

COMMITTEE ON CONTRACTS

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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March 22, 2024

Start: 1:09 p.m.

Recess: 4:09 p.m.

HELD AT: COMMITTEE ROOM - CITY HALL

B E F O R E: Julie Won, Chairperson

COUNCIL MEMBERS:

Erik D. Bottcher

Sandy Nurse

OTHER COUNCIL MEMBERS ATTENDING:

Gale A. Brewer

A P P E A R A N C E S

Lisa Flores, Director of the Mayor's Office of Contract Services

Yexenia Markland, Chief Change Officer of the Mayor's Office of Contract Services

Helga Nyanffor, Chief Financial Officer of the Mayor's Office of Contract Services

Matt Sullivan, Deputy Chief-of-Staff of the Mayor's Office of Contract Services

Janelle Farris, President and Chief Executive Officer of Brooklyn Avenue Services

Sarah Batchu, Director of Programs of the Fifth Avenue Committee

Lisa Rivera, President and Chief Executive Officer of New York Legal Assistance Group

David Ruan, Chief Financial Officer at Brooklyn Legal Services Corporation A

Greg Klemm, Chief Financial Officer at Legal Services, NYC

Lauren Siciliano, Chief Operating Officer at Legal Aid Society

Keriann Pauls, Director of Coalitions and Resource Management at TakeRoot Justice

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

Michelle Jackson, Executive Director of the Human Services Council

Dan Lehman, Chief Executive Officer and President of HELP USA

Wesley Caines, Interim Executive Director at the Bronx Defenders

Juan T. Falcone, Deputy Director of Policy and Communications at United Neighborhood Houses

Nicole McVinua, Director of Policy at Urban Pathways

Kristin Miller, Executive Director of Homeless Services United

Lauren Schuster, Vice President of Government Affairs at Urban Resources Institute

Ariane Cruz, Manager of Public Policy and Collaboration at Philanthropy New York

Penni Bunyaviroch, Director for Contracts Management at Catholic Charities, Community Services, Archdiocese of New York

Georgia Boothe. I'm Executive Vice President at Children's Aid

Kyungsoo Kang, Grants Contract Administrator at University Settlement Society of New York

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

Ashley Chen, Policy Analyst at the Chinese-American Planning Council

Paula Magnus, Deputy Director of Northside Center for Child Development.

2 SERGEANT-AT-ARMS: This is a microphone
3 check for the Committee on Contracts recorded by
4 Layla Lynch on March 22, 2024, in the Council
5 Committee Room. Thank you.

6 SERGEANT-AT-ARMS: Good morning and
7 welcome to today's New York City Council hearing for
8 the Committee on Contracts.

9 Please silence your cell phone and
10 electronic devices.

11 If you wish to submit testimony, you may
12 do it via email to testimony@council.nyc.gov.

13 Please do not approach the dais. If you
14 need assistance, we'll be more than happy to help
15 you.

16 Chair, we are ready to begin.

17 CHAIRPERSON WON: Good afternoon. Thank
18 you so much for being here. It is so good to see you
19 all. My name is Julie Won, and I have the pleasure of
20 Chairing the Committee on Contracts and I recently
21 had a baby four weeks ago so if you could be patient
22 with me. Due to the State Open Meetings Law, we just
23 have to make it work.

24 Welcome to the Fiscal Year 2025
25 Preliminary Budget Hearing for the Mayor's Office of

2 Contract Services, or MOCS. MOCS Fiscal 2025
3 Preliminary Budget total is 30.4 million, which
4 includes 18.8 million for personal services to
5 support 202 positions and 11.6 million for other-
6 than-personal services. This budget reflects a 17.4
7 million decrease as compared to the Fiscal Year 2024
8 adopted. The plan also includes PEGs of 1.9 million
9 in Fiscal 2024 and 1.25 million in Fiscal 2025. The
10 Mayor's Office of Contract Services is responsible
11 for overseeing, supporting, and promoting the City's
12 procurement system. Unfortunately, in recent years
13 the City has been confronted with two large scale
14 crises that require the emergency procurement of
15 goods and services. In both the City's response to
16 COVID-19 and the influx of asylum seekers, MOCS'
17 ability to oversee and promote the City's procurement
18 systems, provide necessary audits, and manage the
19 central contract registry has been questioned. Since
20 the start of the migrant crisis, for instance, many
21 non-profit agencies, human service providers, and
22 businesses have reported contracting issues such as
23 delayed payments, lack of transparency, and
24 fraudulent services. This has resulted in non-profit
25 providers not getting paid for their services in a

2 timely manner. While we understand that these crises
3 have severely taxed agencies, it is concerning that
4 the City's Contracting Office has been unable to
5 respond in a timely manner to my clarification
6 questions and those of my fellow Council Members. Not
7 only will we examine how MOCS is handling their
8 workload, but we want to know about any developments
9 on the Mayor's Task Force meant to improve the
10 timeliness to non-profits. We hope to be provided
11 with updates on how this task force has worked with
12 the Department of Education, specifically in regards
13 to early childhood contracts in order to resolve
14 their overdue disbursements. In addition, we will
15 also examine how the task force has worked with the
16 Department of Youth and Community Development and the
17 Mayor's Office of Criminal Justice in relation to
18 delays in their contracts. At this hearing, we will
19 delve into the Mayor's recent announcement of the
20 City's 740-million investment to human service
21 provider contracts with implementation of a cost of
22 living adjustment. Thank you. We're very, very happy,
23 and thank you to the COLA Coalition for continuing to
24 fight for Just Pay. The Committee seeks to understand
25 how this will impact current and future providers.

2 Finally, we hope that MOCS will address some of the
3 findings from the Comptroller's report on late
4 contract payments by agencies and speak to all of the
5 questions that the Staff and Council Finance have
6 been asking since last December 2023.

7 I'm looking forward to an open
8 conversation and to hear in what ways the Council can
9 better MOCS in this Fiscal Year to better service
10 those that do business with the City and provide
11 vital services to its residents.

12 I'd like to thank my Staff for their
13 work, including Florentine Kabore, Nia Hyatt, Alex
14 Paulenoff, Alex Yablon, and my Office Staff as well,
15 Nick Gulotta and Isaac Blasenstein.

16 I'd also like to recognize my Colleagues
17 who have joined us today, Council Member Gale Brewer.
18 Thank you for joining us.

19 Before we begin, I will ask the Committee
20 Counsel to swear in the Commissioner.

21 COMMITTEE COUNSEL PAULENOFF: Good
22 afternoon. Alex Paulenoff, Senior Counsel.

23 Will all members of the Administration
24 who are testifying today, please raise your right
25 hands.

2 Do you swear or affirm to tell the truth,
3 the whole truth, and nothing but the truth in your
4 testimony today and to respond honestly to Council
5 Member questions?

6 CHIEF FINANCIAL OFFICER NYANFFOR: I do.

7 CHIEF CHANGE OFFICER MARKLAND: I do.

8 DIRECTOR FLORES: I do.

9 DEPUTY CHIEF-OF-STAFF SULLIVAN: I do.

10 COMMITTEE COUNSEL PAULENOFF: Thank you.

11 You may begin when ready.

12 DIRECTOR FLORES: Good afternoon. Before I
13 begin my official testimony, I just want to say good
14 afternoon, Chair Won, and congratulations on the
15 birth of your new child and doing what mothers do
16 best, a little bit of everything all at once and
17 still killing it so congrats.

18 Good afternoon, Chair Won and Members of
19 the Contracts Committee. Thank you for the
20 opportunity to discuss Mayor Adams's Fiscal Year 2025
21 Preliminary Budget for the Mayor's Office of Contract
22 Services. I'm joined by Chief Change Officer Yexenia
23 Markland, Chief Financial Officer Helga Nyanffor, and
24 Deputy Chief-of-Staff Matt Sullivan. As an oversight
25 and service agency, MOCS is dedicated to transforming

2 processes to make it easier to do business with the
3 city. Consistent with the priorities of the Adams'
4 Administration, we have remained steadfast in our
5 commitment to excellence in government, positioning
6 the agency to play a critical role in enabling the
7 City's economic recovery and looking ahead to address
8 future challenges. Thanks to the four strategic
9 priorities within the Mayor's Office of Contract
10 Services, which include procurement reform, maximize
11 M/WBE utilization, enhance community engagement, and
12 digitization through PASSPort, we are making
13 substantial progress on some of the Administration's
14 most pressing goals.

15 Procurement is a critical means by which
16 agencies deliver on their missions. In FY23, Mayoral
17 Agencies, including NYC Public Schools, awarded over
18 41 billion dollars in City contracts for goods,
19 services, and construction. This represents a 9
20 percent increase over the previous year, in which the
21 City awarded nearly 38 billion in contracts. Of that
22 41 billion, human services accounted for 19 billion,
23 remaining the largest contracting category and
24 providing a pathway for critical services for child
25 care, homeless shelters, and after school programs.

2 As we have shared previously, MOCS plays a leadership
3 role in the implementation and recommendations from
4 the Joint Task Force to Get Non-Profits Paid On Time.
5 Our progress in this area of contracting began with
6 the Clear the Backlog initiative, which cleared over
7 6 billion in payments owed to not-for-profits. We
8 subsequently built on this progress by supporting
9 agencies to reach 81 percent of on-time submissions
10 to the Comptroller by July 1st in FY24, a 25 percent
11 improvement from the previous year despite a 60
12 percent increase in contract volume and other
13 competing priorities like Asylum Seeker Response. By
14 September, we had processed virtually the entirety of
15 this portfolio. We're working with agencies again on
16 the FY25 Timeliness Initiative to build on last
17 year's success through regular reporting, performance
18 management, and clear escalation paths. In addition
19 to the day-to-day work of getting contracts
20 registered on time so that vendors can get paid, we
21 have also been devoting significant attention to
22 reforming the underlying policy and regulatory
23 structure so that procurement is more timely in the
24 long run. These major improvements include the
25 introduction of an allowance clause to human service

2 contracts, which enables agencies to process
3 anticipated budgetary increases without revising the
4 entire procurement process for an amendment; the
5 implementation of a multi-year Council discretionary
6 contract allowing providers to enter into three-year
7 agreements for Council discretionary contracts and
8 bringing a major reduction in processing times in the
9 coming Fiscal Year; a new and improved returnable
10 grant fund program, which delivers on a key
11 recommendation from the joint task force to expand
12 access to RGF loans. By streamlining the application
13 and expanding eligibility, these changes enable
14 provider partners of all sizes the opportunity to
15 benefit from these loans.

16 We've rolled out a Contract Stat
17 dashboard to use a performance management tool for
18 holding ourselves accountable and understanding where
19 delays may occur. In partnership with the Mayor's
20 Office of Non-profit Services, we have hosted two
21 internal sessions with agency leadership to go
22 through this data, and we continue to iterate on what
23 is available and look forward to rolling out to a
24 broader audience in the future.

2 The passing of Local Law 169, which
3 requires MOCS to establish recommended timeframes for
4 stages of the procurement process, setting the stage
5 for further performance management. Based on a review
6 of the Joint Task Force report, we can see that we
7 are appropriately on pace to meet the short-, medium-
8 , and long-term targets for most of the
9 recommendations. We are also fully aware that our
10 implementation of the task force initiatives is only
11 successful so long as we have a technology system
12 that is capable of maximizing our policy and process
13 improvements. We are currently deep in the midst of
14 the migration between systems from the legacy HHS
15 Accelerator to PASSPort, a Herculean endeavor of
16 replacing a business practice that has been in place
17 for over a decade, which affects billions of dollars
18 in contracts and payments. While technology
19 migrations of this scale are inherently difficult,
20 fraught with unexpected issues, and by no means
21 representative of business as usual, we know there is
22 light at the end of the tunnel, and we will emerge
23 better for it. One provider testified to this pain
24 point last year, sharing that the City has contract
25 management systems that are inefficient, complex, and

2 overburdensome because the PASSPort and Accelerator
3 systems don't speak to each other. This is the exact
4 problem we are addressing by shifting to a single
5 centralized system from sourcing to payment, and we
6 are fully confident that we will successfully
7 complete this transition. In the meantime, I know
8 that some providers out there are experiencing delays
9 as a result of the cutover between systems, and I
10 want to be clear to those providers that your
11 concerns are the number one priority in my office,
12 and any high-priority issues should be escalated to
13 my team. Every single day, we are focused on putting
14 these technology tools in place so that you can spend
15 less effort on administrative tasks and more on
16 delivering the high-quality services that this city
17 relies on.

18 MOCS has taken an all-hands approach to
19 being transparent about these technology changes to
20 our agencies and vendors and putting in place
21 safeguards so that system changes do not disrupt
22 continuity of service. In December, we issued a
23 directive for human service agencies to issue an
24 additional 15 percent advance on human service
25 contracts where providers were expected to submit

2 invoices during the migration and, as of last week,
3 agencies have issued over 530 million in advance
4 funding for the migration, providing necessary
5 funding to mitigate the adverse impact of the
6 transition. In the period leading up to the
7 migration, we hosted 12 sessions with provider
8 groups, attended by over 880 individuals, in addition
9 to meeting with all of our agencies. We have also
10 delivered over a dozen communication blasts to
11 thousands of providers, letting them know of key
12 timings, closure of certain activities, and other
13 important information. We have been fully transparent
14 throughout the process and are now focused on the
15 nitty gritty technical work that will resolve
16 outstanding discrepancies and complete the migration.
17 So far, in FY24, the City has dispersed over 1.7
18 billion dollars through PASSPort, confirming that we
19 have made substantial progress on this major
20 migration.

21 Looking ahead, from the current critical
22 period, we remain committed to the delivery of
23 Document Vault featuring PASSPort and planned
24 expansion of functionality to include subcontractor
25 management. Data for city procurement rests in

2 multiple systems. While PASSPort is the entry point
3 to doing business with the City, financial
4 transactions are logged in FMS, the Comptroller
5 maintains Checkbook NYC, and subcontractors must go
6 through the Payee Information Portal, or PIP, and
7 several agencies use unique systems of their own.
8 Centralizing all of this work into one system, as we
9 are doing presently with HHS Accelerator, brings New
10 York City procurement into the 21st century digital
11 operating model. In addition to contracting and
12 technology reform, we're pleased to reaffirm the
13 Mayor's recent announcement of a major cost of living
14 adjustment, or COLA, for the human services sector.
15 The City's budget will include an almost 9.27 percent
16 increase to City-contracted human service workforce
17 wages, totaling 741 million. This comes on top of the
18 Workforce Investment Initiative, which added 170-plus
19 million in funding to human service contracts in its
20 baseline. With this latest COLA, the human services
21 sector can expect to see a 3 percent cost of living
22 adjustment for FY25, FY26, and FY27. The addition of
23 this funding marks a promise kept by this
24 Administration to acknowledge the importance of our
25 human service sector to everything that we do as a

2 city. We thank the Mayor, First Deputy Mayor Wright,
3 Director Jiha, and the City Council for delivering on
4 this priority, and MOCS looks forward to the
5 implementation steps ahead.

6 Beyond the non-profit sector, MOCS has
7 also played a leading role in the New York City
8 Capital Reform Task Force over the past two years.
9 This initiative brought together a range of key
10 stakeholders across the city, including leaders from
11 the private sector and M/WBEs, to devise
12 recommendations to improve the City's capital project
13 delivery process, with the goal of reducing
14 timelines, saving taxpayer dollars, enhancing
15 participation, and improving the City's ability to
16 respond to emerging needs. We've continued to make
17 progress on several of these recommendations,
18 including eliminating financial control board reviews
19 for contracts over 50 million dollars, which led to
20 roughly an 80 percent reduction in contract value
21 going through this duplicative review process in
22 2023; increasing the M/WBE non-competitive small
23 Threshold to 1.5 million for agencies purchasing
24 eligible goods, services, and construction, this
25 additional threshold increase has better positioned

2 the City to provide a more equitable procurement
3 process and provide additional opportunities to
4 support small businesses; champion legislation
5 leading to the signing of e-bidding, allowing
6 prospective partners to submit digital bids and
7 offers instead of in paper; revising the
8 implementation of Executive Order 50, streamlining
9 the verification of vendor compliance with DLS
10 process to eliminate burdensome and outdated
11 paperwork for vendors; repealing the pre-award review
12 provisions of Executive Order 102 of 2007 to
13 streamline duplicative reviews on prevailing wage
14 compliance that added months to applicable
15 procurement, and champion legislation that will allow
16 the City to use owner-controlled insurance programs,
17 OSIPs, and contractor-controlled insurance programs,
18 CSIPs, to drive down the cost of insurance. In
19 addition to the legislation that will allow us to
20 establish a citywide small business construction
21 mentorship program, and we're also optimistic that
22 the State Legislature will pass our proposed contract
23 public hearing legislation and look forward to
24 updating this Committee on our progress.

2 Our teams also support the M/WBE program
3 in partnership with our colleagues at the Office of
4 M/WBE and Department of Small Business Services. In
5 FY23, the City achieved its highest award total to
6 M/WBEs under Local Law 1 in history at nearly 1.42
7 billion dollars and over 6 billion awarded to M/WBEs
8 under the OneNYC program. M/WBE utilization also
9 experienced a significant increase with a rate of
10 27.9 in comparison to FY22, marking one of the
11 highest utilization rates the City has achieved since
12 the program started in 2015. Our preliminary data for
13 the first two quarters of FY24 indicates that we
14 remain on a strong path, with 28.9 percent
15 utilization so far. Instrumental to this success has
16 been the M/WBE non-competitive small purchase method,
17 which has been unlocked through legislative increases
18 from 500,000 to 1 million in FY23, and now up to 1.5
19 million in FY24. The M/WBE non-competitive small
20 purchase method showed a 60 percent increase in
21 contract value from over 110 million in FY22 to over
22 170 million in FY23 and, again, FY24 is looking
23 strong with 110 million awarded using this method
24 just through two quarters. With further signs of
25 improvement in contracts awarded with the disparity

2 firms, the Administration is full-steam ahead on
3 putting equity at the center of City procurement.

