 Delayed contracts result in delayed service, delayed
10 safety, delayed justice, delayed housing, delayed
11 healing, prolonged hunger, and prolonged suffering.

12 I want to be blunt, given the financial and political
13 environment we are currently in, there's widespread
14 fear among our communities about their ability to
15 endure this current climate. Indeed, while our
16 communities are acutely targeted, our members
17 continue to provide life-saving services because the
18 stakes have never been higher. It would be an
19 extraordinary foreseeable and preventable tragedy if
20 a key reason a community-based organization closes is
21 due to late payments by the City. AAF supports a
22 simpler procurement system. We know we've been here
23 before, and we know the City revisits this on a
24 regular basis. While there have been some
25 technological advance to ease the system, chronic

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 234

2 issues exist, late payments persist. We need a
3 system that is efficient, fair, and accountable. We
4 support the initiatives 1247, 1248 and 1249 under
5 discussion here, and I have more detailed testimony
6 with other recommendations that I'll submit later.
7 Thank you.

8 TRENTON PRICE: Thank you, Chair Won,
9 Chair Stevens and members of the Committee on
10 Contracts and Children and Youth. My name is Trenton
11 Price. I'm the Executive Director of the Salvadori
12 Center. At Salvadori, we provide STEAM education
13 services-- that's STEM plus the A for Arts, and in
14 our case, Architecture-- to schools, afterschool
15 sites and NYCHA community centers across the five
16 boroughs, focusing on the built environment. Last
17 year for context, we served over 12,000 students. We
18 are grateful to have the support of the Council
19 through multiple CASA and digital inclusion and
20 literacy grants, as well as the afterschool
21 enrichment and Speaker's Initiative at numerous NYCHA
22 afterschool sites. At Salvadori we have seen
23 firsthand the impact of delayed contracts and
24 payments on our ability to operate. Our FY24
25 contract, for example, with DYCD has been delayed for

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 235

2 the last year. It has forced us to dip into our
3 reserve. We are a small but mighty organization with
4 an annual budget of \$2.6 million. I know that pales
5 in comparison to some of my fellow panelists, but it
6 makes a big difference. Hundreds of thousands of
7 dollars in outstanding contracts makes a huge
8 difference in our ability to operate and provide the
9 much needed services that we provide. Moreover, this
10 delay in FY 24 contracting and payments has then
11 meant that we cannot start our FY25 contract for
12 which even more work is happening currently. This
13 amounts to Salvadori fronting over \$700,000 of work
14 to the City of New York and the young people we serve
15 with a fingers-crossed hopes that we will paid
16 sometime. This is not sustainable for Salvadori, for
17 the nonprofit sector and for the much-needed services
18 we provide to young people. To support the need for
19 quicker contracting processes and payments to
20 nonprofits, there needs to be an investment in the
21 personnel needed to do the work at DYCD and at city
22 agencies in general. Second, the model the
23 Department of Cultural Affairs uses is something to
24 consider: 80 percent of the contract paid out in the
25 spring of that fiscal year with the remaining 20

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 236

2 percent upon completion at summer. We support 1247,
3 1248 and 1249. Thank you again for facilitating this
4 really important hearing.

5 SHARON BROWN: Hello, my name is Sharon
6 Brown. Before I begin, remember Israel. Release the
7 hostages, let Yahweh's--

8 CHAIRPERSON STEVENS: [interposing] Please
9 stay on topic. Thank you.

10 SHARON BROWN: people go. Defend Israel.

11 CHAIRPERSON STEVENS: Please stay on
12 topic.

13 SHARON BROWN: Yeah. I'm prefacing it.
14 Okay, the not-for-profit shelters are abusive and
15 perpetuate homelessness, so I think they should be
16 defunded. The contracts are not being paid out, and
17 this is a good time to look at what services are
18 being provided and if they are actually essential.
19 So, an essential service is a home of your own, not a
20 shelter bed along with 20 other women, 30 other
21 women, 20 other men, 30 other men. That's not an
22 essential service. That is abusive. We need real
23 services. I am happy the City is not paying out on
24 many of these contracts. The only ones I am not
25 happy out-- we need to prioritize the payouts for the

