

COMMITTEE ON CONTRACTS

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON CONTRACTS

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Wednesday, February 25, 2026

Start: 11:44 A.M.

Recess: 3:12 P.M.

HELD AT: 250 Broadway - 8th Floor -
Hearing Room 2

B E F O R E: Hon. Lincoln Restler, Chair

COUNCIL MEMBERS:

Gale A. Brewer

James F. Gennaro

Kamillah Hanks

Althea V. Stevens

Inna Vernikov

Julie Won

COMMITTEE ON CONTRACTS

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

Administration

Kim Yu,
Director and City Chief Procurement Officer for
the New York City Mayor's Office of Contract
Services (MOCS)

Michael Sedillo,
Executive Director for the Mayor's Office of
Nonprofit Services Team (MONS)

Fund for the City of New York

Andrew Walrond,
Vice President of Loan Programs at the Fund for
the City of New York

Dr. Aldrin Bonilla,
Executive Vice President of Loan Programs at the
Fund for the City of New York

Jill Borrero,
Chief Operating Officer of Loan Programs at the
Fund for the City of New York

Advocates

Michelle Jackson,
Executive Director for The Human Services Council
of New York (HSU)

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

COMMITTEE ON CONTRACTS

Kristin Miller,
Executive Director of Homeless Services United
(HSU)

Gregory Morris,
Chief Executive Officer of New York City
Employment and Training Coalition (NYCETC)

Kate Connolly,
Senior Policy Analyst at United Neighborhood
Houses

Faith Behun,
Manager of Government and External Relations at
UJA Federation

Lauren Siciliano,
Chief Operating Officer for Legal Aid Society

Emily Ward,
Director of Institutional Giving and Government
Relations at the New York Legal Assistance Group
(NYLAG)

Greg Klemm,
Chief Financial Officer at Legal Services NYC

Keriann Pauls,
Interim Executive Director at TakeRoot Justice

Brandon Lloyd,
Director of Government Affairs at the Urban
Resource Institute

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

COMMITTEE ON CONTRACTS

Eric Rosenbaum,
President and CEO of Project Renewal

Pilar Bernabe-Garcia,
Vice President, Finance and Controller at
Safe Horizon

Christopher Hanway,
Executive Director of Jacob Riis Neighborhood
Settlement

Dan Lehman,
President and CEO of HelpUSA

Margy Brown,
Executive Director of UHAB

Edward Ubiera,
Senior Director of Community Engagement for the
Nonprofit Finance Fund

Paola Martinez,
Director of Government Relations for Catholic
Charities of the Archdiocese of New York

Paula Magnus,
President of Northside Center for Child
Development

Jackie Del Valle,
Senior Grants Manager at TakeRoot Justice and
Coordinator of Stabilizing NYC

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

COMMITTEE ON CONTRACTS

Clark Wolff Hamel,
Executive Director of PFLAG New York City

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SERGEANT AT ARMS: Quiet, please keep it on.

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Thank you. Good morning, and welcome to the New York

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City Hybrid Hearing and Committee on Contracts.

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Please silence all electronic devices at this time.

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Also, please do not approach this. If you have any

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questions, please raise your hand, and one of us,

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with the Sergeant at Arms, will kindly assist you.

9

Thank you very much for your kind cooperation. Chair,

10

we are ready to begin.

11

CHAIRPERSON RESTLER: [GAVEL] All right,

12

good morning--still. Thank you, guys, for joining us.

13

My name is Lincoln Restler. I have the great

14

privilege of chairing the City Council's Contracts

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Committee. I want to thank so many neighbors, so many

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nonprofit leaders, and civic leaders for joining us

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today. We're joined by the inimitable Gale Brewer,

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Manhattan's own, and a number of other colleagues I

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think will be joining us from across the street as

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the anti-hate hearing progresses.

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Today, we are holding an oversight

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hearing on nonprofit and human service contract

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payments. This is a topic that has been the subject

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of a great number of policy pronouncements, media

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reports, press conferences, and rallies. But I have

1
2 to say, it feels like Groundhog Day to me because
3 we're still waiting for this dysfunctional system to
4 finally get fixed. We all know that the City of New
5 York could not function for one single day without
6 our phenomenal nonprofit providers. And yet, we too
7 often treat these essential partners terribly.

8 The purpose of this hearing is to level
9 set about where we are today when it comes to getting
10 contracts registered on time and paying providers in
11 real time for the work they do.

12 As the new Chair of the Contracts
13 Committee, I am focused on and committed to
14 partnering with the Mamdani administration, in
15 particular Director Yu and Director Sedillo—and I
16 really want to thank them for being here today—and
17 nonprofit leaders across our city to fix our
18 procurement system and our fiscal systems once and
19 for all.