4 Finally, MOCS has continued to build on
5 its new outreach and engagement approach to reach
6 existing and prospective partners where they are and
7 better facilitate the learning of our systems, rules,
8 and policies that guide New York City procurement.
9 Our learning and development team has published
10 dozens of resources which are available to vendors
11 and City staff and have made our learning services
12 available at numerous public events. These include
13 business mixers done in partnership with Hostos
14 Community College and putting together simplified
15 resources that will help vendors who are just
16 starting out. Furthermore, we have expanded our reach
17 through MOCS in Your Neighborhood, a series of in-
18 person workshops where we bring PASSPort know-how to
19 locations throughout the five boroughs and assist
20 vendors with any questions they may have. Through our
21 training program, such as the Procurement Training
22 Institute, we've delivered more than 30 trainings to
23 over 6,200 agency users and a monthly webinar series
24 for vendors on getting started contracting with the
25 City that has had over 6,000 vendor attendees.

2 MOC's total budget for FY 24 is 44
3 million dollars, including 20.4 million for personal
4 services, 23.6 million for OTPS. The bulk of our
5 budget is devoted to the Accenture and Ivalua
6 contracts, which maintain PASSPort and are valued at
7 90 million over 10 years for Ivalua and nearly 45
8 million over 6 years for Accenture. In order to
9 maximize savings, we were faced with some challenging
10 decisions. Looking at a mixture of PS and OTPS
11 reductions to meet our PEG target, given the
12 difficult budget environment facing the city. Despite
13 these challenges, our headcount has remained stable
14 at 187, up from 173 in FY23. Our current budgeted
15 headcount is 215, with 28 vacancies currently open,
16 and we're excited to be moving beyond the hiring
17 freeze recently announced by the Office of Management
18 and Budget. We continue to work with OMB to determine
19 appropriate levels of funding for the initiatives
20 carried out by MOCS. MOCS has a significant mandate,
21 which made more work ahead to expand on the wins we
22 have already secured, modernizing the process through
23 PASSPort, leading procurement reform across key
24 portfolios, bringing our engagement efforts to meet

2 people where they are and instilling equity
3 throughout the procurement process.

4 We thank the Committee for your
5 partnership and supporting these key initiatives so
6 far, and are happy to take any questions you may not
7 have.

8 CHAIRPERSON WON: Thank you so much,
9 Director Flores. It's good to see you again. We
10 haven't seen you here in a while. This was a great
11 testimony. Thank you for all the good news and all
12 that you've achieved in the last two years. It's
13 really been amazing, and it's really a pleasure to
14 partner with you. We still have some work to do but,
15 first and foremost, I just want to take a moment to
16 celebrate, I know some of our human service providers
17 are in the room. Congratulations again on your cost-
18 of-living adjustment victory. Thank you so much for
19 all of your advocacy and all that you do, because
20 without you, our city could not run so thank you for
21 doing all that you do. We are really excited for
22 their cost of living adjustment, but let's talk about
23 the current headcount vacancies and the PEGs for
24 MOCS.

2 In your testimony, you just shared about
3 for Fiscal Year '24, 44 million is the total budget,
4 20.4 million for personal services, 23.6 million for
5 OTPs, and the bulk of the budget devoted to Accenture
6 and Ivalua, 90 million for over 10 years for Ivalua
7 and 45 million over six years for Accenture. Can you
8 break down that down for us? For the yearly cost, is
9 not an even split for all of the years for the cost
10 and for Accenture and Ivalua, was there any
11 adjustment to their expected costs at all because of
12 the PEGs or has it remained as targeted or forecasted
13 in the past Fiscal Years?

14 DIRECTOR FLORES: Thank you, Chair Won.
15 I'll begin and then hand over to my CFO Helga
16 Nyanffor for additional details. As you know during
17 previous hearings, the cost of PASSPort is
18 multifaceted. Obviously, there are the ongoing costs
19 for maintaining a system and that is par for the
20 course for any system (INAUDIBLE) tool, particularly
21 the size of PASSPort. We are probably one of the
22 largest municipalities with such a robust end-to-end
23 system, and PASSPort is, like FMS, part of the
24 infrastructure of the City of New York at this time
25 and will continue to be in the future so there are

2 some costs that are consistent across the board for
3 maintenance, there are some costs that are consistent
4 for ensuring that we have support for maintaining
5 that system and then, as we testified at the last
6 hearing, there are some costs that fluctuate that are
7 attached to approved modules and workflow changes
8 that we are continuing to improve upon throughout the
9 life cycle of PASSPort and, as you know, when
10 PASSPort first started, the first release was
11 essentially putting the whole paper Vendex system
12 into PASSPort, and we continue to iterate and improve
13 PASSPort including additional functionality, but
14 happy to pass off to my CFO Nyanffor for additional
15 details if you'd like.

16 CHIEF FINANCIAL OFFICER NYANFFOR: Yeah,
17 so if you'd like more specifics, there are a host of
18 one-time costs in our yearly budget that are just for
19 enhancements to PASSPort that were added, building
20 out the system. In our current year, we have some
21 one-time costs associated with PDW, our procurement
22 data warehouse, sunseting HHS Accelerator, and
23 migrating all those contracts that are from that
24 system to PASSPort, that is part of the cost, and
25 then also cost associated with DocuVault and building

2 that out so there are a couple one-time costs. The
3 host of that, just in FY24, is 13 million so it's a
4 big chunk of the budget that is just one time and it
5 shouldn't be there, and we have that throughout the
6 years since the beginning of PASSPort.

7 CHAIRPERSON WON: So for all of us in this
8 room, our number one concern for the PEGs for MOCS is
9 ensuring that you have the personnel to do your job,
10 which is all the procurement and contracting
11 services, as well as making sure that we have the
12 money set aside for Ivalua as well as PASSPort, for
13 Document Vault, all of the technology enhancements
14 that you testified (INAUDIBLE) cling on to hope for
15 to see these enhancements and we want to make sure
16 that those are still on schedule. Can you confirm
17 that with the adjustments that we can still expect
18 everything to come online as scheduled? Because the
19 Preliminary Plan includes a PEG which provides OTPS
20 savings of (INAUDIBLE) 239,000 in Fiscal Year '24,
21 785,561 in Fiscal Year '25, and the baseline of 1.6
22 million starting in Fiscal Year '26 for the
23 renegotiated contracts on PASSPort maintenance.
24 According to your office, MOCS was able to
25 renegotiate the contract down from 24 million to 16.6

2 million, and that's not necessarily a bad thing. We
3 hope that there are savings to be found by taking on
4 more duties and receiving more discounts with the
5 vendor so can you just, one, confirm to us that
6 everything will come online as scheduled, all of the
7 enhancements that we need and, two, if there's
8 anything that we should be concerned about the
9 timeline, if there were costs that while being
10 renegotiated were going to cause delays.

11 DIRECTOR FLORES: Thank you for that
12 question, Chair Won. First and foremost, I just want
13 to thank you again for your support and this
14 Committee's support and many other Council Members on
15 additional Committees. It's really important as part
16 of the challenge of any technology tool to have the
17 support across multiple areas of government and,
18 since day one, you have been a champion of technology
19 so I want to thank you and appreciate that. I can
20 guarantee and say to you that we are on schedule for
21 our initially planned rollouts. Again, in technology,
22 and you know this better than I do Chair Won from
23 your past experience, that we really allow ourselves
24 a reasonable timeframe, and we do everything with a
25 thought process of understanding that reasonable time

2 frame includes normal adjustments to a timeline but,
3 overall, we are on schedule despite the cuts that you
4 mentioned earlier in your question and, really, a
5 part of that has to do with we have always been,
6 since day one, looking at how do we continuously
7 cross train, how do we continuously ensure that we
8 have different levels of knowledge around PASSPort,
9 not only the technology, but it's the support of
10 PASSPort as well, right, so the technology is
11 obviously a big piece in order to build the workflow
12 and the changes that we anticipate but, equally
13 important we feel, is ensuring that our staff have
14 the appropriate knowledge to support our agencies and
15 that we have the appropriate tools and training and
16 change management to support our vendors and so we've
17 been doubling down on that from day one before the
18 PEGs and so we feel that we're in a good place in
19 order to continue with our original plan of rolling
20 out much needed and loved Document Vault that was not
21 in PASSPort before and, as I mentioned in my
22 testimony, really going to be game-changing to have
23 subcontracting management within the system as well
24 (INAUDIBLE) end of this Calendar Year.

2 CHAIRPERSON WON: So for Document Vault
3 and other enhancements, you expect that it'll come
4 live in the fourth quarter of this Calendar Year?

5 DIRECTOR FLORES: We're on schedule for
6 having them come on line by the end of this Calendar
7 Year.

8 CHAIRPERSON WON: Okay. Can you help us
9 understand also where the savings came from that you
10 were able to renegotiate from 24 million to 16.6
11 million? The re-estimate, is that mostly from
12 staffing, where you have just now said that from
13 cross training, I know Matt Sullivan and there was a
14 team of folks that we had met with when I first came
15 to your office, when I was pregnant with my first
16 son, that kind of functioned as like your CTO and
17 tech team so do those positions still exist, and are
18 those the positions that helped you bring down the
19 costs?

20 DIRECTOR FLORES: I'll start, Council
21 Member, and pass off to CFO Nyanffor. Again, it was a
22 multitude of things. Obviously only certain people
23 can build code and so I'm not suggesting that
24 everyone knows how to code now. Matt and I don't know
25 how to code yet. Maybe one day. But, there again,

2 what we did was we negotiated our maintenance
3 contract down, and we were already thinking about and
4 working on reallocating internal resources due to the
5 decommissioning of Accelerator, and so we had already
6 been working on a long road map of ensuring that
7 those resources that we have internally, that were
8 supporting Accelerator were going to be folded into
9 our PASSPort team regardless of the PEG, and so we
10 really just were very intentional about that, and we
11 were able to I think full-steam ahead continue on
12 making sure that we were on track with our migration
13 and continue to be on track with the other
14 functionality that we expect to happen at the end of
15 this Calendar Year, but happy to dive in more details
16 if you like, specifically on the budget line with our
17 CFO.

18 CHIEF FINANCIAL OFFICER NYANFFOR: We were
19 able to reduce our contract, and we did reduce some
20 of the consultants, the types of consultants that
21 were part of that contract, and took on those roles
22 through the cross training, and it also was a good
23 thing for us because we wanted to have more ownership
24 of the system so this was part of this like strategic
25 goal to take on some of that. We also were able to

2 reach savings through just contract terms so we were
3 provided a discount of 3 percent by doing 6-month
4 prepayments so that helps save costs of the contract
5 as well. Through those two major initiatives and also
6 just changing the terms of the contract, we were able
7 to reach the savings.

8 CHAIRPERSON WON: How many consultants
9 were you able to switch out for in-house?

10 VANESSA: There's 393 pages in this
11 document combined. The combined PDF comes out to 393.
12 I am assuming that I need to remove.

13 CHAIRPERSON WON: Hi Vanessa.

14 VANESSA: This is one document. I no
15 longer need the cover page and the agenda of each
16 one. I will create one agenda...

17 SERGEANT-AT-ARMS: Hello, hello.

18 VANESSA: That has everything, and I can
19 remove the cover pages.

20 SERGEANT-AT-ARMS: Hello.

21 VANESSA: Because what's the point of
22 having different cover pages?

23 CHAIRPERSON WON: Vanessa, we can hear
24 you.

25 VANESSA: Right.

2 SERGEANT-AT-ARMS: Hello. Vanessa.

3 VANESSA: We need one couple. Hello.

4 CHAIRPERSON WON: Okay, while we wait for
5 Vanessa, I also want to acknowledge we've been joined
6 by Council Member Eric Bottcher.

7 CHAIRPERSON WON: Okay.

8 CHIEF FINANCIAL OFFICER NYANFFOR: Yes.
9 You asked for the number of consultants that were
10 reduced in the contract? The official number was
11 seven, but it's more. We don't think of it in terms
12 of the number, because it's over a three-year cycle,
13 the contract term, so they do a total of over
14 thousands of hours, and that in total is the total
15 savings.

16 CHAIRPERSON WON: Got it. Thank you. I
17 think this is a good time for us to segue into the
18 headcount of vacancies. So as of March 2024, how many
19 vacant positions does MOCS have and how many
20 vacancies has been eliminated since we adopted Fiscal
21 Year '24 budget? I think you spoke about it in your
22 testimony, but if we can return to them.

23 CHIEF FINANCIAL OFFICER NYANFFOR: You
24 said as of the adopted budget, or as of our current
25 budget right now?

2 CHAIRPERSON WON: So as of March 2024, how
3 many vacant positions does MOCS have, and how many
4 have been eliminated since we adopted the Fiscal Year
5 2024 budget?

6 CHIEF FINANCIAL OFFICER NYANFFOR: We
7 currently have 28 vacancies, but that's including our
8 agency partners. In terms of MOCS direct, we have 18
9 vacancies.

10 CHAIRPERSON WON: Okay, and what is your
11 current vacancy rate?

12 CHIEF FINANCIAL OFFICER NYANFFOR: Our
13 current vacancy rate is, I can actually provide that
14 to you in a little bit so just give me a couple
15 minutes.

16 CHAIRPERSON WON: Okay, and what is MOCS'
17 attrition rate in Fiscal Year '24?

18 CHIEF FINANCIAL OFFICER NYANFFOR: I can
19 provide that right now. It's actually negative three
20 percent. We were very proactive in the beginning of
21 the year, especially since the migration, we wanted
22 to make sure that we were staffed up and also, right
23 before the hiring freeze and they announced it, OMB
24 did give us a leeway time to put in our PARs before
25 it took effect, and we took full advantage and we've

2 been working really closely with OMB to make sure
3 that we were able to hire up.

4 CHAIRPERSON WON: I am glad to hear that
5 the current budgeted headcount for 215 with 28
6 vacancies currently open and how you are able to
7 remain stable at 187 up from 173, so I'm excited to
8 hear that you are increasing headcount and you're
9 moving on the hiring freeze.

10 As of February 2024, has there been any
11 increase in the use of outside contractors by MOCS
12 due to the loss of full-time positions because I know
13 that we just talked about how you were able to
14 decrease the vendor budget for Ivalua and PASSPort by
15 decreasing the number of consultants, and are there
16 other contracts open for consultants other than the
17 ones that exist with Accenture right now?

18 CHIEF FINANCIAL OFFICER NYANFFOR: Yes, we
19 do have other contracts. Those are our big major
20 ones. In of increasing, no, we have not increased,
21 but there are some supplemental contracts that we
22 have. For example, we have (INAUDIBLE). We also have
23 consultants wise, not as many as we could think, I
24 can provide more details.

2 DIRECTOR FLORES: Just to clarify,
3 Chairwoman, and I know that sometimes there seems to
4 be a shift from one use of consultants to another use
5 of consultants, so the reduction in our contracts for
6 maintenance with Accenture did not result in other
7 contracts for consultants in order to provide those
8 services. The contracts that we have are already in
9 place or were going to be put in place as part of
10 sort of the ecosystem to support PASSPort.

11 CHAIRPERSON WON: Okay, so am I
12 understanding correctly that for MOCS, even with the
13 headcount decreases that you had to deal with or had
14 to work with for the last few Fiscal Years, that you
15 did not supplement yourself with...

16 DIRECTOR FLORES: There's no swapping with
17 additional contracts for consultants for that.

18 CHAIRPERSON WON: And there wasn't an
19 increase in those contracts, were there further
20 decreases other than in PASSPort? Was that a pattern
21 where you were looking to have savings by decreasing
22 contractors, especially consultants, for MOCS?

23 DIRECTOR FLORES: Thank you for that
24 question, Chair Won. We had some additional
25 reductions in order to meet the PEGs, but they were

2 for contracts that we had planned to enter into that
3 we had not started yet, and we made the decision to
4 not go forward with them, again, some of that
5 holistic approach to ensuring that we had appropriate
6 resources across the office and our remaining
7 existing contracts to support PASSPort adequately.

8 CHAIRPERSON WON: Okay, thank you. I also
9 want to acknowledge that we've been joined by Council
10 Member Sandy Nurse.

11 The Preliminary Plan includes PEG savings
12 of 51,000 dollars, resulting from less than
13 anticipated personal services, including two vacant
14 positions housed in the Mayor's Office of Non-profit
15 Services. We had been just beginning to build a
16 relationship with Ms. Karen Ford, but we have learned
17 that she is no longer with us so which two vacant
18 positions are these savings related to, and how long
19 have these positions been vacant?

20 DIRECTOR FLORES: Thank you, Chair Won. Do
21 you have that information?

22 CHIEF FINANCIAL OFFICER NYANFFOR: Yes.
23 Yes. One of those positions was a senior advisor
24 position, a policy advisor position, and the other
25 one was, it was repositioned, it was more undefined.

2 We don't have clarity on that because they
3 redetermined that, but it was two. The first one was
4 definitely a senior policy advisor.

5 CHAIRPERSON WON: And how long have the
6 positions been vacant?

7 DIRECTOR FLORES: Chair Won, I don't have
8 in front of us the amount of time that particular
9 position was vacant from the time that we got an
10 approved PAR, but definitely can follow up with a
11 specific time frame for you.

12 CHAIRPERSON WON: Originally, when the
13 Mayor's Office of Non-profit Services opened, 10
14 people worked there. How many people work in this
15 office now, currently?