2 Jewish organizations. We need to make sure the
3 Jewish community is well taken care of, considering
4 the Holocaust. People are calling for new Holocaust
5 and things like that. We need to always make sure
6 the Jewish community is well cared for. Their
7 contracts need to be paid first and in priority
8 status as emergency status, but a shelter is not an
9 essential thing-- essential service. Someone being
10 taken to an apartment, to a house, to get a home of
11 their own, that's essential. After school services
12 for children, that's perfectly fine. We would want
13 those to be paid out, but someone keeping people in a
14 shelter bed-- some people haven't been paid for five
15 years for shelter. A person has lived--

16 CHAIRPERSON WON: [interposing] Thank you.

17 SHARON BROWN: in a shelter for five
18 years. That's sad that a person--

19 CHAIRPERSON WON: [interposing] Okay,
20 thank you.

21 SHARON BROWN: I just want this last
22 thing. I just want to reiterate it. A person has
23 lived in the shelter the same amount of time the
24 contract has not been paid. That means the service
25 is not essential.

2 CHAIRPERSON WON: Thank you. Next panel,
3 please. Next panel is going to be Hannah Jang,
4 Gregory Brender, Ariane Cruz, and Christopher Leon
5 Johnson.

6 HANNAH JANG: Thank you to the Committee
7 Chair and Council Members for the opportunity to
8 testify today. My name is Hannah Jang and I serve as
9 the Community Outreach Advocate for the Korean
10 American Family Service Center. For over 36 years,
11 KAFSC has been providing culturally and
12 linguistically-affirming services and programs to
13 empower immigrant survivors of gender-based violence.
14 As someone who has personally experienced gender-
15 based violence, comes from an immigrant family, and
16 now works at a culturally-specific organization,
17 supporting immigrant survivors, I want to emphasize
18 how critical these bills are. Too often, nonprofits,
19 particularly those serving youth, children in
20 underserved communities are forced to operate under
21 enormous financial strain while waiting for city
22 agencies to register contracts and release funds.
23 These delays jeopardize our ability to deliver life-
24 saving services. For too long, nonprofit
25 organizations, including many of our culturally-

2 specific service providers, have shouldered the
3 City's essential work without timely contracts or
4 payments. The resulting cash flow crisis threatens
5 the very services that vulnerable New Yorkers,
6 including immigrant survivors of gender-based
7 violence, rely on every day. These reforms are not
8 just about efficiency, they're about equity,
9 sustainability, and basic respect for the nonprofit
10 workforce that sustains our communities. Thank you
11 for your time and leadership on this critical issue.

12 GREGORY BRENDER: Good afternoon. Thank
13 you, Chair Stevens and Chair Won for this hearing,
14 and really for following this issue and fighting on
15 this issue over so many years. I'm Gregory Brender
16 from the Daycare Council of New York. We're the
17 membership organization of New York City's Early
18 Childhood education providers. We have some written
19 testimony with some data from our members about this
20 issue, but as you know, it's just been a crisis a
21 long time. Contractors have gone out of business.
22 Others have-- are holding on by a thread, taking out
23 actions including lines of credit and personal loans
24 if they can't do a line of credit. We have-- our
25 recommendations are aligned with those of the Human

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 240

2 Services Council and we support the recommendations,
3 and just want to add to it that very often programs
4 funded by DOE or NYCPS including all the childcare
5 centers and family childcare networks and the
6 Division of Early Childhood Education are excluded
7 from these actions because of not being part of MOCS
8 and mayoral control. So, we would urge that the City
9 commit to ensuring that when these are put in place
10 that they also apply to Early Childhood education
11 providers with the EC contracts. And thank you so
12 much for this hearing.