20 On a personal level, I have spent my
21 career shifting between government and the nonprofit
22 sector. I've worked in City Administration trying to
23 help fix this problem, like being involved in the
24 Nonprofit Resiliency Committee back in 2016 and 2017.
25 And I've worked for nonprofit partners that have

1
2 suffered the consequences of failing to get paid. I
3 proudly served on the board of the Human Services
4 Council when I led the New York City Employment and
5 Training Coalition, which represents the workforce
6 development groups across the city of New York. I
7 worked at a beloved North Brooklyn settlement house
8 that supports neighbors from cradle to old age. I've
9 served on the boards of a number of nonprofits, from
10 community development corporations to civic
11 associations, and have been deeply enmeshed in many,
12 many more nonprofit organizations that I admire
13 immensely. I've seen firsthand just how debilitating
14 it is for a nonprofit to not be able to access the
15 money it is owed to them by the City of New York and
16 have to take out costly loans just to pay workers and
17 to keep the lights on.

18 Every year, the City procures \$15.6
19 billion in goods and services from the Human Services
20 sector. For context, that is bigger than the budgets
21 of entire states like South Carolina or Rhode Island.
22 These human service contracts are for essential
23 services from operating homeless shelters to
24 providing legal counsel to tenants facing eviction,
25 to serving meals to seniors, and so much more.

1
2 New Yorkers rely on these services every
3 single moment of every single day, 24 hours a day,
4 seven days a week, 365 days a year. Yet for far too
5 long, the City has failed to reliably pay these
6 organizations on time. And the City is not just a
7 little late. Too many nonprofits get ghosted for
8 months and months and months.

9 An April 2025 report from Comptroller
10 Brad Lander found that the average time it takes from
11 a contract start date until the first payment is
12 issued is 388 days-- I should say from the contract
13 start date until the first invoice is processed is
14 388 days. Even with 25% advance payments upon budget
15 approval, nonprofits are working for over a year and
16 waiting for an additional dime of payment to be
17 received. If a freelancer didn't get paid for a year,
18 the Department of Consumer and Worker Protection
19 would throw the book at that shady employer.

20 As of last April, 2,500 contracts worth
21 \$4.6 billion had already passed their start dates
22 without being registered. And even when a contract is
23 registered, agencies don't pay the invoices. This
24 report from Comptroller Lander, back in April of last
25 year, found that there were over 4,000 unpaid

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2 invoices worth over \$861 million at the time the
3 report was issued.

4 In 2024, the Health Department, the
5 Homeless Services, and DHS, the Homeless Services
6 Agency, took an average of over 40 days to process
7 invoice payments and had hundreds of invoices pending
8 for over 100 days. We hope to receive updates on
9 improved data today, but the figures in this 2025
10 report were alarming and frankly, damning.

11 When the City doesn't pay its bills for
12 months and years on end, nonprofits have to find a
13 way to pay their bills and their workers to continue
14 to provide these essential services. In order to make
15 payroll and keep operating, they take out costly
16 loans. Many are forced to turn to private banks that
17 charge hefty interest fees. Here's one example:
18 LSNYC, Legal Services of New York, is paying \$80,000
19 per month on a line of credit for its 60 million
20 contracts with the City. That's almost \$1 million per
21 year. If the City paid on time, those funds could
22 instead fund six attorneys who help an additional 400
23 tenants in the Right to Counsel Program.

24 In 2023, Sheltering Arms, a 200-year-old
25 family services organization, was forced to shut down

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2 entirely, in no small part due to severely late City
3 payments. These delays impact large citywide
4 organizations and small neighborhood CBOs. They
5 impact multi-million dollar contracts and \$5,000 City
6 Council Discretionary Awards.

7 I have heard from dozens of nonprofit
8 organizations since becoming chair of the Contracts
9 Committee just several weeks ago, and the overarching
10 message is clear—more nonprofits will close, and
11 services will suffer if the City doesn't solve this.
12 I absolutely believe these Kafkaesque bureaucratic
13 delays can be averted through strong leadership at
14 City Hall, focused management at City agencies,
15 crisp, transparent data, and meaningful
16 accountability across the board.

17 These delays are not about dollars and
18 cents--These delays are not just about dollars and
19 cents or paperwork. They're about essential services,
20 and they're about hard working professionals serving
21 New Yorkers in need. The nonprofit sector in New York
22 City employs over 600,000 people. That's more than
23 the entire populations of Atlanta, Milwaukee, or
24 Baltimore. The nonprofit sector is a vital component
25 of our local economy, and according to the Human

1
2 Services Council, 70% of the workers are women, 75%
3 are people of color.

4 If the City didn't pay our sanitation
5 workers or our teachers on time, they'd stop working.
6 It would be a full-blown emergency that would get
7 immediate attention. And notably, we do not see the
8 same scale of delays on City payments to for-profit
9 vendors on for-capital contracts.

10 We need to treat our nonprofit partners
11 with the respect they deserve. This problem isn't
12 new, and unfortunately, it doesn't appear to be
13 getting much better. The Comptroller's Office found
14 that from 2019 to 2024, the time it took to pay
15 nonprofits actually increased by 16%. The City
16 Council passed legislation in 2023, Local Law 169,
17 sponsored by my friend and colleague Althea Stevens,
18 to establish binding timelines for the contracting
19 process. But unfortunately, the end result was a
20 proposal for a 510-day procurement process to get
21 contracts registered with broad exemptions baked in.
22 We need action now. We need a Clear The Backlog
23 Initiative, focused not only on contract registration
24 but also on invoice payment. We need a public
25 dashboard with real-time monitoring and tracking of

1 data so that we can determine where contracts and
2 invoices are getting held up and what agencies need
3 more staffing and support to deliver. We should
4 restart the Nonprofit Resiliency Committee to ensure
5 the Administration, nonprofits, and the Council are
6 prioritizing tangible, swift progress. And we should
7 expand the Returnable Grant Fund so that all
8 nonprofits can readily access loans, avert interest
9 payments, and avoid insolvency. We need leadership at
10 City Hall to hold agencies accountable when they fail
11 to make payments on time.