16 DIRECTOR FLORES: CFO Nyanffor will give
17 you the current headcount.

18 CHIEF FINANCIAL OFFICER NYANFFOR: The
19 current headcount is four, but there was never 10
20 people fully working at MONS because they were
21 provided headcount recently as of the ADP, as of the
22 beginning of the adopted budget, so they've been
23 hiring up and then, as soon as that happened, there
24 was the initial PEG so there was never 10 people
25 fully in the MONS.

2 DIRECTOR FLORES: So for the sake of
3 clarity, Chair Won, just the number of budgeted
4 headcount is 10?

5 CHIEF FINANCIAL OFFICER NYANFFOR: The
6 current headcount is..

7 DIRECTOR FLORES: Budgeted headcount for
8 MONS.

9 CHIEF FINANCIAL OFFICER NYANFFOR: The
10 current budgeted headcount is 7.

11 CHAIRPERSON WON: Okay, so it's 7.
12 According to the Comptroller's January 2024 Annual
13 Summary Contracts Report, over 72 percent of total
14 contract value for all human service contracts was
15 registered late in Fiscal Year '24, so that's 4,282
16 total contracts, and more than 95 percent of total
17 contract value late in the first half of Fiscal Year
18 '24, and I know that our human service providers are
19 in this room to testify on these late payments and
20 how detrimental they are so for me to hear what's
21 happening to the Mayor's Office of Non-profit
22 Services, which was created to remedy these exact
23 issues and these pains that human service providers
24 are feeling. Considering the reports that have been
25 receiving consistently delayed payments to non-

2 profits, why does the Mayor's Office of Non-profits
3 have such small staff, and how's the work divided
4 amongst the office and how will this change in the
5 relationship that Karen Ford was working with MOCS,
6 and is Karen's position being refilled? What is the
7 status of her position?

8 DIRECTOR FLORES: Thank you, Chair Won.
9 First and foremost, I believe you may have been at
10 the hearing that we had jointly with MONS when
11 Director Ford was appointed, and I want to thank
12 Director Ford for all the work that she put into
13 place and really a framework and a foundation for
14 where we are now, a lot to build upon. We work very
15 closely with them. We have full support from City
16 Hall, and the Acting Director, Diane Mamet, is
17 extremely talented, very experienced, and hit the
18 ground running on her relationship with us and
19 continued relationship with the sector. We, as I
20 said, work closely with Mayor's Office Non-profit
21 Services. They are obviously a leader in from a
22 policy perspective and continue to be a trusted
23 partner with the sector as well, and we anticipate,
24 there is a search going on now for a new director,
25 but again Acting Director Diane Mamet is extremely

2 qualified, and there is seamless transition in order
3 to keep the work going with Mayor's Office Non-profit
4 Services.

5 As it relates to the Comptroller report,
6 I want to just say that at a high level some of the
7 data points that you mentioned, from our review, do
8 not include the backup data line by line for us to
9 necessarily indicate where the differences in our
10 data versus their data line by line. I will say
11 globally the report included certain types of
12 contracts, certain kinds of non-procurement
13 transactions, non-Mayoral agencies in some instances,
14 where it's a little bit of apples and oranges, and,
15 we look forward to continuing to work with the
16 Comptroller's Office. As you know, we have a very
17 close relationship with them, particularly the Non-
18 Profit Task Force, and they've been extremely
19 supportive and great partners in a lot of the work
20 that we've been doing in that task force and the
21 Capital Task Force, but we have different numbers
22 from when we look at clearly the contracts that are
23 covered under the Procurement Policy Board in terms
24 of timeliness. As you know, we were able to submit 81
25 percent of contracts for FY24 to the Comptroller last

2 Fiscal Year on time and, by the end of the summer, we
3 had surpassed over 98 percent, and so there's always
4 work to be done and we partner very well with all of
5 our strategic partners in the sector and they have me
6 on speed dial and, if there's something that they
7 don't like, they know how to reach me and we listen
8 carefully and adjust and iterate in terms of the work
9 that we're doing and continue to appreciate their
10 partnership and really influencing the work that
11 we're doing going forward.

12 CHAIRPERSON WON: Thank you. I look
13 forward to working with the Acting Director Diane as
14 well until the position is filled.

15 The Preliminary Plan includes a reduction
16 of 79,000 in Fiscal Year '24 and a baseline of
17 reduction of 207,000 in Fiscal Year '25, and the
18 outyears labeled as OEO adjustment. This is a result
19 of two positions transferred from the Mayor's Office
20 of Operations to the Office of Technology Innovation.
21 What relation does the Mayor's Office of Operations
22 have with MOCS, and can you explain why this position
23 was transferred to OTI and what responsibilities were
24 included or associated with these positions,
25 especially since we have been talking about the

2 importance of technology in this role and the MOCS
3 responsibilities?

4 DIRECTOR FLORES: Thank you for that
5 question, Chair Won. As you know, we are the Mayor's
6 Office, but we have our own agency code, which was
7 something that happened a number of years ago, so we
8 are no longer as we were in the past under Agency
9 Code 002 and, with that, as a larger Mayor's Office
10 now, we do have lines on our budget that are
11 associated with some of the smaller Mayor's Offices,
12 and so that was an adjustment that was deemed
13 appropriate by City Hall and the CTO and, obviously,
14 CTO Fraser continues to do a lot of great work in
15 consolidation across the portfolio so definitely we'd
16 have to get back to you with more details on their
17 sort of programmatic decision there but, obviously,
18 we implement the changes in the best interest of
19 those offices.

20 CHAIRPERSON WON: I'm going to shift gears
21 a little bit and what we have been meeting with MOCS
22 the most about in hearings with your team members
23 about emergency procurement. It has been the most
24 interesting topic by the public, and I know that
25 you've been part of the Comptroller's team in your

2 prior role, so going back to the Comptroller's
3 report. On November 30, 2023, the Comptroller
4 released a report evaluating the City's use of
5 Emergency Procurement. The Procurement Policy Board,
6 Rules, and City Charter provides agencies with an
7 accelerated procurement process when emergency
8 circumstances arise. Agencies must receive prior
9 approval from the Comptroller's Office and the Law
10 Department. After this, agencies are supposed to
11 submit formal documentation for review to the
12 Comptroller and the Law Department within 15 days of
13 the contract start date. The Comptroller's report
14 found that the vast majority of submissions were
15 received later than 15 days after the contract
16 started and that agencies submitted only 27 percent
17 of asylum-seeker-related written determination within
18 15 days. What was the cause of these considerable
19 delays, and what is the Administration doing to
20 ensure that required documentations on emergency
21 contracts are submitted to the Comptroller in the
22 required timeframe going forward?

23 DIRECTOR FLORES: Thank you, Chair Won.
24 First, I'd like to say, again, we appreciate the
25 reports issued by the Comptroller's Office and,

2 obviously, it's an important role of transparency and
3 holding us accountable in the Administration. That
4 report, I want to say again just as a baseline, some
5 of the terminology and some of the findings included
6 sole source procurements and non-competitive
7 procurements in that bucket of the findings, which
8 are separate and apart from emergency procurements
9 subject to the rules of the PBB and the Charter. Just
10 for a clarification, I think the date of filing is
11 actually 15 days of the date of filing and not the
12 start date, which I think was issued in the report.
13 Nevertheless, the emergency process, as you know, is
14 quite different than a regular contract process. In
15 this case, for emergency procurements, unlike
16 competitive or non-competitive procurement
17 transactions, the Comptroller is aware and a part of
18 the process early on and, as you correctly noted,
19 Chair Won, an agency cannot even move forward with
20 the use of an emergency procurement method until such
21 time they receive approval from the Law Department
22 and the Comptroller's Office. They also have to come
23 back to the Comptroller's Office after they've
24 awarded the contract, and then it goes to the
25 Comptroller's Office again for filing purposes which

2 is akin to what people think of registration because
3 of the FMS button is being pushed, but it's actually
4 quite different from a legal standpoint, and so the
5 Comptroller actually has a part and a role in this
6 process multiple times and early on that is quite
7 different from any other procurement process. We
8 think the finding in that report is slightly off but
9 obviously continue to endeavor to ensure that our
10 agencies do things on time. We've issued a directive
11 to our agencies along those lines as well, and we'll
12 continue to monitor performance.

13 CHAIRPERSON WON: Okay, I'm going to pass
14 it over to Council Member Brewer because in 2023 we
15 had a joint hearing between Contracts and Committee
16 of Oversight Investigations for a budget oversight
17 hearing to ensure transparency on how we're spending
18 money on emergency contracts. Council Member Brewer.

19 COUNCIL MEMBER BREWER: Yeah, and at that
20 time, thank you, Madam Chair, H and H said
21 specifically that they were going to go to RFPs and
22 bids and they were going to I guess on a volunteer
23 basis go to the Comptroller's office. Has any of that
24 happened, to the best of your knowledge?

2 DIRECTOR FLORES: Thank you, Council
3 Member. I do not have all of the detail in front of
4 me today around the whole asylum portfolio, but I
5 will say that H and H has been extremely active in
6 issuing RFPs. They've issued RFPs for legal services.
7 They've issued RFPs for food services and for
8 emergency services so they have been very intentional
9 and robust in their efforts to competitively bid out
10 contracts that they initially may have entered into
11 as an emergency contract, and they continue to make a
12 lot of progress there, and I know that staff from H
13 and H have testified at some of the hearings before
14 with specifics of the savings in some of those
15 contracts, but they're full-steam ahead there,
16 Council Member.

17 COUNCIL MEMBER BREWER: Okay, to the
18 credit of the staff, and the Chair knows this, we've
19 been actually calling the different vendors and
20 getting Breakdowns from them, but the only one we
21 cannot get is my favorite contractor, you know
22 exactly who it is, and that's DocGo so are they an
23 example or a bad example or a good example? What's
24 with their contract? I asked the last time, I have no
25 end date, I have no information, I have nothing, and

2 they seem to get quite a bit of money from the City
3 of New York. Is that something that you monitor, H
4 and H monitors? What's going on with DocGo?

5 DIRECTOR FLORES: Thank you for that
6 question, Council Member. That contract is with a
7 Mayoral Agency..

8 COUNCIL MEMBER BREWER: HPD.

9 DIRECTOR FLORES: HPD, and so the basic
10 information obviously is not only available on
11 PASSPort Public, but on Checkbook in terms of the
12 contract term and the dollar value. In terms of
13 assigning a value judgment on any particular
14 contract, I know you have also have had the pleasure
15 or displeasure of having seen the city go through
16 many different types of emergencies, whether they're
17 man-made or natural, otherwise, and, as you know, I
18 think emergencies are really an evolving process, and
19 at the beginning of any emergency, as we did with
20 COVID, as we did after 9/11, as we did with Sandy,
21 the most important thing for the City of New York
22 which is codifying the Charter and the PBB, is for us
23 to address the immediate need, but what has been
24 really I think remarkable in this Administration is
25 from day one, we looked at the contracts that were

2 from COVID-19 and issued a directive telling agencies
3 they needed to get in there and not extend and
4 replace those with competitive contracts, and you're
5 seeing the same thing in evolution with this
6 particular asylum seeker crisis as well, but happy
7 to, obviously, after the hearing, if there's
8 information...

9 COUNCIL MEMBER BREWER: That, though, is a
10 problem. Okay, what are the contract challenges, if
11 there are any, in transitioning HERRCs from H and H
12 to DHS or other agencies. The reason I ask is I know
13 at least one contract is being transferred. We were
14 told that others are going to be transferred to DHS.
15 Is that something that you're involved in, is it
16 happening, etc.?

17 DIRECTOR FLORES: Thank you, Council
18 Member. I will first say, for today's budget hearing,
19 I do not have all of the facts and details in front
20 of me for all of the contracts related to responding
21 to asylum seeker. In general, obviously, we work
22 closely with all of our agencies as oversight and
23 ensuring that they're following the right procurement
24 method, and we actually have wonderful strategic
25 partnerships with all of our agencies, not only in

2 response to asylum seeker but a multitude of
3 contracting issues for them to meet their mission-
4 driven results and their goals, and so we do provide
5 technical assistance, we provide strategic and
6 procurement expertise, and overall decision-making
7 for how to address in a holistic way the asylum
8 seeker crisis that we're dealing with has many
9 individuals across the city working on in an
10 efficient manner.

11 COUNCIL MEMBER BREWER: But if it goes
12 from H and H to DHS, you would be involved in that
13 case, right, or not?

14 DIRECTOR FLORES: Obviously as an
15 oversight, we oversee DHS contracts.

16 COUNCIL MEMBER BREWER: That's what I'm
17 saying.

18 DIRECTOR FLORES: The decisions in terms
19 of at any given time where any emergency contract
20 should stand is a holistic approach, and we obviously
21 wouldn't be the only ones making that decision. We
22 work with our partners across the city, and that
23 holds true not just now, that holds true for every
24 emergency. Having been on the other side for many
25 years and having been at the Mayor's Office during

2 Sandy, it would be foolhardy for there to be only one
3 agency overseeing the decisions and how to best
4 address an emergency that's a citywide emergency.

5 COUNCIL MEMBER BREWER: Okay. The other
6 issue is a faith-based organizations. I'm very
7 focused on wishing that more of them would be able to
8 support the migrant community so I know that there
9 are three or four that sit out of the 50 so far, but
10 I want to know, are you involved with the contracts
11 for the faith-based organizations? Obviously, there's
12 an umbrella group that is supposedly helping trying.
13 I don't know, between these, I don't understand the
14 Fire Department sometimes. You don't need as many
15 sprinkler systems as they think. You got two exits.
16 We've been doing this with American for years,
17 American New Yorkers. I've slept in synagogues and
18 churches over there. Anyway, my question is, are
19 there any contracts with these types of groups? Are
20 you involved? Are you overseeing? Why are they so
21 slow to get going?

22 DIRECTOR FLORES: Council Member, I will
23 have to defer to I know some of the other hearings
24 where this has come up. I will say that the
25 Administration, as you know, is very dedicated to our

2 relationship with faith-based organizations, not only
3 for asylum-seeker but a multitude of contracts and
4 support, and we really feel like that is part of the
5 fabric of how we engage with our communities, and I
6 will say the Mayor holds many events, many sessions,
7 many conversations with faith-based organizations,
8 and it has been his intent, obviously, to continue to
9 increase their participation here as well while
10 ensuring that as the City of New York, we're
11 following the regulations and rules to ensure safety
12 for everyone who's in our care.

13 COUNCIL MEMBER BREWER: Okay, I guess, I
14 think the Mayor has a lot of, I don't know what these
15 groups are, but a lot of individual oversight things
16 coming out of the Mayor's Office, but how is the City
17 coordinating contracts across all agencies for
18 asylum-seekers, and the reason I ask is that the
19 Chair and I and many other, we've been to so many
20 hearings on this topic, we've done investigations,
21 we've done oversight. You have at least four or five,
22 maybe more, agencies working on the asylum. I'm a big
23 supporter of these migrant families, but who is
24 coordinating the contracts? It is hard to get the
25 data. I'll be honest with you, and so it doesn't seem

2 like we're completely on top of it. In some cases you
3 can't do H and H, I got it, but then it's not clear
4 who is, and so what is it coordinating for asylum-
5 seeker contracts?

6 DIRECTOR FLORES: Thank you for that
7 question. As I mentioned earlier, while it may seem
8 while we're in it right now that this is unique in
9 terms of response, having been through many different
10 emergencies from a contracting perspective, it is
11 vital that you have multiple people as part of this
12 process so that you are not making ill-informed
13 decisions around what's in the best interest of the
14 City that will reach the most individuals in terms of
15 addressing the emergency that we are always
16 constantly iterating in terms of price and
17 programmatic goals and, ultimately the Mayor, whether
18 it's this mayor or previous mayors, is responsible
19 for coordinating with all of his chief staff which
20 includes offices like my own and others that have
21 testified at hearings before. So I apologize, I know
22 it seems frustrating, but we will continue to be as
23 transparent and give you the information as it
24 continues to be an evolving situation.

2 COUNCIL MEMBER BREWER: But you feel that
3 there's a lot of coordination, the Chair has asked
4 many times, why does it cost X for this agency and Y
5 for that agency for what seems to be the same
6 service?

7 DIRECTOR FLORES: I will say, Council
8 Member, again, that is an issue, as you know, that
9 permeates outside of the situation of an emergency,
10 right, and so some of that has to do with the time
11 that you may be doing the procurement, the rates in
12 the market, and also the specifics of the particular
13 needs of that contract. Just for one example, if you
14 need something delivered within an hour versus you
15 need something delivered within...

16 COUNCIL MEMBER BREWER: I never do that
17 and I hate those dark stores, etc. Go ahead.

18 DIRECTOR FLORES: If you need something
19 delivered within an hour and there's a programmatic
20 need for that we need to respond to as the City of
21 New York versus something that can be delivered in 24
22 hours, in our personal lives, we would see the
23 difference in pricing as well. The important thing, I
24 just want to reiterate, that there is a constant
25 focus, as you know, with Director Jiha, with the

2 Mayor, and across the city of ensuring that we are
3 both providing compassionate services to asylum
4 seekers, while also, in parallel, maintaining our
5 vigilance about having the best price as possible.

6 COUNCIL MEMBER BREWER: One last question,
7 this is not related, but everybody's pleased at the
8 3, 3, 3 percent increase for that. Everybody's happy.
9 Except just want to be clear that when your second
10 year comes along, you baselined the first year. Is
11 that correct? In other words, the 3 percent increase
12 is baselined. Is that correct or not?