13 ARIANE CRUZ: Good afternoon, Chair Won
14 and members of the Committee on Contracts. My name
15 is Ariane Cruz and I'm here on behalf of Philanthropy
16 New York, representing over 260 grant-making
17 institutions that invest over \$7 billion annually in
18 the wellbeing of New York City. We are here with a
19 clear and urgent message. PNY supports the City
20 Council's leadership and proposed legislation to
21 address the impacts of delayed contract payments on
22 nonprofits. We deeply appreciate the Council's clear
23 recognition and particularly Chair Won, Council
24 Member Stevens and Brannan, that nonprofits are
25 essential to New York's functioning, yet face actions

2 pushing them to a breaking point. We commend your
3 efforts to address the systemic inefficiencies that
4 fuel this crisis, including the range of bureaucratic
5 bottlenecks such as contract registration backlog,
6 staffing shortages, issues that-- issues with the
7 City's procurement system and invoicing
8 complications, all of which deeply resonate with our
9 members and nonprofit colleagues. Your commitment to
10 tackling these root causes alongside securing crucial
11 COLA increases, although it was quite disheartening
12 to see how little of our colleagues have had that
13 paid out. We see that you recognize the invaluable
14 contributions of the nonprofit sector. PNY is deeply
15 invested in our nonprofit ecosystem and stand in
16 allyship with our nonprofit colleagues. As the
17 Comptroller report highlights, this \$80 billion
18 sector employing over 18 percent of the City's
19 workforce is a critical social safety net. While PNY
20 members offer essential grant funding, we know that
21 philanthropy alone cannot replace government
22 contracts, which total roughly \$12 billion annually
23 for human services and often represent the largest
24 portion of a nonprofit's income. Passport data
25 analyzed by our colleagues at C Change reveal

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 242
2 concerning multi-year realities, all of which have
3 been said today. We appreciate the Council's ongoing
4 engagement with us and our partners at HSC and
5 Nonprofit New York and their members to allow
6 meaningful dialogue and collective action on this
7 urgent issue. Thank you so much.

8 CHRISTOPHER LEON JOHNSON: Hello, Chairs
9 Won and Stevens. My name is Christopher Leon
10 Johnson. First, I want to say that today's press
11 conference outside the steps on City Hall was nothing
12 but a photo op, and nothing but a gaslighting photo
13 op. Let me keep it real what's going on, that the
14 Speaker of the City Council, Adrienne Adams, is
15 running for Mayor of New York City. She's
16 weaponizing this budget and this contract process to
17 make sure that all these nonprofits and all you
18 leaders and all you policy directors support her
19 campaign for mayor over Andrew Cuomo and Brad Lander.
20 And what's going on is she is threatening--

21 CHAIRPERSON STEVENS: [interposing] Can
22 you please make sure you stay on topic?

23 CHRISTOPHER LEON JOHNSON: I am on topic.
24 This is on topic. She spoke out the City Council
25 here today. If you don't support her for mayor,

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 243

2 she's going to block all budgets, block all payments
3 from you nonprofits. So, the reason you guys get
4 paid late is because she's weaponizing these payments
5 to make sure that you vote for her for mayor. If you
6 don't support for mayor over Andrew Cuomo, you're not
7 going to get paid. You nonprofits, like I said, you
8 nonprofits, instead of you standing with her, y'all
9 need to stand against her. You need to come out
10 outside in front of her office and in front of 250
11 Broadway and speak out against her and say that what
12 she's doing wrong. You people are being screwed by
13 this Speaker. This Speaker is nothing but a demon.
14 She's a demon, a big time demon in the City Council.
15 The biggest demon--

16 CHAIRPERSON STEVENS: [interposing] Can
17 you please refrain from personalizing things?

18 CHRISTOPHER LEON JOHNSON: Well, it's--
19 it's nothing personal. What's personal is that these
20 nonprofits are not getting paid. What's personal is
21 that these vendors are not getting paid. That's
22 personal. If you-- you're getting paid \$140,000 a
23 year, you don't have to worry about not getting paid.
24 These people have to worry about getting paid. These
25 people, they deserve to get paid. So, my personal

2 attacks, if you're not getting paid, it's personal.

3 You work, you bust your butt for your money, you

4 deserve to get your-- you deserve to get your money.