12
13 I am genuinely optimistic, as we enter
14 this new mayoral administration and a new City
15 Council term, that we finally have the support and
16 momentum needed to address these problems. I have
17 been really impressed by Kim Yu and Michael Sedillo,
18 and I appreciate that MOCS (Mayor's Office of
19 Contract Services) and MONS (Mayor's Office of
20 Nonprofit Services Team) and their teams have been
21 working hard to address these issues. I hope that
22 senior staff at City Hall make this a priority.

23 There are a number of positive
24 initiatives in the works, piloting a grant initiative
25 for Council Discretionary Funding, a new quarterly

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2 payment model for DHS and MOCJ contractors, expanding
3 the Returnable Grant Program, 50% advances on
4 contracts taking effect later this year, standing up
5 Contract Stat internally, and much more. I firmly
6 believe the new rigor and competence across the
7 street at City Hall will help us make major strides
8 in cleaning up this mess.

9 We are also hearing two bills and one
10 resolution today:

11 Introduction 441, sponsored by Council
12 Member Stevens, would establish a task force to
13 examine the underutilization of community-based
14 vendors in City contracting, since the late payment
15 crisis often hits small local organizations the
16 hardest.

17 Introduction 452, also sponsored by
18 Council Member Stevens, who has an amazing knack for
19 timing, would establish a wage floor for human
20 service workers whose wages have lagged behind
21 comparable City positions for decades.

22 City contracts provide far too little
23 compensation to nonprofit staff. I've been a stalwart
24 supporter of the #JustPay campaign for years, and we
25 need to evaluate and explore every potential creative

1
2 solution that will increase wages for nonprofit
3 workers.

4 Council Member Stevens brings deep
5 expertise about the nonprofit sector to this work.
6 The Human Services sector could not hope for a more
7 effective or, frankly, a more tenacious champion than
8 Althea.

9 And Resolution 183, sponsored by Council
10 Member Farías, calls on the State to pass legislation
11 to allow more flexibility on food contracts.

12 Before we begin, I want to recognize the
13 Contracts Committee staff, whom I have just been
14 incredibly impressed by for their hard work and
15 preparation for today's hearing—Alex Paulenoff,
16 Senior Legislative Counsel; Committee Counsel, Johari
17 Frasier, who we have stolen from the Gov Ops
18 Committee; although, I guess he still hangs out with
19 Gail there too; Policy Analyst, Alex Yablon; and
20 Financial Analyst, Owen Kotowski. I would especially
21 like to thank my brilliant—and I really want to
22 underscore the word brilliant—Chief of Staff Molly
23 Haley.

24 With that, I will turn it over to Council
25 Member Stevens if you'd like to make remarks about

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2 her bills. Does she need time? Two seconds? I can
3 fill time.

4 I again really want to thank Kim and
5 Michael for being here with us today. We're really
6 excited about their testimony, and it's great to see
7 so many nonprofit leaders from across the city
8 joining us. And I want to thank Council Member Won,
9 the former chair of this committee, who did a great
10 job leading it, for joining us on Zoom. And I will
11 now pass it over to Council Member Stevens.

12 COUNCIL MEMBER STEVENS: Good morning. How
13 are you guys doing? So great to see so many people
14 here. Happy to see you guys are still with us.

15 Today, I'm proud to advance two critical
16 pieces of legislation that speak directly to
17 equality, fairness, and accountability on how New
18 York City does business:

19 Intro 441 establishes a task force to
20 examine the disparities in city contracting. For far
21 too long, Black and brown women-owned businesses have
22 faced strategic barriers to accessing city contracts.
23 This task force will allow us to take a harder look
24 at the data, identify where inequities are and
25 persist, and develop concentrated recommendations to

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2 ensure our contracting process is transparent,
3 inclusive, and fair.

4 Intro 452 amends the Administrative Code
5 to establish a wage requirement for city-contracted
6 human service workers. Those workers provide
7 essential care and support to the most vulnerable New
8 Yorkers, yet they are often underpaid and
9 undervalued. This bill is about dignity, economic
10 justice, and recognizing that equitable services
11 require stability, fairness, and a compensated
12 workforce.

13 Today, these bills move us closer to a
14 city that truly values equality for all, both in who
15 gets access to opportunity and how we treat the
16 workers who keep our community strong. I look forward
17 to working with my colleagues and stakeholders to
18 ensure that these measures deliver real impact for
19 New Yorkers.

20 And I'm very happy that Lincoln is
21 chairing this committee now. We love Julie Won--
22 Council Member Won, but Lincoln has a tenacity and
23 fight that I really think he will bring to this
24 committee to really highlight the inequities that a
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COMMITTEE ON CONTRACTS

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lot of these contracts have, especially to the Human Services sector. So thank you.