13 DIRECTOR FLORES: Council Member, we are
14 extremely excited to have been able to stand with our
15 partners at City Council and with the sector in their
16 very persistent Just Pay Campaign and be able to have
17 an investment of over 9 percent over three years.
18 We're working really closely with OMB on that
19 process, and we'll be happy to come back with more
20 details in terms of the implementation. As you know,
21 that's in addition to over 170 million dollars that
22 was invested through the Workforce Enhancement
23 Initiative so we're continuing to march forward full-
24 steam with our commitment to our partners in the non-

2 profit sector, but happy to come back with more
3 details as we go through the implementation process.

4 COUNCIL MEMBER BREWER: It's not baselined
5 yet, but you're considering everything. Is that what
6 you're saying?

7 DIRECTOR FLORES: We're working very
8 closely with our partners at Office of Management and
9 Budget for the implementation process.

10 COUNCIL MEMBER BREWER: You're better at
11 the rhetoric than I am so it's not baselined. Thank
12 you very much. Thank you.

13 CHAIRPERSON WON: Thank you, Council
14 Member Brewer.

15 I want to return to how the City's
16 coordinating contracts across all city agencies for
17 asylum seekers. It is to my understanding that OTI
18 and H and H had spearheaded a platform called HOST to
19 ensure that there was centralization of all the data
20 for all the city agencies when it came to asylum
21 seekers. With your testimony on acknowledging how
22 important it is that we have platforms and technology
23 like Document Vault so that there are transparencies
24 as well as streamlined abilities to communicate
25 amongst agencies, especially during a time of an

2 emergency like an asylum seeker crisis, so can you
3 help me understand your knowledge of how HOST is
4 being used and, if at all, does that allow you to
5 ensure that there is better coordination amongst the
6 agencies because, as Council Member Brewer was
7 saying, I think everyone is looking to understand how
8 the coordination is happening and, if at all, how are
9 the agencies speaking to each other, because it is
10 clear from our hearings as well as from the contracts
11 themselves that there is not a lot of standardization
12 for the same services that are being provided, and I
13 know that a Document Vault, when it comes live, it
14 would help resolve a lot of these issues, but for the
15 time being, what you're seeing on the ground.

16 DIRECTOR FLORES: Thank you for that
17 question, Chair Won. I will definitely have to get
18 back to you with more details on HOST. I did not come
19 with that information at hand, I apologize. I will
20 say, as I mentioned to Council Member Brewer, there
21 is a robust amount of coordination starting at City
22 Hall across all of the agencies. As the
23 Administration created the Office of Asylum Seeker
24 Services, OASO, in order to facilitate and ensure
25 that there was standardization in our response to the

2 asylum seeker situation. As it relates to
3 documentation, standardization, and contracting
4 processes, again, as you know, we are doing the hard
5 work of not only dismantling some of the rules and
6 regulations that have come through the process for
7 many decades but also all we're doing is
8 standardizing the processes and building that into
9 PASSPort where appropriate. Having said that, again,
10 I do need to reiterate that in response to an
11 emergency, that we will be leaning heavily, as
12 always, in any emergency situation in the framework
13 of our processes, but the important thing is the
14 emergency procurement method allows us to first and
15 foremost meet the need in front of us in order to
16 provide safety for New Yorkers, and that will never
17 necessarily be a one size fits all because that would
18 definitely not be in the best interest of New Yorkers
19 when we are meeting the need at the time of an
20 emergency.

21 CHAIRPERSON WON: I know that Chair Brewer
22 has left, but at every single hearing, your team
23 could probably testify that she has been going really
24 hard against DocGo, and her number one concern is
25 wanting or desiring for non-profits to provide these

2 services in these multi-million or multi-billion-
3 dollar contracts for asylum seekers, especially
4 because they're the ones in the front lines who have
5 the language access, who have the experience, who
6 have the trust of our city to do this work. Yet, what
7 we hear often over and over again from our non-profit
8 service providers is that they simply do not have the
9 capital to upfront the cost to do the hiring and
10 build capacity for hundreds and thousands of people
11 that are coming through our doors so, from the
12 concerns that we have, I was wondering what your
13 thoughts are on how we can change the current
14 procurement process and late payments as well as the
15 contracting services to allow non-profits to compete
16 in the same way for these million-dollar contracts so
17 that the ones that we trust who are the trusted faces
18 and the voices of our Districts can compete and be
19 part of the asylum seeker resources.

20 DIRECTOR FLORES: Thank you for that
21 question, Chair Won. I think, as we mentioned
22 earlier, and it can't be overstated, from day one,
23 part of our commitment in collaboration with the
24 Comptroller's Office in the Joint Task Force Report
25 was an important signal that we see not-for-profits

2 and understand that we have not always held up our
3 end of the bargain, which is why we have been working
4 since day one, whether it was the backlog initiative
5 and unlocking 6-billion-dollars' worth of retroactive
6 contracts, getting contracts to the Comptroller on
7 time so that they can get paid, and increasing
8 functionality in PASSPort to ensure that everything
9 is transparent and we're being held accountable. We
10 would say that over 200 contracts, as you know from
11 previous hearings, have been entered into in response
12 to asylum seekers and our ability to meet the needs
13 as they're coming through, and many of those
14 contracts are with not-for-profits, but we continue,
15 as I mentioned earlier, to look at our current
16 portfolio and either re-bid or readjust and reiterate
17 as this is an evolving emergency, but we're looking
18 outside of just asylum seeker and obviously our
19 continued partnership with not-for-profits. As I
20 mentioned in my testimony, as we're doing the
21 decommissioning of Accelerator, which is a legacy
22 system that has been around for over 10 years, we
23 were really thinking intentionally around how do we
24 provide the support and the services both to our
25 agencies and our not-for-profit sector so that we can

2 mitigate any payment issues because technology is
3 technology and a great plan is not necessarily ever
4 going to be a 100 percent what happens on the ground
5 with technology, which is why we issued a directive
6 to our agencies to in addition to the normal 25
7 percent advance that is issued at the beginning of
8 the Fiscal Year on human service contracts, directing
9 them to issue additional advances to ensure that
10 there was absolutely no possibility for a delay in
11 payment and today, to date, we've actually issued
12 already 530 million dollars in additional advances
13 for contracts impacted by the migration so definitely
14 want to continue partnering with you and others on
15 this Committee and other Committees for ideas and on
16 how we can continue to improve but first and foremost
17 for us is that we understand you have to get paid.
18 You are providing service to us, and it is our job to
19 pay you in order to do the job that we have
20 contracted with you on, and we understand that
21 there's still room for improvement there.

22 CHAIRPERSON WON: I think this is a good
23 segue to start talking about the Human Services Cost
24 of Living Adjustment. On March 14th, as we celebrated
25 earlier today Mayor Adams announced that the City

2 would provide 741 million dollars to give employees
3 at City's non-profit-service providers pay increases.
4 This comes months after negotiations, or years,
5 between the City and Just Pay, the grassroots
6 organization for human service providers. The Mayor's
7 plan provides a 3 percent COLA over the next three
8 years and, as Council Member Brewer said as she
9 stormed out, that it has not been baselined, and she
10 wants to see it baselined. Advocates are claiming
11 that this investment reverses years of human service
12 providers being overlooked and underpaid and there's
13 still more to go, but can you help us understand the
14 mechanism for disbursement for these funds? How will
15 non-profits receive this increase?

16 DIRECTOR FLORES: Thank you for that
17 question, Chair Won. As I mentioned earlier before
18 Council Member Brewer stepped out that we are working
19 closely with OMB for implementation and, first and
20 foremost as we, again, everything that we do and our
21 North Star is that we can't make it harder, we have
22 to make it easier, and so our implementation strategy
23 is being finalized and ensuring that we are getting
24 these funds to our contractors, which, as you know,
25 begin in next Fiscal Year, which is upon us and in

2 the outyears that we're doing that in a way that is
3 as streamlined as possible and that reduces burden on
4 our contractors. We'd be happy to come back and
5 report success in implementation of releasing those
6 funds as soon as possible.

7 CHAIRPERSON WON: What will non-profits be
8 required to do to receive their increased
9 disbursement or is that still part of what you're
10 working on?

11 DIRECTOR FLORES: Thank you. That's still
12 part of the implementation plan and we're working
13 very closely with our partners at OMB.

14 CHAIRPERSON WON: Okay. We just want to
15 put on the record that there are concerns from
16 providers that there are going to be modifications to
17 the COLA. We hope that there are only positive
18 modifications like baselining their COLA and are
19 there considerations for modifying terms of agreement
20 so I guess that's the question. Are you looking to
21 modify terms of the agreement?

22 DIRECTOR FLORES: Chair Won, the
23 excitement about the agreement that was announced
24 both by the Speaker and the Mayor and the sector is

2 the plan that we are working closely with OMB to
3 implement.

4 CHAIRPERSON WON: Okay. I'm going to move
5 on to the Comptroller's Report, or go back to the
6 Comptroller's Report on Late Contract Payments by
7 Agencies. On January 30, 2024, the Comptroller
8 published a report stating that two-thirds of
9 contracts were submitted late for registration and,
10 as you also testified or put on the record, that
11 there seems to be an apple-to-oranges comparison and
12 that there is disagreement on what is the data that
13 is being used so could you help us understand more?
14 The report disclosed that this is a worsening trend
15 from the Comptroller's office that late registrations
16 have increased from 52 percent in Fiscal Year 2021,
17 nearly 80 percent for the first half of Fiscal Year
18 '24. Delays in registration cause serious
19 ramifications for our non-profit human service
20 providers. What are some of the factors that led to
21 this nearly 80 percent of late contract registrations
22 for the first half of 2024? And if you believe that
23 there is disagreement in the data that's being used,
24 can you help us shed light on that as well so that we

2 can have a greater understanding holistically of
3 what's happening?

4 DIRECTOR FLORES: Sure. Thank you for that
5 question, Chair Won. As it relates to the findings in
6 the report for FY24, which was proposed as findings
7 for the first half of FY24, we did not find the data
8 or the contract information online to support the
9 backup for that so we can't specifically speak to how
10 they came to those numbers.

11 I will say that while they did have an
12 alarming tagline in that report, when we looked
13 further at additional charts within their own report,
14 we found even within their report, looking at, I
15 think it was Table 106, their data actually showed
16 from that table that it was over 50 percent of FY24
17 contracts were registered within the 30 days but, as
18 you know, as I mentioned earlier, according to our
19 data, we, again, submitted over 81 percent of those
20 contracts to the Comptroller before July 1st, and we
21 were well past 98 percent by the end of the summer
22 and, according to the PBB rules, the way that we look
23 at timeliness is within a 30-day period of submission
24 to the Comptroller assuming that the contract will be
25 registered and that payments can flow quickly. Again,

2 as I mentioned earlier, and we also have the ability,
3 once a contract is registered for 25 percent of
4 advance to be issued, and so that registration and
5 submission on time is important so happy, again, as I
6 said earlier, and look forward to digging into those
7 numbers where they're available in order to see where
8 the discrepancies are, but I think where the
9 discrepancy doesn't lay is that we are both
10 committed, both of our offices, into ensuring that
11 we're paying our non-profits on time.

12 CHAIRPERSON WON: With the numbers aside,
13 for the delay in payments, could you help us
14 understand what is causing the delay in payments just
15 as a fact? What is the delay?

16 DIRECTOR FLORES: Putting aside the
17 Comptroller report, which I don't believe necessarily
18 had findings on payments but on submissions and
19 registrations, we track, as you know, our cycle time
20 on payments of invoices, and we significantly are
21 under the 30 days of payments on submitted invoices.
22 We have been for quite some time, both in Accelerator
23 and in PASSPort. To date with the contracts that are
24 invoicable within PASSPort since the migration, we've
25 already paid out over 1.7 billion dollars on those

2 contracts, and the timeline from submission of an
3 invoice to payment is well below the 30 days of
4 payment in the PBB rules.

5 CHAIRPERSON WON: Okay.

6 DEPUTY CHIEF-OF-STAFF SULLIVAN: One more
7 thing to add too, I think when we hear about delays
8 in payments, one of the common trends we hear is that
9 it's on the Council discretionary awards, which are
10 retroactive by nature, they get allocated on the day
11 the contract term starts so that's where we think
12 we're in year one now, but we implemented the multi-
13 year discretionary reform, which is going to
14 substantially ease that pain starting next year for
15 no longer having to go through the entire procurement
16 process when you get those awards allocated through
17 Schedule C, it just goes straight into that contract
18 and you don't have to go through the entire process.
19 Again, that's a common pain point that we hear about,
20 and I think we see good progress ahead.

21 CHAIRPERSON WON: We are happy to have
22 partnered with you and the Comptroller's Office to
23 make discretionary funds multi-year, and I want to
24 make clear the emails that I'm getting from non-
25 profits that I follow up with you and Director Flores

2 on are not for discretionary funding for 10,000 from
3 the City Council, it's more like millions of dollars
4 with the Mayor's agencies so the delays and payments
5 that they're really, really banking on, especially
6 when they're about to close doors as non-profits, are
7 in the millions with City agencies like MOCJ or DYCD
8 or DFTA so we want to understand for each City
9 agency, from your bird's eye view, what do you think
10 is causing these delay in payments or is it just too
11 vast and a variety of multitude of reasons that it's
12 hard to prescribe as one issue for delay?

13 DIRECTOR FLORES: I think, Chair Won, the
14 procurement system overall, as we found it, as you
15 know, from day one, we were the first to admit is
16 broken, which is why we've been approaching reform in
17 a really holistic way because there are a multitude
18 of issues, but it's really about fixing the ecosystem
19 of our procurement system and changing legislation,
20 changing rules and regulations, updating and
21 continuing to iterate our technology tool in order to
22 have a more efficient process and also it's really
23 about people, right? Part of the process is not only
24 you build it and they will come, but what are you
25 providing to our sector to ensure that they know how

2 to navigate the process, which is why we have really
3 invested our commitment and intentionality in issuing
4 webinars, as I said, that we launched last year that
5 was extremely popular, and we continue to build
6 curriculum around those getting started webinars. As
7 you know, Chair Won, we're all about actually getting
8 out there where vendors are and answering those
9 questions, the hard questions, the easy questions,
10 and the ones that we have to follow up on, and then
11 iterating our response in terms of what tools we're
12 providing and so it is a holistic approach. It's not
13 just one thing. I will say it is 1,000 percent, as
14 you know, Chair Won, my personal mission that this is
15 going to be a better system overall when I'm done,
16 right, and when all of us are done, and so we
17 obviously want to ensure that there are less of those
18 high-priority calls where someone's stuck in their
19 owed money, but we also need to make sure that we're
20 doing that in a partnership and so we continue to
21 look forward to having dialogue around things that
22 may not be on our roadmap yet that we need to
23 continue to work on to make this a better process.

24 CHAIRPERSON WON: Okay, and MOCS in Your
25 Neighborhood was very successful, especially in my

2 District, there were hundreds of people there, so
3 thank you for hosting that, and I look forward to
4 continuing to support you and the City agencies to
5 get this done for human service providers.

6 My next question is on June 2023, a
7 performance management and transparency reporting
8 system or a dashboard called Contract Stat was
9 scheduled to be launched, and I understand that it
10 still has not been launched. What is the delay in the
11 initiation of the system, why hasn't it been
12 launched, and when do you see it scheduled to be
13 launched on time since we talked about the other
14 systems for PASSPort like Document Vault coming on in
15 the end of this Calendar Year so we would love to
16 know the schedule of when that will be coming online.

17 DIRECTOR FLORES: Thank you, Chair Won. As
18 I mentioned in my testimony, we actually have
19 launched Contract Stat. It is an important
20 performance tool. As you know, it was one of the
21 recommendations of the task force. The final
22 recommendations of the task force and plans forward
23 for implementation were approved by the steering
24 committee of that task force which included the
25 Comptroller's Office, and we have had two sessions

2 thus far with agency leadership, with Commissioners
3 and City Hall, and we're looking forward to, in the
4 near future, expanding availability to Contract Stat,
5 but it is in use as a performance management tool.
6 We're really excited about it, and we're already
7 looking to iterate and again working closely with our
8 partners at MONS and, hopefully in the near future,
9 expanding the audience for that as well.

10 CHAIRPERSON WON: Okay, I look forward to
11 having a tutorial or a demo of that tool now that
12 it's live.

13 For multi-year contracts going back, in
14 the summer of 2023, the Mayor's Office and the
15 Comptroller announced the new reform to discretionary
16 contracts. Instead of non-profits needing to register
17 a contract every year, the reform would allow non-
18 profits to begin multi-year contracts without needing
19 to complete the entire procurement annually. This new
20 process is supposed to make it easier for non-profits
21 to get paid and hopefully decrease the number of late
22 registrations. How has this transition been to the
23 new multi-year format and what issues or concerns
24 have risen during this transition?

2 DIRECTOR FLORES: Thank you, Chair Won. As
3 you know, when we were in discussions around
4 finalizing this initiative and announcement with
5 Council, we talked about, and I think you and other
6 Council Members raised concerns around communication,
7 right, so that was the one thing that we really
8 wanted to make sure that we were communicating
9 accurately and often, early and often to our
10 providers and to our agencies, which we have been
11 doing since we announced this great initiative of
12 multi-year discretionary contracts. Where we are now,
13 and as Deputy Chief of Staff Matt Sullivan mentioned,
14 we expect that the savings in time are going to be in
15 the outyears. Obviously, they're going to be
16 registered, as you know, as three-year contracts and,
17 if a potential provider is in fact awarded a City
18 Council discretionary contract in the outyears, they
19 will be able to tap into that multi-year contract so
20 we've already worked with our agencies to load over
21 1,700 of those contract shells in our PASSPort system
22 and are working closely with our agencies to move
23 through the process of registration for those initial
24 multi-year contracts as City Council contracts are
25 being cleared through that normal process so look

2 forward to coming back to giving you an update and,
3 as I said, I think we're in year one but in year two
4 and year three is where we anticipate seeing major
5 savings.