5 That's the truth. But Adrienne Eadie Adams want to

6 weaponize her budget to blackmail all these

7 nonprofits to support her for mayor. I'm telling you

8 this right now, all you people need to report her to

9 the FBI and the Department of Investigations. Report

10 her to the FBI, 26 Federal Plaza, because if y'all

11 don't, she's going to keep on doing this to you guys.

12 Like I say, vote for Andrew Cuomo. Cuomo's going to

13 be our mayor, nothing you can do about it. So, screw

14 Adrienne Adams, the demon. Take care.

15 CHAIRPERSON STEVENS: Greg, I just had a

16 quick question around you, because I know you

17 represent the Daycare Council, and DOE is separate

18 from it. Could you talk a little bit about some of

19 the delays that they're also experiencing, because I

20 know that that's also been a huge part of the

21 conversation, and for me, it's also really

22 frustration, because it's separate so that means it

23 has its own entities where it's like we should really

24 be thinking about how do we streamline all these

25 processes opposed to having all these different

2 agencies. So, could you talk a little bit about some
3 of the issues you guys have been having on that
4 front? Just because I just want to have it on
5 record as well.

6 GREGORY BRENDER: Absolutely. Yeah.
7 There's kind of issues at every step of the process.
8 There's-- as with all human services, there have been
9 issues with late contract registration, but after
10 registration there continue to be issues. As you
11 know, contracts don't go through Passport. They go
12 through the Pre-kids [sic] system with the Division
13 of Early Childhood Education. There have been
14 problems with if there is a question or any issue
15 with submission of either attendance, enrollment
16 data, or if a previous month's fiscal data has some
17 issue, it can hold up payments for months. And we
18 need people to-- we need organizations to be able to
19 do things like submit batched invoices and also just
20 have people to like call if they're-- you know,
21 something is getting flagged, like they can't confirm
22 attendance, they can't confirm expenses, because that
23 may be-- you go months where you're submitting your
24 invoices, but you're not getting paid. So we've seen
25 providers even after contract registration unable to

2 get paid because there's some issue that can't be
3 resolved with the operations analyst working with the
4 Division of Early Childhood Education. And we saw
5 particular huge sort of flare up of this,
6 particularly at the beginning of the current
7 administration when there was a mass exodus of staff
8 within the Division of Early Childhood. So the
9 people who were actually processing these contracts
10 weren't working there anymore and you had just fewer
11 operations analysts, fewer policy folks within the
12 division able to handle these.

13 CHAIRPERSON STEVENS: Yeah. Thank you
14 for that, because I think it's just important, like,
15 even the need of how we need to be streamlining all
16 of these city agencies, because when we have
17 different processes that means each nonprofit also
18 have to have different people dedicated to those
19 contracts and also being stretched thin with that in
20 addition to not being paid. And so I think as we are
21 thinking about steps of improving, those are the
22 things we should be thinking about, streamlining it
23 so that it's not different processes from different
24 contracts, because again, across the nonprofit sector
25 one nonprofit could be-- have different contracts

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 247

2 with like four different agencies with four different
3 processes, and that is a huge burden on the nonprofit
4 which is something that I don't think was even
5 brought up in detail at this hearing, but that is
6 definitely something that we need to address. Also,
7 I just want to address some of the comments and
8 statements that was made by the gentleman who's
9 already left. Let's be clear, our side is not in
10 charge of processing contracts. If we were, you
11 would have your money. So I just want-- I want to
12 make that clear that today was not a photo op. Today
13 was about making sure this issue in the front and
14 showing how important it is to the Council and making
15 sure that we're standing together and understanding
16 we're hearing what the nonprofits are going through
17 and support it. And we're wanting to work with the
18 administration to come up with real concrete
19 solutions to get you guys paid on time. So I just
20 want to make sure that that is cleared and that is on
21 the record, because the statements that were made
22 were totally false, totally not acceptable, and
23 something that I want to make sure that we have on
24 record. So, thank you.

25

2 GREGORY BRENDER: And just back to your
3 earlier point, and I know I don't need to tell you
4 this because of your years working in the Settlement
5 House, but many Early Childhood education providers,
6 a lot of our members are multi-service. So having
7 that kind of streamlining where you have a similar
8 process say for your DCYD or DFTA contract as you
9 have for your Early Childhood contract would be very
10 helpful.