CHAIRPERSON RESTLER: Thank you very much. That means a lot, Chair Stevens.

So I just want to say again, the goal for the hearing today is kind of a level set where we are, and how we can do better moving forward. I'm really excited to hear from leadership in the Mamdani administration. I guess we'll turn over to the committee counsel, but I just want to thank Director Yu and Director Sedillo once again for joining us.

COMMITTEE COUNSEL: Thank you, Chair. Alex Paulenoff, Senior Counsel. Will all members of the administration testifying today, please raise your right hands?

Do you affirm to tell the truth, the whole truth, and nothing but the truth in your testimony today and to respond honestly to council member questions?

(ADMINISTRATION AFFIRMS)

COMMITTEE COUNSEL: Thank you. You may begin when ready.

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2 DIRECTOR YU: Good morning, Chair
3 Restler, Council Member Stevens, Council Member
4 Brewer.

5 Thank you for the opportunity to testify
6 today on nonprofit payment delays, an issue that has
7 rightly remained a priority for this Council, for
8 providers, and for this administration. We also
9 appreciate the Committee's attention to the
10 legislation on today's agenda, including the bills
11 introduced by Council Member Stevens.

12 I'm joined today by Michael Sedillo,
13 Executive Director of the Mayor's Office of Nonprofit
14 Services.

15 Nonprofit organizations deliver some of
16 the City's most essential services—housing
17 assistance, food access, childcare, public health,
18 and crisis response. When payments are delayed, those
19 organizations are forced to carry financial risk that
20 the City itself is better positioned to absorb. That
21 strain affects payroll, rent, staffing stability, and
22 ultimately the continuity of services New Yorkers
23 rely on.

24 Today, I will address four topics: the
25 role and context of MOCS, our progress toward system

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2 stabilization, emerging challenges on the horizon,
3 and the legislation currently under consideration.

4 Let me state clearly at the outset:
5 payment delays are unacceptable, and MOCS takes
6 responsibility for improving the systems and
7 processes within our control that contribute to those
8 delays. At the same time, it is critical to be candid
9 about how payments actually move—and stall—across the
10 City's contracting ecosystem, because durable
11 solutions require shared understanding and
12 coordinated action.

13 MOCS plays a unique role in the City's
14 contracting and payment process. While our agency
15 operates with a relatively small budget, our
16 responsibilities cut across the full lifecycle of
17 City contracts—from implementing procurement rules,
18 to overseeing the contracting process, to operating
19 the systems that support invoicing and payment.

20 Unlike individual contracting agencies,
21 MOCS does not deliver programs or issue payments
22 directly. Instead, we function as the central
23 coordinator and standards-setter for how contracts
24 move through the system, and as the operator of the
25 City's end-to-end digital procurement platform,

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2 PASSPort. That role places MOCS at the intersection
3 of policy, process, and technology—and requires close
4 coordination with agencies, the Law Department, the
5 Office of Management and Budget, the Mayor's Office
6 of Nonprofit Services, and the Comptroller.

7 In practice, this means MOCS is
8 responsible both for establishing guardrails—to
9 ensure procurement is fair, competitive, and
10 inclusive—and for removing friction where rules,
11 workflows, or systems slow the movement of contracts
12 and payments. Our work is therefore not limited to
13 oversight in the traditional sense; it also includes
14 active facilitation, problem-solving, and system
15 improvement.

16 The scale of this responsibility is
17 significant. In Fiscal Year 2025, New York City
18 awarded more than \$42 billion in contracts for goods,
19 services, and construction. Human services contracts
20 accounted for over \$16 billion of that total—
21 approximately 37 % of all City contracting. Nonprofit
22 providers are not a marginal part of the procurement
23 system; they are central to it.

24 Given that scale, even small
25 inefficiencies in contract processing or payment

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2 workflows can have outsized impacts on nonprofit
3 providers. Understanding MOCS's role in this
4 ecosystem is essential to understanding both the
5 progress that has been made and the constraints that
6 remain.

7 Timely payment has long been a priority
8 for MOCS. Historically, the office has pursued that
9 objective through modernization efforts—digitizing
10 procurement, strengthening transparency, and
11 implementing major system transitions. That work was
12 essential to addressing longstanding structural
13 limitations and creating a more centralized
14 procurement framework.

15 As that modernization work has matured,
16 MOCS' focus has increasingly shifted toward
17 stabilizing performance across the contract-to-
18 payment lifecycle—with particular attention to how
19 system design, agency practices, and review processes
20 affect when nonprofit providers are actually paid.

21 Now let's talk about progress towards
22 stabilization. We remain in a phase of stabilization
23 today, but it is a targeted stabilization: reducing
24 variability across agencies, addressing recurring
25 bottlenecks, and shortening the time between service

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2 delivery and payment where delays happen. Our goal is
3 to ensure those systems and processes function
4 reliably and predictably for providers.