6 CHAIRPERSON WON: Have you heard any
7 feedback from the City agencies on this new process?

8 DIRECTOR FLORES: Yes, Chair Won. As I
9 mentioned, we really wanted to make sure that we were
10 communicating early and often so our agencies were
11 both excited when we first announced it, and we've
12 provided a multitude of training multiple times to
13 our agencies to ensure that they have all of the
14 tools they need to implement this correctly and
15 addressing any questions they may have had for us
16 after the initial announcement in our trainings and
17 iterating on those trainings, but everyone's excited
18 about it and, again, I think year one will be the
19 heavy lift, and then year two and three is where
20 we're going to see really great savings.

21 CHAIRPERSON WON: I love anything that
22 makes people feel excited about contracts so that's
23 great news.

24 DIRECTOR FLORES: Speaking my love
25 language, Chair Won.

2 CHAIRPERSON WON: So it's safe to say that
3 we expect this to expedite the registration and
4 reimbursement of the process.

5 DIRECTOR FLORES: Absolutely. As you may
6 recall, our estimates were hopefully in year two and
7 three that it would shave off at least six months to
8 the normal process because that contract would
9 already be in place and would just follow the normal
10 budget process. As Deputy Chief-of-Staff Matt
11 Sullivan mentioned earlier, since the allocations of
12 those particular awards and dollar amounts and to the
13 specific not-for-profits will still follow the
14 Council's process at the budget, beginning of the
15 budget year, but being able to have those contracts
16 in place ahead of time will be a game changer.

17 CHAIRPERSON WON: Thank you. For human
18 service contracts, we've heard from providers that it
19 can take them up to four years to register. Can you
20 help me understand why it's taking them up to four
21 years to register and why this is happening and what
22 we're doing to address it?

23 DIRECTOR FLORES: Chair Won, is that a
24 specific procurement method? Four years is nothing I
25 ever heard. That's definitely an outlier and would be

2 happy to get that contract information from you and
3 your staff afterwards.

4 CHAIRPERSON WON: Okay, we will follow up.
5 We're going to investigate where that question comes
6 from.

7 Okay. I think my baby and I are ready to
8 go home.

9 Thank you so much for your diligence and
10 for asking us these questions. We're going to close
11 out this portion of the hearing and we're going to
12 move into testimony. Thank you so much.

13 DIRECTOR FLORES: Thank you and
14 congratulations again.

15 CHAIRPERSON WON: And we'll follow up with
16 any other questions. Thank you.

17 We're going to take a short five-minute
18 break.

19 COMMITTEE COUNSEL PAULENOFF: We'll now
20 open the hearing to public testimony.

21 We'll remind members of the public that
22 this is a formal government proceeding and that the
23 quorum shall be observed at all times. As such,
24 members of the public must remain silent at all
25 times.

2 The witness table is reserved for people
3 who wish to testify. No video recording or
4 photography is allowed from the witness table.
5 Further, members of the public may not present audio
6 or video recordings as testimony but may submit
7 transcripts of such recordings to the Sergeant-at-
8 Arms for inclusion in the hearing record.

9 If you wish to speak today, please fill
10 out an appearance card with Sergeant-at-Arms and wait
11 to be recognized. When recognized, you'll have two
12 minutes to speak on today's hearing topic, the
13 Mayor's Office of Contract Services Preliminary
14 Budget for Fiscal Year 2025.

15 If you have a written statement or
16 additional written testimony that you wish to submit
17 for the record, please provide a copy of that
18 testimony to the Sergeant-at-Arms.

19 You may also email written testimony to
20 testimony@council.nyc.gov within 72 hours of this
21 hearing. Audio and video recordings will not be
22 accepted.

23 I'll now call the first panel. Michelle
24 Jackson, Juan Falcone, Ariane Cruz, Keriann Pauls,
25 and Sarah Batchu. Please come to the dais.

2 You can start when ready.

3 MICHELLE JACKSON: Good afternoon. Okay,
4 good. I did the mic on, that's first step. Good
5 afternoon, Chair Won. Thank you so much for having me
6 today. I'm Michelle Jackson, the Executive Director
7 of the Human Services Council, and I get to testify
8 with good news which is a really nice change of pace
9 for how I typically show up. We're really, really
10 grateful to the Administration and to the Council,
11 especially Chair Won, Council Member Brewer, Althea
12 Stevens, and others from this Committee in particular
13 who've really pushed for a cost-of-living adjustment
14 and to recognize the important work of human services
15 workers. The multi-year investment for the cost-of-
16 living adjustment will increase salaries for human
17 services workers doing some of the most essential
18 work in our communities, 9 percent over the next
19 three years and, on top of the workforce enhancement
20 funding, is really one of the biggest investments in
21 the human services workforce so we're really grateful
22 to come to this budget season with good news and to
23 just really want to thank the Council and the
24 Administration for their leadership and really

2 reversing decades of divestment in human services and
3 in human services workers.

4 But how long will they have to wait for
5 this money and the impact on contracts on a daily
6 basis around lateness is certainly a continuing
7 concern. We really appreciate Director Flores and her
8 team. They are really responsive as the MOCS team.
9 Lisa has been an essential partner in the non-profit
10 sector, in advancing PASSPort, in clearing the
11 backlog so we really have the right leadership, but
12 we still worry, and there's still perpetual
13 contracting issues, as the Chair has really pointed
14 out. Particularly, the Joint Task Force to Get Non-
15 Profits Paid on Time took a great effort in creating
16 substantial reforms and really clearing the backlog.
17 Unfortunately, that backlog has begun again,
18 according to the Comptroller's annual summary,
19 contract reports for FY23, over 72 percent of human
20 services contracts were registered late. For too
21 long, non-profits (INAUDIBLE) to the divestment. This
22 isn't one administration. They inherited a backlog of
23 6 billion dollars that they had to clear up, and it's
24 something that we really still see perpetuating. In
25 addition, the indirect cost rate, the workforce

2 enhancement money has been slow to go out, and so
3 while we really take a moment to celebrate the
4 victory of the cost-of-living adjustment, we still
5 want to make sure that workers are going to rely on
6 that money as of July 1 and, if providers don't have
7 that money in their bank accounts, it's going to be
8 hard for them to pass that on on July 1st so we
9 really appreciate your attention to this issue and
10 again for championing human services organizations
11 and workers. Thank you so much.

12 CHIEF CHANGE OFFICER MARKLAND: Thank you
13 so much, Michelle. I just have a few questions. We
14 just asked on the record to Director Flores on
15 details on how this is going to be implemented or
16 administered, and we got no answers. From your
17 conversations with the City, are you getting any
18 clarification on how we're going to implement this
19 July 1? As you said, how important it is?

20 MICHELLE JACKSON: Yeah, so I'm meeting
21 with OMB next week, and we certainly have a series of
22 questions from our members as you can imagine. I'm
23 sure your office is already getting similar
24 questions. Our understanding of a COLA, there's been
25 multiple COLAs throughout the course of my time at

2 HSC and before, is COLAs are typically baselined. We
3 were told that this will function as a typical cost-
4 of-living adjustment, which means that providers can
5 rely on the 3 percent each year, that it compounds,
6 which means that it is baselined, and I am making
7 assumptions here myself so just put that out there,
8 but it's a traditional cost-of-living adjustment, and
9 unless they vary wildly from their predecessors when
10 they've done them, it will be baselined into
11 contracts and we'll have some outliers in terms of
12 what if you enter into a new contract in year two of
13 the COLA, and those are questions that we're looking
14 to get answered but, from the conversations I've had,
15 OMB and MOCS is really open to facilitating this
16 conversation and making sure we get those questions
17 answered.

18 CHAIRPERSON WON: From what we just
19 discussed now with the new multi-year contracts, has
20 there been open discussion on how that's going to be
21 impacted for multi-year contracts that exist with the
22 new COLA?

23 MICHELLE JACKSON: Multi-year contracts
24 have always existed in the competitive RFP
25 procurements, and so any contracts that are currently

2 in the renewal process or are contracted with should
3 be impacted by the COLA. What we've heard from OMB is
4 that it's every contract that got also the workforce
5 enhancement funding so our hope at Human Services
6 Council is to give an FAQ to both the Council and to
7 our members about who is covered and how long and
8 then we'll get some of those answers around,
9 discretionary is not included. Those contracts have
10 never been included in a cost-of-living adjustment,
11 but it really will, this COLA will cover the large
12 swath of human service competitive contracts with the
13 city.

14 CHAIRPERSON WON: Okay. Any way that we
15 can support while you are figuring out how to
16 implement now that the negotiation is done, please
17 let us know and you have all of us that have your
18 back.

19 MICHELLE JACKSON: Absolutely. I really
20 appreciate that. Thank you.

21 CHAIRPERSON WON: Okay. Next testimony,
22 please.

23 ARIANE CRUZ: Good afternoon, Chair Won
24 and esteemed Members of the Committee on Contracts.
25 My name is Ariane Cruz. I'm Manager of Public Policy

2 and Collaboration at Philanthropy New York, also
3 known as PNY. We are submitting testimony to strongly
4 support the streamlining of New York City's non-
5 profit contracting process. We applaud the City
6 Council's leadership in securing the recent COLA
7 increase for human service workers after years of
8 advocacy by my colleagues in the room and of Michelle
9 at Human Services Council. However, PNY believes that
10 further progress can be made by simplifying and
11 reducing unnecessary bureaucratic burdens imposed by
12 city agencies on non-profit organizations. PNY
13 represents grant-makers investing nearly 7 billion
14 dollars in New York City. We believe smoother
15 contracting process as outlined in the Center for
16 Urban Futures 2023 report would ensure efficient use
17 of vital government and philanthropic funds for
18 critical services. Delayed payments and stalled
19 contracts are devastating for non-profits. As you
20 will hear today and have heard, many have been forced
21 to lay off staff, cut services, or even close their
22 doors. This creates a crucial gap in essential
23 services, especially during challenging times. PNY
24 actively works to champion a stronger non-profit
25 sector. We believe timely contracting registration

2 and payments are vital to this. Late payments force
3 philanthropy to act as a backstop, hindering
4 investments in strengthening and innovating services.
5 PNY urges the Committee to prioritize recommendations
6 for a more efficient and equitable contracting
7 process to get non-profits paid in full and on time.
8 This will empower non-profits to focus on their core
9 mission, serving all New Yorkers. Thank you for your
10 time and consideration.

11 JUAN T. FALCONE: Hi there. J.T. Falcone,
12 United Neighborhood Houses. Thank you, Chair Wan, for
13 coming in today with a 4-week-old. Really appreciate
14 your presence here.

15 I have to start, feels a little different
16 sitting here this year, Michelle. We're still on the
17 heels of a very exciting early announcement this week
18 for the COLA, and it couldn't have happened without
19 HSE's leadership, without the Council fully embracing
20 this and really working to fight to make sure that
21 human service workers get a COLA. At United
22 Neighborhood Houses, we're tremendously excited about
23 this development, and, also, we know that it's coming
24 after way too many years. In the true spirit of
25 advocates, we're thinking about what comes next and

2 how we keep fighting together. We'll get there. Right
3 now, congratulations. This is really exciting. It's
4 an exciting budget. Chair Won, I wanted to pull
5 towards PASSPort, the transition you asked a couple
6 of really good questions earlier. I think your head's
7 in the right spot, and we wanted to highlight in
8 making sure that MOCS has the resources they need to
9 run that through. There have been a number of issues
10 that come up. I think, Michelle, you noted that as
11 the issues come up, MOCS is responsive, but it
12 doesn't seem that they always have the resources that
13 they need to address the issues as quickly as
14 possible because, when you're dealing with tech, it's
15 not necessarily someone in-house that's solving the
16 problem so just making sure that MOCS has those
17 resources that they're asking for in the budget.
18 That's the big thing around the budget this year
19 outside of the big win.

20 CHAIRPERSON WON: Thank you so much. If
21 you have specific questions technical issues that you
22 want addressed or some sort of processing issue that
23 you see in PASSPort that you've already requested be
24 changed and you're not seeing that or you don't see
25 it in future implementations, please let my office

2 know and I'll follow up directly and we'll make sure
3 that those changes are made.

4 JUAN T. FALCONE: Yeah, we definitely
5 will. I think usually what happens is MOCS is very
6 quick to respond and say, hey we see this, hey we're
7 on top of it, and then it's not always that the issue
8 can be solved right away, and we know that MOCS is
9 working on it, but happy to flag for your office if
10 it's helpful.

11 CHAIRPERSON WON: Yeah, because at least
12 if you let us know as well, because they're not
13 really sharing like, hey, these are what the non-
14 profits are upset about with us. They're not telling
15 us that, but at least if you're telling both of us or
16 CCing me in these emails and my team, my Committee
17 Staff, then we can keep track of it and we can
18 continue to ask on the record in future hearings and
19 say, hey, four hearings ago in this quarter, you told
20 us X, Y, Z, we're still not seeing this implemented,
21 what is happening, and at least we can continue to
22 pressure them publicly to make sure that those
23 changes are made timely in a timely manner. Thank
24 you.

25 JUAN T. FALCONE: Thanks.

2 KERIANN PAULS: Hi. Good afternoon. My
3 name is Keriann Pauls, and I'm the Director of
4 Coalitions and Resource Management at TakeRoot
5 Justice, and thank you so much for your oversight,
6 Chair Won, and congratulations, again, on having a
7 new baby. TakeRoot is an organization that helps
8 coordinate several citywide coalitions that receive
9 City contracts, such as Stabilizing NYC, that is a
10 discretionary contract, the LEAP Coalition's work
11 under the Anti-Harassment Tenant Protection Program,
12 and the CILAC's work for the IOI contract, and so we
13 have a front row seat in the ongoing contracting
14 problems, both discretionary and baseline. We were
15 here last year and testified about all the
16 contracting issues, and we do appreciate some of the
17 movement and changes that MOCS and other contracting
18 agencies are trying to make and yet, I want to say
19 today, we are in the same position as we were last
20 year when we were here, For the Stabilizing NYC
21 Coalition, our Fiscal Year '23 contracts for the full
22 coalition have still not been registered with HPD and
23 thus, obviously, our Fiscal Year '24 contracts are
24 also not registered so when you heard MOCS say we are
25 moving things on time we don't even have this Fiscal

2 Year's contracts moving on time, and you know what
3 that means for us, the constant cash flow issues,
4 having to take out expensive loans, not knowing if we
5 are able to make payroll so yeah, the seriousness of
6 this oversight. We really appreciate you looking into
7 this. Also, around the returnable grants funds and
8 streamlining those, several of our organizations have
9 applied for them, and they aren't immediate
10 lifesavers. They take several months to be processed,
11 and some of them are still pending and so really
12 would love a push on having those actually be
13 streamlined and not in just a performative way. I
14 want to talk a little bit about that COLA increase,
15 which is so exciting to hear, but we're hugely
16 concerned about this being pushed through the
17 Workforce Enhancement Initiative because our
18 experience with those increases were that
19 subcontracting programmatic services could not
20 receive any of those increases. Thus, the COLA
21 increase only made it to the lead agencies and
22 barring all the programmatic staff doing the same
23 work as the lead agencies, not receiving any of that
24 personal services raises so just a recommendation and
25 others will submit in written testimony, really

2 appreciate it, but just a huge concern and push that
3 these COLA increases be implemented in a very
4 different way. Thank you so much.

5 CHAIRPERSON WON: Hey, duly noted.

6 SARAH BATCHU: Good afternoon, Chair. One.
7 My name is Sarah Batchu, and I'm the Director of
8 Programs at Fifth Avenue Committee. We're a 46-year-
9 old non-profit, comprehensive community development
10 corporation based in South Brooklyn, whose mission is
11 to advance economic, social, and racial justice in
12 New York City. I'm testifying on behalf of Fifth
13 Avenue Committee as well as our affiliate
14 organization, Neighbors Helping Neighbors. Just to
15 give a little context, FAC and NHN have a combined
16 annual budget of nearly 12 million dollars, and we
17 rely on City funding from many agencies to do our
18 transformational services, which include adult
19 education, financial counseling, entitlements access,
20 benefits access, organizing and advocacy, tenant
21 eviction prevention services, and housing counseling.
22 I want to echo a lot of what my colleagues on the
23 panel have said today, but I also want to provide you
24 with a few specific numbers from the standpoint of a
25 CBO organization like us. FAC and NHN are in the

2 majority of stabilizing NYC contractors who have
3 unregistered contracts for FY24 and FY23, as Keriann
4 said. We have not been able to draw down the 640,000
5 dollars in contracts we were awarded for critical
6 work we have already completed to keep rent-
7 stabilized tenants in their homes. Furthermore, NHH
8 and FAC are contractors on other unregistered
9 contracts for FY23 and FY24 with HPD, including
10 community housing preservation services, foreclosure
11 prevention programs, and a greener NYC. Collectively,
12 we have over 1.1 million dollars in unregistered
13 contracts sitting with HPD in the final review stage.
14 Unfortunately, these delays are systemic and they
15 extend beyond HPD. Currently, we have multiple DYCD
16 contracts across FY23 and FY24 that remain
17 unregistered. These contracts total nearly 620,000
18 dollars. Retirement of DYCD staff and delays in
19 replacing them as well as the transition from HHS
20 Accelerator to PASSPort are factors contributing to
21 these lengthy delays. While we appreciate the
22 bundling of discretionary contracts that's now
23 happening, it's also creating potentially some delays
24 that slow down contract registrations. I just want to
25 emphasize that we have never waited this long to

2 register contracts. Waiting until the next Fiscal
3 Year is a significant hardship for us. FAC is now
4 borrowing over 700,000 dollars from our line of
5 credit at 8 percent interest. That's very
6 unsustainable. We urge the City to immediately
7 register these contracts. Furthermore, the City is
8 effectively borrowing money from community based non-
9 profit organizations at 0 percent interest with no
10 incentives to register contracts quickly. Non-profits
11 cannot be a bank to the City of New York. We urge the
12 Council to create deadlines for steps in the process
13 and to consider implementing interest payments, which
14 is what the State is doing currently. Thank you so
15 much for the opportunity to share this testimony and
16 congratulations to your new addition to your family.