11 CHAIRPERSON STEVENS: Yeah, absolutely.
12 Yeah, I mean, Settlement Houses, we like to say--
13 what do we say, twinkle to wrinkle. So we're serving
14 all the sectors and serving the whole family which
15 means we are working with almost every agency in the
16 City which is-- makes it hard, and I remember having
17 fiscal each department had a different fiscal person
18 because there were different requirements for each of
19 the agencies. So, again, as we're thinking about
20 processes, we really need to be thinking about
21 streamlining all of them, because it would just make
22 things that much more easy and even processes and for
23 us to hold the other side accountable. So, thank
24 you.

25 GREGORY BRENDER: Thank you.

2 CHAIRPERSON WON: Thank you so much.

3 Now, we're going to move to online testimony. We
4 have Steven Grimaldi from the New York Common Pantry.
5 Please unmute yourself. You have two minutes to
6 testify.

7 SERGEANT AT ARMS: You may begin.

8 STEVEN GRIMALDI: Hi, can you hear me?

9 CHAIRPERSON WON: Yes, we can hear you.

10 STEVEN GRIMALDI: Great, great. Thank
11 you Co-Chair Stevens and Won and members of the
12 Committees. My name is Steven Grimaldi. I am
13 Executive Director of the New York Common Pantry, and
14 a representative of the Roundtable Allies for Food
15 Access. As a nonprofit in its 45th year of community
16 service, we receive City Council funding through a
17 variety of sources to support our programs and we've
18 grown into one of the largest emergency food
19 providers in New York City, serving more than 11
20 million meals in FY 24 to over 730,000 low-income and
21 unhoused individuals through New York City. Put
22 simply, this hearing has been sobering as we've been
23 hearing organizations have faced-- are faced with
24 having to borrow millions because of delays in
25 contract execution and reimbursement, and the choice

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 250

2 to delay community services until funding is received
3 is detrimental to those we serve. We've heard many
4 examples today from across the sector, but let me
5 cover a different funding delay, that's the City's
6 capital project funding for vehicles. As you know,
7 nonprofits are required to submit bids, but because
8 the process is lengthy with multiple layers of
9 approval, the submitted bids are outdated by the time
10 funding approval is granted. Again, this causes
11 unnecessary delays. Additionally, it takes years for
12 grants to be executed. For an organization like
13 ours, where purchasing vehicles such as vans and box
14 trucks to deliver food across the City, the delays
15 have real consequences for health, wellness and
16 survival for the most vulnerable in our city. For
17 example, we received approval to purchase a van for
18 our Nourish Senior Program in 2018. We only received
19 payment for that vehicle in December of 2022. That
20 took four years. We're still waiting for seven truck
21 contracts that goes back as far as 2020 to either be
22 reimbursed or registered. So in closing, New York
23 Common Pantry would like to voice its support for
24 bills 1247, 1248 and 1249, all of which will be major
25 steps forward to addressing many of the issues

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 251

2 nonprofits face in contracting with New York City.

3 Thank you.

4 CHAIRPERSON WON: Thank you so much. So,
5 that concludes our testimonies for today. So, we're
6 going to wrap up our hearing. We're-- do you have
7 any questions?

8 CHAIRPERSON STEVENS: No, I don't have
9 any questions, but special shout out to our last two
10 designated survivors who are in the room who stayed,
11 and the Executive Director who stayed with us through
12 the whole thing to hear out the nonprofits. Whether
13 you believe it or not, I'm sure that meant a lot to
14 all the providers who stayed here and been here since
15 nine o'clock this morning at the rally, and seeing
16 you stay also just underlines the commitment and all
17 the good things that they have said about you, and I
18 have not met you, so they all said good things about
19 you. So, happy to have you here as a partner.

20 CHAIRPERSON WON: Yeah, thank you for
21 staying here. We have not had that in the last three
22 years. So, we're going to close out, and I now
23 hereby claim that this committee is now adjourned.

24 [gavel]

25

1	COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 252
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

1	COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 253
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date June 15, 2025