5 Within that context, we have made
6 measurable progress that I'm excited to highlight:

7 First, the City Council Discretionary
8 Grant pilot that was launched in FY26 offers a
9 promising approach for faster payments for small
10 discretionary awards. Under the first year of the
11 pilot, over 100 discretionary awards went through a
12 streamlined grant process that allowed the first
13 award to receive full payment within a month,
14 compared to timelines that previously exceeded one
15 year. For smaller nonprofits, this reduces prolonged
16 periods of uncompensated service delivery and lowers
17 reliance on credit or emergency financing to sustain
18 City-funded programs. We look forward to working with
19 the City Council, MONS, and our agency partners to
20 continue this pilot program to benefit even more
21 providers.

22 Second, in FY26, on-time registration of
23 human services contracts reached 88%, the highest
24 level in five years. This improvement has materially
25 reduced the number of retroactive contracts—one of

1 the primary drivers of delayed payment. For
2 providers, earlier registration means contracts are
3 in place closer to the start of the fiscal year. This
4 allows agencies to make advance payments to
5 nonprofits, and for nonprofits' invoicing to begin
6 sooner, reducing the need to operate programs for
7 extended periods without an active contract or
8 eligible reimbursement.

9
10 Third, MOCS now has a Citywide Payment
11 Task Force team that provides direct, case-level
12 intervention. Rather than requiring providers to
13 navigate multiple agencies and systems on their own,
14 the Payment Task Force works agency by agency to
15 identify and resolve specific registration, budget,
16 and invoice issues. This hands-on approach is
17 intended to shorten resolution time and reduce the
18 burden on providers to repeatedly escalate issues
19 across different points of contact.

20 Fourth, the Returnable Grant Fund has
21 been expanded and more actively promoted as a bridge
22 financing tool. The RGF, the Returnable Grant Fund,
23 provides interest-free loans to nonprofits facing
24 payment delays, helping stabilize cash flow while
25 underlying issues are resolved. Expanded outreach and

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2 use through NYCPS and partner entities have made this
3 resource more accessible, particularly for
4 organizations with limited reserves.

5 Fifth, MOCS issued a partial payment
6 directive that allows funds to be released while
7 outstanding issues are resolved. In situations where
8 invoices are otherwise approvable but delayed due to
9 discrete outstanding items, agencies have been
10 directed to issue partial payments rather than
11 holding payments in full. For providers, this reduces
12 the financial impact of administrative delays by
13 allowing at least a portion of funds to flow while
14 remaining issues are addressed.

15 Sixth, we have launched PASSPort
16 enhancements to support earlier budget and pre-
17 processing actions. System improvements now allow
18 certain fiscal and administrative steps to occur
19 earlier in the process, reducing downstream delays
20 once contracts are registered and invoices are
21 submitted. This helps prevent avoidable backlogs
22 later in the payment cycle. Additional enhancements
23 to further improve budgeting and invoicing are coming
24 soon, and we look forward to sharing more details.

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2 Seventh, in partnership with OMB, MOCS
3 issued an Indirect Cost Rate Policy Reminder
4 Directive to reinforce existing tools that support
5 nonprofit financial stability. In addition to the
6 Joint ICR Policy Directive, MOCS will also be
7 offering agency staff training on ICR policies and
8 procedures this Thursday—tomorrow—to ensure that
9 agencies apply them consistently. While not a payment
10 mechanism itself, clearer ICR implementation helps
11 providers better recover true operating costs and
12 improves overall financial sustainability.

13 Eighth, the City has increased advanced
14 payments to provide more upfront cash flow to
15 nonprofit providers, which requires a renewed focus
16 on responsible fiscal management. Through City
17 Council legislation, advance payments for most
18 nonprofit Human Services contracts have increased
19 from 25% to 50% of the base contract value,
20 delivering more upfront funding than ever before to
21 support provider stability. MOCS is working closely
22 with agencies to monitor recoupment on FY26 advances
23 so that nonprofits are able to benefit from 50%
24 advances again in fiscal year 2027, as codified by
25 Local Law 156 of 2025. We've also kicked off an

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2 internal working group with impacted agencies to
3 develop quarterly advanced pilot policies in
4 accordance with the more recently enacted Local Law
5 11 of 2026. Both Local Laws represent large changes
6 to the City's advanced policies, and we are committed
7 to working with agencies and nonprofits to ensure
8 that these changes result in steadier cash flow for
9 nonprofits without impacting the City's ability to
10 monitor how taxpayer dollars are spent.

11 Taken together, these efforts reflect
12 greater stability and coordination than in prior
13 years. And providers are experiencing earlier
14 registration, faster access to cash, and more direct
15 support when issues arise. At the same time, these
16 improvements have not eliminated delays; it is
17 important to be candid about that reality.

18 Continued progress depends on sustaining
19 this stabilization work while addressing the
20 remaining structural and operational challenges that
21 affect payment timeliness. We've covered MOCS'
22 context and stabilization. The last two topics are
23 the anticipation of future issues.

24 To understand why delays still occur—even
25 as progress is being made—it is important to

1
2 describe how nonprofit payments actually move through
3 the City's system. A nonprofit is paid only after
4 several interdependent steps occur. These include
5 contract negotiation and registration; fiscal and
6 legal review; alignment with available funding;
7 invoice submission and approval; and payment release
8 through the City's financial systems. A delay at any
9 one of these points can prevent payment, even when
10 all other steps are complete.