17 CHAIRPERSON WON: Thank you so much for
18 testifying. It's just so confusing to me when I ask
19 the questions of what's causing the delays in
20 registration or in payment and then they're like what
21 do you mean, four years, that's impossible then I
22 just feel gaslit so I think we have to figure out
23 what's happening. That's clearly what is happening on
24 the ground, but it's being minimized or denied by the
25 Administration and the Agency so I think we just have

2 to and more digging and have more conversations
3 offline and in-person because right now I have a
4 number of non-profits that come to us regularly
5 saying like our registration is delayed or our
6 payments are delayed, and then we, as I said during
7 the hearing, I bring it back to Lisa and her team to
8 have those resolved, but I know that there's so much
9 more than the ones that are in my purview, and the
10 more, I think, people just email it to us and we can
11 start to collect the data because clearly there's
12 either a denial or there is some sort of gap where
13 maybe for certain agencies, MOCS may not see the
14 delay themselves and then they have this weird ping
15 pong going on with the Comptroller's Office about
16 apples and oranges, comparisons, etc., and they get
17 more defensive with the reports from the
18 Comptroller's Office than trying to have constructive
19 feedback and trying to make amendments and reforms to
20 how we work so I think we just have to work together
21 more to collect this information and confront it head
22 on so if you could feel free to email us and CC us on
23 anything that you follow up with MOCS, I think it'll
24 help us in the long run.

25 SARAH BATCHU: Thank you.

2 CHAIRPERSON WON: Yeah. Thank you so much
3 for your testimony.

4 COMMITTEE COUNSEL PAULENOFF: I'll now
5 call up the next panel. Lauren Siciliano, Wesley
6 Caines, Lisa Rivera, Greg Klemm, apologies if I
7 mispronounced that one, and then David Ruan, again,
8 apologies if I mispronounced that one.

9 Feel free to begin when ready.

10 LAUREN SICILIANO: Okay, great. Good
11 afternoon. My name is Lauren Siciliano. I'm the Chief
12 Operating Officer at the Legal Aid Society. It's a
13 pleasure to be here with you today. We were also here
14 last year and appreciate your continued advocacy on
15 these issues. I'm here along with my co-panelists
16 today to speak to you about issues that the criminal,
17 civil, and family legal service providers in New York
18 City are facing. We are a lifeline for New Yorkers in
19 need. Collectively, we provide constitutionally and
20 legally mandated representation to hundreds of
21 thousands of New Yorkers each year. We defend people
22 against incarceration, deportation, eviction, and
23 family separation, and we connect people to life-
24 saving benefits. The services we provide are
25 supported by City initiatives and funding. Without

2 these funds, we cannot do our work. We are grateful
3 to the City and the Council for their ongoing
4 commitment to our work and for the recently announced
5 3 percent COLAs. We are proud providers of many of
6 New York City's hallmark initiatives and programming,
7 like Right to Council in Housing Court, the New York
8 Immigrant Family Unity Project, and Interdisciplinary
9 Criminal and Parental Representation. Despite these
10 investments, legal services providers have reached a
11 tipping point, and our programs and operations are in
12 jeopardy. Simply put, the City system of funding and
13 contracting with non-profit providers is broken, but
14 it can be fixed. This is so critically important, as
15 we know you know, because without a registered
16 contract or extension, or an effective payment
17 process, the City is not able to pay providers for
18 the work we complete, revenue that we rely on to meet
19 payroll and pay for healthcare, rent, and other
20 essential needs and, when we can't receive payment
21 from the City, we continue to pay our staff and
22 provide services even though we can't access the
23 funds. Providers like us start at an extraordinary
24 disadvantage. While City agencies receive additional
25 funding for collective bargaining increases,

2 healthcare cost increases, and rent increases,
3 providers like us do not. This means that when
4 baseline contracts remain flat, our funding is
5 effectively cut and then, when payments are delayed
6 and we therefore can't spend all the funds in a
7 single year because we don't know how much we will
8 receive or we can't front the money, the City keeps
9 whatever we don't spend, effectively cutting our
10 funding even further. I will now pass it to my
11 colleagues to discuss these critical issues in more
12 detail.

13 DAVID RUAN: Hi, my name is David Ruin. I
14 am the CFO of Brooklyn Legal Services Corporation A.
15 The contracting crisis begins with the City's Request
16 for Proposals process, or RFP. Despite having ample
17 time of notice of when a contract term is set to
18 expire, the City routinely fails to issue RFPs in a
19 timely manner. Without knowing whether our contracts
20 will be renewed, for how long, for how much, and for
21 what services, it is nearly impossible to function.
22 While the City can and does extend existing contracts
23 through the Negotiated Acquisition Extension process,
24 or NAE, these extensions only last for a maximum of
25 one year and do little to mitigate the problem.

2 Furthermore, the City often delays the issuance of
3 even the NAE, adding to the instability felt by
4 providers approaching a potential loss of funding and
5 staffing as a result. Even once an award has been
6 made, it can take months to get the new contract or
7 amendment issued and registered. This creates a gap
8 in funding that we are forced to try to fill using
9 other limited dollars or high-interest loans so that
10 we can make payroll. When the City forces us to front
11 costs before a contract is registered, the provider
12 makes what is in effect an interest free loan to the
13 City. If and when we can't fill that gap, these
14 delays amount to, in effect, a covert cut in funding
15 as providers must leave money on the table because
16 they cannot front funding in anticipation of City
17 disbursements. For example, for contracts that expire
18 on June 30, 2024, the RFP for continued funding for
19 these programs were due December 1, 2023, yet the new
20 contracts have not been negotiated. The terms of
21 these contracts have historically undergone a long
22 negotiation process, with last year's NAE alone
23 taking over three months. To complete to ensure
24 timely registration and payment for contracts at this
25 late stage, the City must work with providers to

2 enter into contract extensions for Fiscal Year '25
3 now and complete before the end of June. We ask for
4 your support for the immediate implementation and
5 registration of extensions for any expiring contracts
6 that are not executed for Fiscal Year '25 so that
7 providers can be paid for work they complete
8 beginning July 1st.

9 LISA RIVERA: Good afternoon. My name is
10 Lisa Rivera, and I'm the President and CEO of the New
11 York Legal Assistance Group, otherwise known as
12 NYLAG. To follow my colleagues' testimonies about
13 chronic underfunding of legal services and obstacles
14 that we face and what funding actually exists, I'm
15 going to speak about the issues that remain in the
16 contract amendment process and how they impact our
17 organizations. First, even though Fiscal Year '23
18 ended on June 30th, many providers either didn't
19 receive confirmation of their indirect cost rate
20 amendment funding until late last year or they have
21 yet to receive any information at all. ICR was a
22 major City initiative that we applaud, and it
23 provides critical funding to cover our administrative
24 costs and keep our organizations running. Delayed
25 confirmation process really poses real obstacles for

2 organizations in planning, operational capacity, and
3 our effective running of our organizations. Second,
4 similar challenges also occur when any additional
5 funding is announced late in the year. For example,
6 while we were really pleased about the Workforce
7 Enhancement Initiative expansion for Fiscal Year '24,
8 we didn't receive notice of the expansion until
9 February, eight months after the start of the Fiscal
10 Year. Moreover, some providers still haven't received
11 confirmation of the amount of WEI funding that they
12 will receive on their contracts, therefore
13 undermining the very purpose of this initiative and
14 for us to infuse dollars into our budgets to help
15 staff salaries. Without any notice of which contracts
16 will receive this enhancement, the specific amounts,
17 payment timelines, it's nearly impossible for us as
18 providers to effectively use this funding, if at all,
19 and it's worth mentioning, as you know, that the City
20 will keep what we don't spend and, as my colleague
21 said, that is an effective cut to our budgets. We
22 also included in our written testimony more examples
23 of the restrictions and obstacles that we face during
24 the contract amendment process, but suffice to say
25 that there is a lack of clarity combined with

2 consistent delays that make it extremely difficult
3 for providers to take advantage of funding in our
4 contracts when it exists and, ultimately, what
5 happens is that our dedicated staff and the
6 communities that we serve pay the price. Thank you,
7 and we look forward to answering any questions.

8 GREG KLEMM: Hi, good afternoon. My name
9 is Greg Klemm. I am the Chief Financial Officer at
10 Legal Services NYC, otherwise known as LSNYC. I'd
11 like to talk to you about the invoicing and payment
12 challenges we have been having as well as the
13 migration to PASSPort. Final registration of our
14 contracts, which are often, as you heard, months and
15 even years after the work has already been completed,
16 does unfortunately not end the difficulties with
17 receipt of payment. Indeed, it merely sets the stage
18 for the next layer of challenges. This involves
19 detailed line-item reviews of invoices that we submit
20 that require pages of information and record keeping
21 to meet detailed and often shifting requirements by
22 the agencies. Once registered, budget modifications
23 can often then take weeks or months to receive
24 approval as costs and needs understandably shift
25 throughout the course of the year. In addition,

2 related to PASSPort, providers have had even greater
3 challenges receiving payment due to the City system
4 change from HH Accelerator to PASSPort. For weeks to
5 months, many providers could not submit invoices or
6 receive payment for the services that were delivered.
7 This has created enormous cash flow issues, putting
8 in jeopardy our ability to pay our staff who actually
9 deliver services on the ground. This has required
10 extended borrowing on lines of credit and payment of
11 related interest costs and, at some organizations,
12 LSNYC in particular, the organization that I
13 represent, obtaining advances from our other funders
14 so that we can meet the obligations on City contracts
15 and address cash flow challenges. Moreover, there was
16 little to no communication to us from MOCS as to when
17 the invoicing issues were going to be addressed,
18 which created further confusion and financial strain.
19 There have been now changes to address many of these
20 challenges, which included additional advances on our
21 contracts, and we grateful for those changes, but
22 there are unfortunately still some contracts that are
23 not yet open for invoice submission, and so we are
24 seeking some clear timelines on when those fixes will
25 be addressed. Thank you.

2 WESLEY CAINES: Thank you. Good afternoon.

3 My name is Wesley Caines, and I am the Interim

4 Executive Director at the Bronx Defenders, and I will

5 be sharing some of the recommendations that myself

6 and colleagues here are making to this Committee.

7 While this Administration has committed to making

8 substantial reforms to support non-profits like us

9 that provide essential services to millions of New

10 Yorkers each year, these contracting issues directly

11 undermine that effort by preventing timely payments

12 to non-profits for services delivered and threaten

13 the ability of non-profits to continue providing

14 these critical services. We, therefore, submit the

15 following recommendations. Before I name some of

16 these recommendations, it's important to also share

17 that this hearing is happening with the backdrop of

18 the State budget process playing out, and the

19 Governor has proposed to raid several funds which

20 supports directly public defense. The Council must

21 lead on this issue and refuse to allow its own

22 contracting system to get in the way of its

23 constitutional obligations and further disconnect and

24 marginalize New Yorkers from our life-saving

25 services. We recommend an immediate extension of all

2 expiring contracts. We simply cannot wait to execute
3 the new Fiscal Year '25 contracts if we are to meet
4 our Fiscal obligations this year. We also ask that
5 there be an increase to the advancement at the
6 beginning of the Fiscal Year from 25 percent to 50
7 percent. Moving forward, we ask that you create
8 longer-contract terms for baseline contracts and
9 implement several accountability and transparency
10 measures like dashboards with detailed information so
11 organizations can see exactly where they are in the
12 process and clear timeframes for each step in the
13 process. Finally, the City must cover the interest
14 incurred on the loan and lines of credit that these
15 non-profits undertake. At a minimum, allow us to
16 invoice the City for those expenses as part of these
17 contracts. We have further recommendations in our
18 written submissions and happy to take any questions.
19 Thank you.

20 CHAIRPERSON WON: Thank you so much. I am
21 so grateful that you come and testify almost every
22 single year. I think it's more than once a year when
23 you come, and I'm so grateful because for the legal
24 service providers, I see you guys as like Avengers of
25 the City, like superheroes, where you're really

2 helping a lot of folks in really dark situations, and
3 I, personally, am so grateful, and I know we just
4 worked with Legal Aid Society when my District had a
5 really bad fire for 450 tenants were displaced, and
6 you came with one phone call that within a few hours
7 and you stayed with us all night at the Red Cross
8 site to make sure that people knew what their legal
9 rights were, and I know we've partnered with NYLAG
10 many times where you've come to my District with your
11 truck, and I know that with all the providers, you
12 are doing really amazing work and I am sorry for
13 everything that you are dealing with and it is not
14 okay.

15 We have a few questions so we're
16 definitely going to take all your recommendations and
17 we're going to submit them as legislative intros to
18 see if we can work things that way, and we'll also
19 start having conversations or revisit conversations
20 that we've already had to make sure that we're
21 following up on your concerns and your pain points.
22 For one of the testimonies that we just heard earlier
23 for the COLA, there was concern about it being part
24 of the Workforce Enhancement Initiative. Do you feel
25 the same way about the COLA being part of the

2 Workforce Enhancement Initiative for the way that
3 it's going to be implemented?

4 LAUREN SICILIANO: I'll start and
5 encourage my colleagues to add as well. I think it
6 depends on what the rules are. What we would seek is
7 that the funding, one, be clear and, two, be as
8 flexible as possible. Whether it's through the
9 Workforce Enhancement Initiative or through the COLA
10 Initiative, it's important that we have the
11 flexibility to use the funding for staff salaries,
12 that it cover as many contracts as it can, and that
13 it be administered as flexibly and clearly as
14 possible. Beyond that, I'm sort of agnostic but I
15 encourage others to add.

16 LISA RIVERA: The one thing that I would
17 add that I agree with what Lauren just shared is the
18 Workforce Enhancement Initiative would have had great
19 impact in all of our organizations had it been
20 included in our budgets in June, July, August, or
21 even September. February is when we received notice,
22 and now we are forced to submit budgets for very
23 restrictive rules about what WEI can be used for, and
24 it is against of what it's whole purpose was for, was
25 to enhance salaries. I can't enhance the salary eight

2 months into the Fiscal Year. It doesn't allow me that
3 flex, and so we need flexibility for it to be other
4 than that at this point and juncture but, if it's in
5 the beginning of the Fiscal Year, we can plan and we
6 can really raise salaries and really think this
7 through for the betterment of all our organizations
8 and our budgeting, but it doesn't allow us to
9 actually appropriately budget for operational
10 capacity or salaries if we don't know what it is, how
11 it can be used, or when we will actually be given
12 word to the actual amount that it will be, which
13 there has not been a lot of clarity about that
14 either. The other thing that I would add is that not
15 all contracts that we receive from the City, even
16 discretionary, we know that discretionary was not
17 included in this, but even other baselined contracts
18 are not included in this initiative too, and so when
19 it's on some and not others, it really doesn't have
20 the far-reaching impact that we were all hoping for.

21 CHAIRPERSON WON: Okay. Thank you so much
22 for your testimony and then we'll follow up if we
23 have any further questions.

24 COMMITTEE COUNSEL PAULENOFF: I'll now
25 call the next panel, Nicole McVinua, Lauren Schuster,

2 Dan Lehman, Kristin Miller, (INAUDIBLE), I apologize,
3 and then Janelle Farris.

4 Please come to the dais if your name has
5 been called.

6 Also, if you wish to testify today and
7 you have not heard your name in person, please fill
8 out one of these slips and hand it to the Sergeant.

9 Feel free to begin when ready.

10 KRISTIN MILLER: Okay, great. That baby is
11 as upset as we are. Say it. Hi, I'm Kristin Miller.
12 I'm the Executive Director of Homeless Services
13 United. We're a member organization of non-profits
14 who provide homeless shelter and other services in
15 New York City. What you've been hearing today, we
16 echo, we are feeling. I think the question that you
17 ask is very valid. If the City is reporting that
18 they're registering contracts on time or that is
19 improved, which we agree with, then what is the
20 problem? If contracts are being registered sooner,
21 why are members not getting paid? Why are
22 organizations not getting paid? What we see is that
23 we, as you know, have a very arduous, complex
24 contract and budgeting process. What we see every
25 day, what we hear from our members, is that there's a

2 breakdown of the multiple steps of the process. The
3 first step is getting it registered. Most of it is
4 still being registered late, right? Then, once your
5 contract is registered, then you need to put in a
6 budget amendment, because months later, your budget
7 has changed. Perhaps there was a PEG, like we had in
8 September. That has to be reflected in the budget.
9 That has to go through an approval process at the
10 agency, right? When the budget is finally cleared,
11 then you have to put in your back invoices, right,
12 and there's been limits and restrictions on how many
13 we can put in, how frequently, etc., then, within
14 DHS, we have an additional layer of the Form 65As,
15 which is an approval form for getting subcontractors,
16 vendors approved. When we last heard in November,
17 there was a 400 to 500 Form 65As backlog at DSS.
18 Lastly, we have to get our payments EFT'd to us,
19 right, so we're seeing that EFTs are hanging out
20 there for a while. This infects staffing, it affects
21 cashflow. I appreciated someone saying that they were
22 owed 600,000. My members are owed 700 to 31 million
23 dollars. They are paying 20,000, 40,000 a month in
24 interest alone. One paid 1 million dollars last year
25 in interest, for which there's no payback, right?