11 Payment delays persist not because of a
12 single failure point, but because the system
13 involves: Multiple agencies and oversight entities
14 with distinct roles and statutory responsibilities;
15 significant variation in contract complexity, funding
16 sources, and program requirements; differences in
17 staffing capacity and operational practices across
18 agencies; and external pressures, including emergency
19 procurements and increased contract volume.

20 Given these dynamics, progress depends on
21 both system reliability and consistent execution
22 across the full lifecycle. That is why MOCS's current
23 approach focuses on end-to-end performance: setting
24 clear submission standards, intervening when items
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1
2 stall, and increasing transparency about where delays
3 occur and what it will take to resolve them.

4 In addition to implemented strategies,
5 MOCS continues to advance work in several areas:
6 developing citywide standard invoice guidance to
7 reduce inconsistencies; advancing audit reform to
8 better align oversight with timely payment; and
9 strengthening nonprofit engagement and change-
10 management support.

11 We are continuing to enhance transparency
12 and operational support through improved guidance,
13 targeted training, and better use of performance data
14 to focus resources on the points in the process where
15 delays most frequently occur.

16 In closing, nonprofit payment delays are
17 not the result of inattention or indifference. They
18 persist because the City's contracting and payment
19 systems are complex, interdependent, and historically
20 under-designed for the scale of services nonprofits
21 now deliver. MOCS accepts responsibility for
22 improving what is within our control—and for being
23 transparent about what requires shared action. Our
24 objective is not to defend the system, but to make it

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2 work better for the providers who keep City services
3 running and for the New Yorkers they serve.

4 Thank you for the opportunity to testify.
5 I am now going to turn it over to Executive Director,
6 Michael Sedillo.

7 EXECUTIVE DIRECTOR SEDILLO: Thank you.
8 Good afternoon, Speaker Menin, Deputy Speaker
9 Williams, Chair Restler, members of the Committee on
10 Contracts, and all the other Council Members who have
11 joined us today. Thank you for the opportunity to
12 testify today.

13 My name is Michael Sedillo, and I serve
14 as the Executive Director of the Mayor's Office of
15 Nonprofit Services, also known as MONS.

16 I also want to acknowledge the Chief
17 Nonprofit Officers who joined us today. They work
18 tirelessly within their agencies to make our systems
19 more responsive to nonprofit providers. I can't thank
20 you enough for your support.

21 Our mission at MONS is simple yet
22 critical. We serve as a bridge between city agencies
23 and nonprofits to help them focus on one goal:
24 delivering vital services to New Yorkers.
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2 We work closely with thousands of public
3 servants across health and human service agencies who
4 navigate a complex contracting system to ensure
5 providers are paid, and services reach those who need
6 them most.

7 And while our office serves both
8 nonprofits and public servants, we always remember
9 that our ultimate customers are New Yorkers.

10 Every policy, every reform, and every
11 investment must first consider what's best for those
12 who rely on these essential services.

13 Since we last spoke in October, our
14 office has worked in lockstep with our partner
15 agencies to stay focused on resolving payment delays,
16 reducing the contract backlog, improving service
17 delivery, and cutting red tape of processes that make
18 it harder for nonprofits to contract with the City.

19 We're aligned with the City Council and
20 the sector in recognizing these systemic challenges,
21 and we're committed to finding solutions together.

22 While we still have work to do, we're
23 proud of what we have been able to accomplish in
24 partnership with our city agencies for the nonprofit
25 sector.

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2 Mayor Mamdani recently issued Executive
3 Order 2, which reestablished our office and Chief
4 Nonprofit Officers in human service agencies across
5 the City.

6 With a customer service mindset, 18
7 appointed leaders engage directly with providers to
8 strengthen responsiveness, streamline communication,
9 and resolve problems in real time.

10 With the help of our Chief Nonprofit
11 Officers, we have resolved 260 inquiries from
12 providers and elected officials since last January.
13 Those efforts, along with those of their colleagues,
14 have been instrumental in reducing the backlog of
15 unregistered and retroactive contracts from \$11.8
16 billion to \$2.3 billion, accelerating payments and
17 restoring financial stability for providers.

18 Last year, City agencies made an
19 unprecedented level of advance payments at the start
20 of fiscal year 2026.

21 For many contracts, we doubled the
22 standard 25% advance payments. In fact, the average
23 advance payments in Fiscal Year 2026 were \$200,000
24 higher than the previous fiscal year.
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2 While this does not solve the systemic
3 challenges of payment delays, it was an important
4 step to provide meaningful relief for nonprofits.

5 City Council also played a critical role
6 by passing Intro 1247, which codified 50% advances,
7 and Intro 1392, which will give the City the
8 opportunity to pilot predictable quarterly payments
9 for nonprofit providers similar to the New York State
10 Office of Mental Health contracts.

11 Thanks to the success of MOCS' Timely
12 Registration Initiative and the tireless work of
13 dedicated public servants at contracting agencies,
14 88% of human service contracts for FY 2026 were
15 submitted to the Comptroller on time—the highest
16 rate in five years. This action significantly reduced
17 the contract backlog.