2 Then PASSPort has only, accelerated, ha-ha, pun
3 intended, on all of these issues. What do we need? We
4 need to eliminate the backlog by the end of this
5 Fiscal Year. We cannot continue into Fiscal Year '25
6 like this. We need improvements in the process so
7 that we don't continually have a backlog. Lastly
8 people have talked about contracts actually paying
9 for the cost of doing business, which it does not. I
10 have to be very clear that my members are telling me
11 that they are walking away from doing business with
12 Department of Homeless Services. Experienced
13 providers cannot afford to do business with the City
14 of New York because it doesn't pay on time and it
15 doesn't pay enough so we ask the Council to continue
16 to support this. The Just Pay COLA was an immense
17 win, thank you, thank you. Our members still though,
18 don't have Fiscal Year '22, '23, '24 Workforce
19 Enhancement monies in their budgets so it's still not
20 in people's paychecks, right? Part of the process has
21 started, but it's not finished. This is what we need
22 your help with, so thank you very much.

23 CHAIRPERSON WON: So for the prior year
24 enhancements, you never actually got paid for them,
25 is what you're saying?

2 KRISTIN MILLER: It's inconsistent. Some
3 of my members do have their Workforce Enhancement
4 money in their budgets, but many, many do not, and
5 that means it's allocated to them, but the budget
6 hasn't been approved, right, the budget amendment
7 hasn't been approved, so they are not able to pass it
8 on to their staff.

9 CHAIRPERSON WON: So the approval that
10 they're waiting for is not from the Council, though,
11 it's from OMB? Who's that approval from?

12 KRISTIN MILLER: DHS, from the government.

13 CHAIRPERSON WON: From the agency itself.

14 KRISTIN MILLER: Exactly. That's where
15 we're seeing a tremendous backlog, and I will say
16 that the shelter system has doubled in the last two
17 years, but DHS/DSS staff has decreased about 18
18 percent. There's nobody at the ranch to process this
19 stuff.

20 CHAIRPERSON WON: Yeah, okay. Do you have
21 faith that for the most recent COLA that you're going
22 to be able to implement in July 1st?

23 KRISTIN MILLER: No, we've been asking DSS
24 to start the Fiscal Year '25 process, and we haven't
25 gotten any direction yet.

2 CHAIRPERSON WON: Okay, who are you
3 working with on the Council side to help you navigate
4 this approval process?

5 KRISTIN MILLER: We've been talking to the
6 General Welfare Committee, the Speaker's Office,
7 happy to work with you as well.

8 CHAIRPERSON WON: Okay, yes, please feel
9 free to reach out to my office, and then we'll tag
10 team with Diana Ayala and the Speaker and myself to
11 make sure that Molly Park is at the table and giving
12 you clear answers and that we're moving forward with
13 this process as well as backdating for the previous
14 years that still have not moved. We're so sorry.
15 Thank you for all the work that you're doing.

16 KRISTIN MILLER: You'll hear more from my
17 members, and the last thing I'll say is that we too
18 see lots of people trying to close out Fiscal Year
19 '21 issues with Fiscal Year '22 so I think we've been
20 focusing on the very front first step, but there's a
21 whole lot more that we need help with that really
22 impacts our cash flow and the ability to do business
23 so I'll turn it to my colleagues.

24 DAN LEHMAN: Thank you. Good afternoon,
25 I'm Dan Lehman, President and CEO of HELP USA. HELP

2 runs homeless shelters, homelessness prevention
3 programs, and supportive housing services via
4 contracts with the Department for Homeless Services,
5 the Human Resources Administration, and the
6 Department for Health and Mental Hygiene. Prior to
7 joining help, I spent 15 years in City government at
8 OMB, at DFTA, at HRA, and as Deputy Commissioner for
9 all financing contracting functions at DOHMH. I was
10 also the CFO and COO of Children's Aid, a large
11 multi-services provider. The contract and payment
12 delays have been perennial problems. I have been
13 struck by how much more severe and pervasive the pain
14 now seems to be. Contract registrations and the
15 expectation that providers will begin work well in
16 advance of receiving full payment remain concerns
17 but, as been referenced earlier, administrative
18 processes and systems challenges have caused
19 considerable pain as well. Delays in budget
20 acceptance and modifications prevent timely
21 reimbursement. The cumbersome 65A process for
22 subcontractor approvals slows down critical goods and
23 services. Contract advances may be significantly
24 delayed and often are consumed by expenses already
25 incurred. Budget cuts offset new funding, such as

2 Workforce Enhancement Initiative. The transition to
3 PASSPort for contract management has been incredibly
4 difficult, adding to an already fraught environment.
5 These challenges impose real costs. To bridge cash
6 needs, we have spent 236,000 dollars on interest for
7 our line of credit so far in Fiscal '24. This is not
8 covered by City contracts. Looking ahead to Fiscal
9 '25, we hope the recent three-year salary COLA will
10 be implemented in a timely and efficient manner
11 including fringe benefits as well and funding is
12 maintained for prior new mandates like prevailing
13 wage. A multi-year escalation for other-than-personal
14 services cost is desperately needed as are fair
15 indirect rates that are properly funded. The non-
16 profit providers the City depends on cannot be the
17 City's bank as well. Problems with administrative
18 processes and system implementations cannot be the
19 basis for delayed payment. Contracts and cash flow
20 are the lifeblood of this sector. Without addressing
21 these pervasive problems, the best policy and program
22 ideas will inevitably fail.

23 CHAIRPERSON WON: Thank you so much. I
24 think what would be really helpful, the previous
25 testimony group from the legal service providers,

2 they provided a list of recommendations by category.
3 For them, there are recommendations on delays,
4 invoicing, payments, PASSPort, and I think if we
5 could have that from you as well, it would really
6 help us get organized and make it faster for us to
7 process all of your recommendations if that would be
8 possible.

9 KRISTIN MILLER: Yes. My written testimony
10 was much longer and does include some
11 recommendations. Thank you.

12 JANELLE FARRIS: I am sitting in the next
13 Chair. My name is Janelle Farris, and I'm the
14 President and CEO of Brooklyn Community Services. I
15 want to express sincere gratitude for all that's
16 happened this year to support non-profits. 741
17 million dollars is nothing to sneeze at. However, and
18 there's always a however, the New York City True Cost
19 of Living Report, which just came out from the United
20 Way, demonstrates that 50 percent of working age New
21 Yorkers are struggling and they don't have incomes
22 that cover their basic needs. Most of those people
23 are people of color. Our staff is in that 50 percent.
24 Even with 9 percent increases, most of them will
25 barely rise out of that, and as we think for the

2 future, as many of my colleagues and other presenters
3 have said, thinking about how we might get closer to
4 parity with salaries of our counterparts in
5 government agencies who have the exact same titles,
6 exact same credentials, and make 20,000 to 30,000
7 dollars more. We also need to consider the
8 procurement process itself. You've heard, and I have
9 been hoo-hawing many of the people who have presented
10 before, about many of the things that are in my
11 testimony so I'm going to skip over some, but I'll
12 tell you BCS is waiting on money for a contract that
13 started in 2021, ended in 2023, and we have paid
14 millions to cover costs of work, our workforce, and
15 rent that will not be paid back any time soon, and
16 we're paying about 50,000 dollars in interest every
17 year each month. The other critical issue is the IRC
18 rate. I just want to point out that it's a beautiful
19 idea. We were all so happy when this initiative
20 started, but what we're finding is agencies don't
21 know how to access the pot and, if there is no money
22 in it, we need to rethink the process. What we're
23 finding is agencies are requiring us to put our
24 indirect rate into the contract, thus lowering the
25 amount of services that we can provide or lower our

2 indirect rate, which basically takes us right back to
3 square one. We will only survive as a sector if we
4 get paid the amount that it costs to do business. I
5 hear you on the recommendations. I also heard you ask
6 others why are payments so late? Some of it relates
7 just to training. Money that gets funneled through
8 City agencies from federal government, if you don't
9 have someone on staff who is trained to understand
10 how the accounting practice of the federal government
11 works, you'll affect agencies by not paying them for
12 years, and we're seeing this again and again as
13 agencies have lost staff and they don't have the
14 ability to replace them quickly. It's a major
15 problem, and I hope that we can work together to
16 solve some of these issues.

17 CHAIRPERSON WON: Yes, thank you so much.
18 For training, that's a really good point because I
19 know that when we talk to MOCS about training for
20 PASSPort even their newest system, there's no
21 language access and there isn't a lot of forethought
22 for digital literacy as well so we see a lot of gaps.
23 Do you currently see any non-profits who are doing
24 the work of education and training? I know there's
25 one like Non-Profit Helpdesk, but we get mixed

2 reviews. Do any other non-profits come to mind where
3 they're specifically focused on training folks to do
4 this work?

5 JANELLE FARRIS: Most of us are figuring
6 it out by reading computer and videos on YouTube. I
7 will say that the training I'm talking about is in
8 the City agencies themselves. Talking to people who
9 have left the budgeting departments, young people say
10 they're given a book and told read this and you'll
11 figure out how to validate invoices. That's not
12 enough training, and that creates a backlog because
13 they have to figure out for each line on a voucher,
14 what can or cannot be paid, and it slows the system
15 down.

16 CHAIRPERSON WON: Okay, so help me put
17 into one sentence, exactly what kind of training I
18 need to request from MOCS..

19 JANELLE FARRIS: To ensure that people who
20 are processing vouchers are clear on what is
21 approvable and what is not for each contract that
22 they administrate.

23 CHAIRPERSON WON: Okay.

24 DAN LEHMAN: And if I may, much of this,
25 we're just talking about this training about the

2 payment processes is actually outside the purview of
3 MOCS. This is really about the individual agencies
4 and their contract and finance functions so I think
5 that that's a key point here, that MOCS gets to the
6 registration. After the registration, it's primarily
7 in the hands of the agencies.

8 CHAIRPERSON WON: Yeah, and as you heard
9 over and over again when we were asking questions
10 even for migrant contracts for the emergency
11 contracts, there seems to be no real authority or
12 jurisdiction for MOCS over these other agencies for
13 the contracts that they administer nor do they have
14 insight, and that's one of the biggest pain points.

15 KRISTIN MILLER: Yes, I think that's
16 correct. We also, though, see it's more like
17 inconsistencies, discrepancies within like the ACOs,
18 right, so there's still a role of the ACOs, right,
19 and that's where MOCS can be ensuring contract
20 compliance through that way, and I think that's where
21 there's, particular to my membership is within DSS.
22 DHS, my members have contracts with DHS, but the ACO
23 was within DSS, and we have a lot of hiccups, a lot
24 of problems, a lot of delays as it gets passed back
25 and forth between the different parts of DSS, right,

2 and I don't think MOCS is aware of the severity of
3 this ping-ponging, and other agencies might have one
4 project manager for one organization's multitude of
5 contracts. We have different contract managers, we
6 have different program officers, we have different
7 budget officers so it's just around and around and
8 around, and I think that's some of this training
9 where one part of the agency is saying one thing, and
10 another part is saying something different, and we
11 get ping-ponged between. I just continually hear
12 about the black hole. They submit paperwork, and it
13 goes to the black hole. There's not a transparency in
14 the process that it goes, here's step A, it should be
15 14 days, if you don't hear back in 14 days, then you
16 approach this person, then it's passed to this
17 person. It doesn't exist. We would just ask for
18 transparency, clarity, and internal training.

19 JANELLE FARRIS: One more point, without
20 naming agencies' names, a set of programs, outside of
21 my work with homelessness, we do a lot, a set of
22 programs was shifted from one agency to another. That
23 was in 2019. What happened to any payments that
24 hadn't been made by Agency One? New agency put in a
25 drawer and, today as we fight for our payments,

2 they're telling us, we just put those all in a
3 drawer, we haven't looked at them since we got these
4 programs. Requiring agencies who transfer things from
5 one to another to continue to work on contracts that
6 are a part of that transfer would be incredibly
7 helpful.

8 NICOLE MCVINUA: Good afternoon, Chair
9 Won. My name is Nicole McVinua, the Director of
10 Policy at Urban Pathways, a non-profit homeless
11 services and supportive housing provider serving
12 about 2,000 single adults each year. I would first
13 like to thank the City Council and the
14 Administration, as many have, for last week's
15 announcement of a 741-million-dollar investment in
16 City-contracted human services workers. We commend
17 the City for taking this critical step in addressing
18 the underpayment of our essential workforce, and we
19 look forward to seeing the positive impact that the
20 stability of a guaranteed COLA over the next three
21 years will have for our staff. While we appreciate
22 the efforts of the Joint Task Force to Get Non-
23 Profits Paid on Time, as you've heard, there continue
24 to be delays in the contracting process and getting
25 timely payments. In many instances, payments are made

2 months or even years after services have been
3 provided. Currently, Urban Pathways is owed almost 2
4 million dollars by DHS. About half of this is
5 reimbursements for services provided, and the other
6 half is money paid to vendors for subcontracted
7 services in both FY24 and FY23. In addition to
8 payment delays, the 65A process for subcontractors
9 that DSS contracted providers must adhere to is
10 inefficient and lacks transparency. Approvals take an
11 extensive amount of time and, if a submission is
12 denied, there's no explanation as to why, what needs
13 to be done to correct it, or how to proceed, and so I
14 think this process really needs to be re-evaluated
15 and made more efficient. While Urban Pathways
16 contracts are currently registered, this has not
17 always been the case, and we remain concerned that at
18 just three months out from the start of FY25, our
19 contracts are not registered for the upcoming Fiscal
20 Year, and this inability to depend on our contracts
21 being registered on time leaves us uncertain of how
22 to plan our organizational budgets since late
23 registration delays both advances that we receive on
24 our contracts and also the ability to submit invoices
25 for reimbursement so we can't really plan ahead, and

2 we really need to be able to rely on our contracts to
3 be registered and paid on time in order to have a
4 sustainable organization. Thank you.

5 CHAIRPERSON WON: Thank you.

6 LAUREN SCHUSTER: Hi, I'm Lauren Schuster,
7 the Vice President of Government Affairs at Urban
8 Resource Institute. Thank you all, your team, and
9 your beautiful baby for your patience today. We
10 really appreciate you being here. Urban Resource
11 Institute is the largest provider of transitional
12 housing for survivors of domestic violence in the
13 country, and we're a leading provider of transitional
14 housing to families experiencing homelessness. URI
15 and our partners, we were so thrilled with a COLA
16 after years of advocacy. This multi-year COLA will
17 have a transformative impact on so many of our staff,
18 the vast majority of whom are women and women of
19 color. Thank you all for your support over the years
20 of our efforts. But at the same time, as we celebrate
21 this COLA, URI is owed tens of millions of dollars in
22 reimbursements, and the typical reimbursement period
23 can be anywhere between from 75 days to a year or
24 longer. We rely on lines of credit, as many other
25 organizations have said, with steep interest rates,

2 which impacts the cash that we have on hand to
3 finance the life-saving interventions for our clients
4 or to pay our staff, and it delays our payments to
5 vendors. The migration to the PASSPort system has led
6 to significant delays in the approval of budget
7 modifications and contract amendments reflecting
8 updated indirect rates, and transitioning to a new
9 contracts management system should have been preceded
10 by a significant investment in staff and client
11 training. That investment must be made now so that we
12 can reduce the delays going forward. I would say that
13 the delays that we're seeing now reflect the impact
14 of previous rounds of budget cuts at the agency level
15 and headcount reductions, and we are seeing the
16 impact of that now. As DV and homelessness increase,
17 Staff at the agency level is decreasing, and that is
18 an untenable and unsustainable situation. We
19 appreciate your partnership over the years and now in
20 your willingness to work with us. We will be
21 submitting more detailed testimony with a series of
22 recommendations that I think will echo most of what
23 you've heard here today, and we really look forward
24 to working with you.

2 CHAIRPERSON WON: Thank you so much. I
3 think the recommendations are really helpful when
4 it's in writing, especially for my legislative team,
5 so that we can start to explore how we can codify a
6 lot of the recommendations that you're making, and
7 it's just astounding, right, because we were all
8 sitting in this room where you had the MOCS team and
9 they're like, we're great, budget cuts, fine, we were
10 doing great, we're like 170-something, and I guess we
11 could go up to 180-something, it will be phenomenal
12 so we're trying to understand. Yeah. If the coalition
13 could combine the recommendations into one document
14 and, especially if you could have it condensed in a
15 short summary, so that way it's in bullet points, and
16 that way we can start to review all of them because
17 it is going to be a lot of documents for my team to
18 review.

19 KRISTIN MILLER: Yeah, absolutely. We will
20 do that. One thing that hasn't come up that I did
21 want to say is that Ms. Flores was talking about
22 advances. We were in this very bizarre situation
23 where providers were eligible to get an additional
24 advance for the PASSPort migration, knowing cash flow
25 would be stalled a little bit, but some of my members

2 were rejected because the City didn't think that they
3 had spent up to 75 percent of their original advance,
4 but they have spent it, as everybody is saying,
5 they're working without getting paid so the money has
6 been spent but not encumbered. It's stuck somewhere
7 in the multi-step process so, even though they were
8 in dire cash flow situation, they weren't able to get
9 that second special advance. MOCS did tell us like,
10 if you have members who are in need of this, have
11 them come to us, but I just want to note that
12 technically she was right that these were available,
13 but many of our members were found ineligible because
14 the money wasn't in the proper accounting moment if
15 that makes sense.

16 CHAIRPERSON WON: All of these nuances are
17 the reasons why we need to be connected with you so
18 that in real time as these conversations are
19 happening because I don't have the personal
20 experience that you do, especially when it's agency-
21 specific, if you could even email us in real time, be
22 like, Julie, you have to rebut that statement with
23 these answers or these further questions or even with
24 one of our Committee team members, it'll help us have
25 a more robust discussion with the agencies online and

2 offline so this is really helpful for us, which is
3 why the partnership is so important.

4 Lastly, it's just astounding to me to
5 hear the testimony of PASSPort being like, oh, it's
6 going to, it has made it so much faster, we're doing
7 everything faster, and then we hear, no, it's
8 actually caused more delays and further delays for
9 processing so I'm just trying to understand how we're
10 in two different universes of PASSPort. If there's
11 anything else you want to tell us about PASSPort on
12 why you speculate the delays may be happening.

13 DAN LEHMAN: Yeah, we are still very early
14 in PASSPort, but I think that everyone would agree
15 that the transition from Accelerator where many
16 agencies had a date where it's like, okay, we are
17 closing on this date and we're not going to reopen
18 until this date and, during that period, nothing is
19 going to happen, and there's also a common trait that
20 the way things are designed, if you have something
21 that's pending, nothing else can happen so if you've
22 got, say, a pending budget modification on one line
23 of your budget, that can lock you up for submitting
24 claims to draw down, right, so anything that is still
25 in process can basically freeze any claiming and

2 reimbursement activity on that particular contract.
3 There's also a train wreck, which is called the
4 dreaded unallocated line, which are funds that are in
5 your contract but, for one reason or another at the
6 time the Fiscal Year started, may not have been
7 allocated to a particular budget line. Those have to
8 be then modified in the budget to be put into the
9 correct budget line so you can claim against them.
10 Getting those modifications done and the back and
11 forth that often happens around the unallocated
12 budget line is an exercise of mind-boggling tedium.
13 We have had instances of disputes literally going
14 back and forth over dollars or pennies. These are the
15 things, this is all the friction that exists after
16 the contract registration process. One of my staff
17 who has been with HELP USA for 30-odd years in this,
18 she told me the other day, she said, you know what,
19 I'd rather deal with delayed contract registrations
20 because I know what I'm dealing with there. It's
21 everything afterwards that's a total wild west.

22 CHAIRPERSON WON: Okay, so we have a lot
23 of followups to do, but we look forward to seeing
24 your recommendations, one-pager, and then even these
25 pain points, like if you want to list out like what's

2 wrong with PASSPort that either they're unaware of or
3 they're trying to hide, we need to know because now
4 we just heard that they cut PASSPort's funding by X
5 dollars and they were so proud of themselves so now
6 they're saying that they're going to be able to do
7 the modifications and a lot of the upgrades in-house
8 so that's also concerning. Can they? I don't know,
9 but I have to be able to ask specific questions of
10 saying, are you going to be able to fix X, Y, Z
11 within this timeframe or are you already working on
12 it and, until I know the details of everything that
13 you're talking about, I won't be able to ask that on
14 your behalf. Thank you so much for your testimony and
15 your time.

16 COMMITTEE COUNSEL PAULENOFF: Thank you.

17 We will now turn to virtual testimony.

18 We'll be calling individuals one by one
19 to testify, and we will be limiting public testimony
20 to two minutes each.

21 Please begin once you hear the Sergeant
22 start the timer. Once your name is called, a Member
23 of our Staff will unmute you, and the Sergeant will
24 begin the timer and give you the go ahead to begin.

25

2 Please wait for the Sergeant to announce that you may
3 begin before delivering your testimony.

4 First, we will hear from Penni
5 Bunyaviroch followed by Georgia Boothe and then
6 Kyungsoo Kan.

7 Penni Bunyaviroch, you can begin as soon
8 as the Sergeant calls time.

9 SERGEANT-AT-ARMS: You may begin.

10 PENNI BUNYAVIROCH: Good afternoon. Thank
11 you for allowing me to testify and congratulations,
12 Chair Won, one on the birth of your child and thank
13 you for your leadership on these issues as well. I'm
14 Penni Bunyaviroch, Director for Contracts Management
15 at Catholic Charities, Community Services,
16 Archdiocese of New York. Let me first thank the
17 Council, the Mayor, and the Administration for
18 reinvesting in our human services workforce by
19 committing to 3 percent COLA. Catholic Charities is
20 truly thankful to the Council for its tremendous help
21 in achieving this milestone and advancing gender and
22 social justice for the human services community.
23 However, I want to highlight three challenges that
24 remain. First, the City's human services contracts
25 still do not cover the true cost of services. These

2 contracts pay a fraction of each dollar of true
3 program delivery costs, leaving budget holes that
4 can't always be filled. It is not sustainable for
5 non-profits to absorb yearly increases in rent and
6 other costs on our contracts, which are funded at
7 flat rates over multiple years and don't keep up with
8 the cost of services that we provide. Second,
9 Catholic Charities also continues to experience
10 delays in payment for services long after these
11 services have been provided. This is in part due to
12 delays in contract registration, the City's decision
13 to migrate invoicing functions from HHS Accelerator
14 to PASSPort, and delays by some City agencies to use
15 PASSPort to process contract vouchers. As of January
16 2024, Catholic Charities has approximately 12 million
17 dollars in vouchers that are pending submission and
18 PASSPort for these reasons. This amount represents
19 slightly more than half of our total earned unbilled
20 funds, which have severely impacted our work, our
21 cash flow. I would also add that our contract
22 extension to serve asylum seekers has still not yet
23 been executed and we've been waiting nine months into
24 the contract term, spending these funds in
25 anticipation of getting this extension. Finally, many

2 non-profits are not provided sufficient training or
3 resources to meet the complex requirements involved
4 in the City's contracting process. This has become
5 even more challenging in light of the City's
6 transition from HHS Accelerator to PASSPort to
7 process contract vouchers. The City must urgently
8 reform its procurement and payment process.

9 SERGEANT-AT-ARMS: Thank you. Time has
10 expired.

11 PENNI BUNYAVIROCH: We applaud the City's
12 efforts to reinvest in human service workers. We are
13 especially encouraged by Intro. 243, introduced by
14 Council Member Hudson and sponsored by Chair Won,
15 Council Member Restler, and Deputy Speaker Ayala.
16 This measure would require indirect costs to be
17 covered at contracts at a de minimis rate of 20
18 percent, which is a welcome change from the current
19 de minimis rate of 10 percent. We thank Chair Won for
20 being one of the sponsors of this bill and urge the
21 Council to pass this important measure. Thank you for
22 allowing me to testify.

23 COMMITTEE COUNSEL PAULENOFF: Thank you.
24 Next, we'll hear from Georgia Boothe, followed by
25 Kyungsoo Kang, and then Ashley Chen.

2 Georgia Boothe, you can begin when the
3 Sergeants call the time.

4 SERGEANT-AT-ARMS: You may begin.

5 GEORGIA BOOTH: Hi, good afternoon. Thank
6 you for giving me the opportunity to testify here
7 today. My name is Georgia Boothe. I'm Executive Vice
8 President at Children's Aid. I want to thank Chair
9 Won and the members of the Committee.
10 Congratulations, Chair Won, on the birth of your
11 child. For over 170 years, Children's Aid has been
12 committed to ensuring that there are no boundaries to
13 the aspirations of young people and no limits to
14 their potential. The non-profit sector, as you know,
15 is an invaluable part of New York City's safety net.
16 Non-profits like Children's Aid stand in the gap
17 partnering with government to ensure our communities
18 remain resilient and vibrant. However, procurement
19 and contracting decisions by the City continuously
20 undermine our ability to remain fiscally solvent and
21 maintain the services to many families who depend on
22 us. The FY24 City contracts for Children's Aid makes
23 up 54 percent of our budget. Through these contracts,
24 we operate foster care, preventive services, birth-
25 to-five early childhood programs, community schools,

2 after school, summer programs, SYEP, to name a few.

3 Our contracting issues arise from delayed contract

4 registration, delayed payments, not receiving full

5 contract, indirect costs, recovery, and constant

6 shifts in the direction that vary from City agency to

7 City agency. For contracts that cover staffing

8 expenses, delayed contract registration can be

9 particularly challenging since we are hiring and

10 opening staff lines without assurances that the

11 funding will be received and we will have a clear

12 timeframe for when we will receive payment. This

13 creates a financial burden on our organization as we

14 front the cost and it can take two to three years for

15 us to see the funds to be reimbursed. I would like to

16 highlight a recent example of our contracting delays.

17 For FY24, we have six early childhood education

18 contracts whose budget has still not been fully

19 approved by the Department of Education. This comes

20 after several months of back and forth with DOE. The

21 implication of this delay is that we cannot invoice

22 for the FY24 Fiscal Year so, for nine months, we've

23 provided services without the ability to bill and

24 claim for them. We're encouraged to learn that the

25 transition from HH Accelerator to PASSPort. However,

2 the City poorly communicated around the transition
3 and how the process was going to be managed, leaving
4 us and fellow providers in limbo for payment. As of
5 last month, we can no longer perform financial
6 functions like budgeting and invoicing in the HHS
7 system as these functions have transitioned to
8 PASSPort.

9 COMMITTEE COUNSEL PAULENOFF: Thank you
10 for your testimony. If you have more testimony, you
11 can please submit to testimony@council.nyc.gov, and
12 we will read your written testimony there. Thank you.

13 Next, we will hear from Kyungsoo Kang
14 followed by Ashley Chen and then Paula Magnus.

15 Kyungsoo, you can begin when the
16 Sergeants call the time.

17 SERGEANT-AT-ARMS: You may begin.

18 KYUNGSOO KANG: (INAUDIBLE) Committee on
19 Contracts. My name is Kyungsoo Kang, representing
20 University Settlement Society of New York as the
21 Grants Contract Administrator. University Settlement
22 has been serving New York City for 138 years,
23 providing vital social justice services to immigrant
24 communities and low-income residents. Like many other
25 community-based organizations, University Settlement

2 relies heavily on the City contracts to deliver
3 essential services. However, this contract often
4 failed to fully reimburse us, leading to financial
5 challenges and reliance on delayed payments.
6 Currently, 60 percent of our FY24 City discretionary
7 contracts totaling 338,000 dollars remain
8 unregistered, hindering our ability to provide
9 critical community programs. We acknowledge the
10 City's efforts in implementing PASSPort to streamline
11 procurement, but technical challenges persist,
12 causing delays in contract registration and
13 management. These challenges include portal
14 instability, data loss, and communication
15 inefficiencies. The resolutions have been slow, and
16 the process involves multiple stakeholders resulting
17 in (INAUDIBLE) communication and impacting our
18 operations. The recent data migration from HHSA to
19 PASSPort Builder complicated contract registration
20 with critically document loss during the process.
21 This has forced us to seek (INAUDIBLE) assistance,
22 creating significant hurdles and adding more time to
23 the process. Timely payments are essential for our
24 operations, and we urge the City to consider
25 providing advanced payments on all contracts to

2 ensure uninterrupted services. Additionally, we
3 highlight the discrepancies in certain contracts that
4 do not fully support our City-approved indirect cost
5 rate. University Settlement is committed to serving
6 New York City's diverse needs, but fair contract
7 rates, prompt registration, and timely payments are
8 crucial for our sustainability. We support
9 initiatives to enhance contracting efficiency...

10 SERGEANT-AT-ARMS: Your time is expired.

11 KYUNGSOO KANG: And look forward to
12 collaborating with the City Council and
13 Administration. Thank you for your attention, and
14 I'll be submitting longer written testimony. Thank
15 you.

16 COMMITTEE COUNSEL PAULENOFF: Thank you.

17 Next, we'll hear from Ashley Chen and then Paula
18 Magnus. Ashley, you can begin when the Sergeants call
19 time.

20 SERGEANT-AT-ARMS: You may begin.

21 ASHLEY CHEN: Thank you, Chair Won and
22 Members of the City Council for the opportunity to
23 testify today. My name is Ashley Chen, and I'm the
24 Policy Analyst at the Chinese-American Planning
25 Council, CPC. CPC is the largest Asian American

2 social service organization in the U.S., providing
3 vital resources to more than 80,000 people per year.
4 Our revenue is approximately half New York City
5 funding, with approximately one-third being state
6 funding and the remainder being federal and private
7 funding. Because we are so heavily reliant and
8 restricted on City contracts and funding to provide
9 our life-affirming services, we are grateful to
10 testify about issues that impact the communities we
11 serve, and we are grateful to the Council for their
12 leadership on these issues. We are grateful for the
13 Council and the Administration's commitment towards
14 establishing better wages for City-contracted human
15 service workers. The Administration announced a
16 historic investment of 741 million dollars as part of
17 a COLA for an estimated 80,000 human service workers.
18 This is part of years of tireless advocacy of the
19 Just Pay campaign led by the Human Services Council,
20 HSC, and we were thrilled to work with the Council
21 and Administration on this. We need to ensure that
22 the COLA is swiftly implemented to get to all human
23 service workers and that the implementation is
24 straightforward and simple for providers without
25 impacting programs. We also urge the Council to seek

2 guidance on how unionized staff will be included. We
3 also know that this COLA is just the start to
4 rightsizing the wages for the human service sector, a
5 chronically underpaid sector that is primarily
6 staffed with immigrant women of color. We also urge
7 the Administration and the Council to carry forth
8 the energy from the COLA victory to push for an
9 automatic yearly COLA and the full prevailing wage
10 bill to ensure adequate and (INAUDIBLE) wages across
11 the sector. We also appreciate the City clearing the
12 backlog of more than 4 billion dollars in contracts'
13 amendments. However, Administration and Council need
14 to set clear and swift procurement timelines to help
15 relieve future delays. We urge the Council to pass
16 Intro. 511 to this end. Lastly, we are grateful to
17 see legislation that increasing the transparency of
18 the procurement process, and we urge the Council to
19 make sure that this does not create additional
20 administrative and (INAUDIBLE) from already
21 overburdened providers. By ensuring transparent and
22 swift procurement and robust human service wages that
23 our staff can depend on year after year, we can
24 better serve our community members. Thank you so much
25 for your time.

2 COMMITTEE COUNSEL PAULENOFF: Thank you.

3 Next, we'll hear from Paula Magnus.

4 Again, if there's anybody who is here
5 virtually who still wishes to testify, please raise
6 your hand on the Zoom.

7 Paula Magnus, you may begin when the
8 Sergeants call time.

9 SERGEANT-AT-ARMS: You may begin.

10 PAULA MAGNUS: Good afternoon, Chair Won
11 and Committee. My name is Paula Magnus, Deputy
12 Director of Northside Center for Child Development.
13 By the way, I love seeing you with your newborn. I
14 actually shared this beautiful scene with my family.
15 They're also working nearby. I want to thank you for
16 your diligence in moving the contracting system
17 forward in a positive direction as there is so much
18 to do. Northside's behavioral health and educational
19 program serves 700 children a day in three barrels,
20 as a non-profit organization with over 78 years of
21 service with history based in Harlem community. In
22 Fiscal Year '18 to Fiscal Year '23, Northside's
23 operating financial position on an average carried a
24 deficit. Added with the obstacles of underfunding,
25 delays in payments, and budget modifications being

2 rejected for immaterial reasons puts our agency in
3 harm's way of not being able to survive. We cannot
4 have the City's mental health providers risking
5 insolvency while a JAMA health forum is reporting
6 that 38 percent more people are in mental health
7 crisis since the onset of the pandemic. With mental
8 health and education professionals in short supply,
9 the City must increase reimbursement rates for social
10 service providers and thus keep us solvent with
11 contracts going through the system without added
12 administrative burdens, then we will have at least
13 the agreed upon funding to attract and retain top
14 talent to serve the City's at-risk children and
15 families. If the City doesn't move these contracts
16 forward quicker as well as increase this funding
17 going forward, the mental health crisis will likely
18 yield even more tragic consequences than we've seen.
19 We need a mentally healthy workforce to keep the City
20 running. The City's insolvency inducing low rates are
21 made worse by the City often taken six months or more
22 to register contracts.

23 SERGEANT-AT-ARMS: Time is expired.

24 PAULA MAGNUS: Is that time?
25

2 COMMITTEE COUNSEL PAULENOFF: Yes, but you
3 can wrap it up if you can.

4 PAULA MAGNUS: Okay. Thank you. I'm sorry.
5 So at the start of each Fiscal Year for several
6 months, each cash-crunched agencies such as Northside
7 are the most at risk, but here's where it gets
8 (INAUDIBLE) there are six bugs in PASSPort that slows
9 down the registration process, which we've attached
10 to our longer testimony, but I can tell you we have
11 waited four years for our capital contract to be
12 registered, and we just got notification from the
13 City a week ago that they just found the money and
14 they've encumbered it, and now it's going to take us
15 90 days. By May 16, 2024, we may receive the cash so
16 I just suggest, Chair, that if you need any of our
17 agencies to walk you through some of our specific
18 detailed problems, we can help you do that so you can
19 find out exactly where these glitches are taking
20 place because there's quite a few, but thank you,
21 thank you for your time and, again, congratulations
22 to you and your family. That's real important. Thank
23 you.

24

25

2 CHAIRPERSON WON: Could you please send us
3 written testimony and the details of your contract
4 and we'll follow up. Thank you so much.

5 PAULA MAGNUS: Will do. Thank you.

6 CHAIRPERSON WON: Thank you so much
7 everyone for coming to testify in-person and
8 remotely, and this hearing is officially now
9 adjourned. Thank you so much. [GAVEL]

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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 April 25, 2024