18 We also recognize the need to reform the
19 discretionary contracting process, which is often the
20 most delayed.

21 Currently, 70% of the City's backlog of
22 human service contracts are discretionary contracts.
23 This means they are inherently retroactive because
24 agencies cannot begin registration until after the
25 fiscal year starts, and nonprofits are expected to

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2 provide services. That's why last fall, we partnered
3 with the City Council and MOCS to launch the
4 Discretionary Grant Pilot, a new process designed to
5 make contracting easier for providers.

6 Under this pilot, nonprofits with small
7 discretionary contracts below \$25,000 at select
8 agencies are processed as grants, cutting out 13
9 steps from the traditional contracting process.
10 Within months of receiving a grant agreement, up to
11 100 providers received 100% of their funding.

12 We're further expanding this initiative
13 to reach even more providers. This reform is a
14 powerful example of what is possible when we work
15 together.

16 You asked for more visibility in the
17 contracting process, and beginning in March, for the
18 first time ever, the preliminary Mayor's Management
19 Report will include key metrics related to human
20 service contracting. This is a major step forward in
21 greater transparency, accountability, and ongoing
22 tracking across agencies.

23 We also continue our internal performance
24 management system to track contract cycle times and
25 identify bottlenecks.

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2 In addition, we conducted four quarterly
3 Provider Sentiment Surveys to gather insights into
4 nonprofits' experiences with contracting agencies.
5 Their feedback is integrated into our system to help
6 pinpoint areas for improvement.

7 Every month, we share key payment
8 performance indicators with our Chief Nonprofit
9 Officers. Last fall, we held our first convening with
10 City leadership to review this data and align on
11 improvements across agencies. Based on our analysis,
12 we saw a 41% increase in approved budget
13 modifications in the first quarter of FY26 compared
14 to the same period last year, and the provider
15 sentiment scores have improved since last December.

16 We are focused on policies that help
17 streamline processes for providers—

18 First, during last April's hearing,
19 nonprofits raised concerns about delays in receiving
20 payments for approved indirect cost rates. In
21 response, MONS launched Prompt Action on Indirect
22 Delta (PAID). This citywide campaign supports
23 agencies to review prior-year payments and unlock
24 outstanding funds, including COLA adjustments for
25 nonprofit contracts. Agencies have already developed

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2 action plans to pay out owed funds this year and are
3 in the process of paying out millions of dollars.

4 Second, the City has developed a Standard
5 Audited Financial Report (SAFR), which creates a
6 uniform single audit process across agencies to
7 reduce administrative burdens for nonprofits and
8 provide a comprehensive view into how nonprofit
9 providers manage City dollars.

10 Culture change is just as important as
11 policy reform, and we know it doesn't happen
12 overnight. We expect and celebrate Excellence in
13 Service Delivery, which is why we're launching the
14 nomination process this spring for the Excellence in
15 Human Service Delivery Awards, a celebration of the
16 nonprofits and public servants who go above and
17 beyond for New Yorkers. We also declared August 19th
18 through the 22nd as New York City Nonprofit Week,
19 where City leadership will visit providers to tour
20 their organization and present them with
21 proclamations to show their appreciation.

22 Last fall, I led a customer service
23 training for 80 city agency employees. Survey results
24 showed confidence in having the tools and skills to
25 support providers jumped from 22% to 62.5%, a 40.5

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2 point increase, the largest we've recorded. And
3 empathy for nonprofit providers facing payment delays
4 also rose from 40% to 68.75%, a 28.75-point gain.

5 We also hosted a workshop for 147
6 procurement professionals focused on supporting
7 nonprofits through the contracting process as part of
8 our capacity-building efforts.

9 And thank you to Council Member Stevens
10 for presenting during Nonprofit Essentials, our ten-
11 week training series for emerging nonprofits seeking
12 to contract with the City. This series, which ended
13 last month, supported over 70 nonprofits on topics
14 such as Community Asset Mapping, Strategic Planning,
15 Volunteer Management, Legal Support, Financial
16 Management, Insurance, and Marketing Best Practices.

17 We've also been actively engaging with
18 Council Members across the boroughs to support
19 nonprofits and strengthen community partners. In
20 fact, we've attended and co-hosted six nonprofit
21 roundtables with community boards and elected
22 officials, including Council Member Stevens, Council
23 Member Joseph, Queensborough President Richards, and,
24 most recently, Senator Comrie, to provide one-on-one
25 support to providers in their districts.

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2 We're grateful for your partnership,
3 which is why we are launching CONNECT, City and
4 Council Members Open Nonprofit Networks for
5 Engagement and Collaboration Tours. Through this
6 initiative, we will host roundtables in each of the
7 51 Council districts over the course of the
8 Administration's first term. We will offer resources
9 for providers, troubleshoot contracting issues in
10 real time with our chief nonprofit officers, and help
11 providers navigate PASSPort.

12 We look forward to working together to
13 see this initiative through and encourage any council
14 member to reach out to us.

15 We're also grateful for the 31 members of
16 our Nonprofit Advisory Council. These nonprofit
17 leaders serve as our trusted advisors and thought
18 partners, helping us remain accountable to the
19 sector.

20 Thank you for calling this hearing today.
21 We're currently reviewing Introduction 441 and 452,
22 and look forward to further discussion.

23 For Intro 441, we reviewed the bill and
24 are open to finding ways to ensure community-based
25 nonprofits are equipped to apply for upcoming RFPs

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2 and are aware of opportunities to contract with the
3 City.

4 Regarding Intro 452, while we support the
5 intent of the bill, we believe there are serious
6 operational and fiscal challenges for the
7 implementation of this bill as written.

8 Our office is always here for nonprofits,
9 just like they're here for New Yorkers. Thank you.

10 CHAIRPERSON RESTLER: Great, I want to
11 just thank you both for your really thoughtful
12 testimony today. Lots of really positive things to
13 pull out. I am excited to learn more about the MOCS
14 Citywide Payment Task Force, the Returnable Grant
15 Fund Expansion, the success around partial invoices,
16 the success we have seen on advances increasing to
17 \$200,000 on average this year, and the growth to 50%
18 advances. The Council Discretionary Pilot is
19 something that I think we are going to dig into a lot
20 in the months to come. We are excited to hear and
21 understand the data in the PMMR and PASSPort
22 enhancements taking effect later this year. Lots of
23 positive things. Thank you both for those good
24 insights in your testimony.

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COMMITTEE ON CONTRACTS

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I invite my smart colleagues to start first.

COUNCIL MEMBER BREWER: (UN-MIC'D)
(INAUDIBLE)

ALL: (LAUGHTER)

CHAIRPERSON RESTLER: You'll stop me.
There you go. You know, once I get started, I get wound up.

UNIDENTIFIED: (UN-MIC'D) (INAUDIBLE)

CHAIRPERSON RESTLER: It's my second
(UNINTELLIGIBLE)

COUNCIL MEMBER BREWER: (INAUDIBLE)

CHAIRPERSON RESTLER: (LAUGHS) With friends like these. Luckily, Gale's mic isn't on. Just kidding.

COUNCIL MEMBER BREWER: He gets wound up no matter what.

ALL: (LAUGHTER)

CHAIRPERSON RESTLER: (LAUGHS) I enjoy both of these colleagues very much. They like to give me a hard time, and I mostly deserve it.

Okay, I want to try to approach questions kind of first by doing a contract registration and how that's going, shift to budget readiness, and then

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2 to invoicing, and then handle some other issues. But
3 they'll interrupt me at some point when they're ready
4 to jump in, because otherwise they'll be waiting a
5 long time.

6 So last April, I mentioned this
7 Comptroller's Report that I found quite enlightening.
8 It was reported that there were 2,508 nonprofit
9 contracts valued at \$4.6 billion that were awaiting
10 registration, even though their start dates had
11 passed. And we got updated data from the comptroller
12 today that over 90% of Human Services contracts
13 registered since July 1st of 2025 have been
14 registered late. And that nearly 50% of those were
15 registered more than a year late.

16 I'm wondering if you all can provide some
17 insight into what the landscape is today, of how
18 many, uhm, of where we are today on registration?
19 How many contracts are awaiting registration that are
20 already late right now?

21 EXECUTIVE DIRECTOR SEDILLO: Yeah. Thank
22 you so much for the question, Chair.

23 We have a lot to share on that topic. I
24 will say, as it relates to the Comptroller's Report,
25 one thing that I will flag is that their report does

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include discretionary contracts, which, as we know and have been trying to raise awareness on, are inherently retroactive and delayed. I think, Director, you will have a lot to say on the Timeliness Initiative, which is real blood, sweat, and equity that her team leads with agencies, and so do you want to expand on that, Director Yu?

CHAIRPERSON RESTLER: That's a good point.

DIRECTOR YU: So thank you for the question, Chair, and thank you, Executive Director, Sedillo.

I, too, will segment some of this to try to bucket things so that they're digestible pieces. And I look forward to, in follow-up conversations, even diving deeper into that most recent bit of data that you received from the Comptroller's Office, I will say... (CROSS-TALK)

CHAIRPERSON RESTLER: We just got it this morning, so I'm still processing it.

DIRECTOR YU: Okay. They do vary in their methodology in producing data, so sometimes it doesn't align, but I will speak about the data from our perspective.

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2 So starting at the top with the
3 segmenting of the data, I'll share that it is a new
4 year, a new administration, and we are inheriting a
5 backlog. I want to be very, very honest about that.
6 So there is something to be said that the backlog is
7 something that exists, and we have to deal with it.

8 In addition to that, we have to be
9 forward-looking, and we have to be strategic and
10 proactive, and prevent the backlog from further
11 growing. So, with that, I want to lift up and
12 highlight the work that MOCS is leading in
13 coordinating. We do this annually. We do an
14 initiative across our city agencies, in particular
15 with our city nonprofit agencies, where we're looking
16 at the human service contracts that are going to
17 start July 1st of the new fiscal year, fiscal year
18 2027. We convened these agencies, and we do a lot of
19 project planning just to ensure that they hit the
20 target of July 1st, 2026. As I mentioned in the
21 testimony, on-time contract registration means the
22 ability for advances to flow, which means cash flow
23 to the organizations and then ultimately for invoices
24 to happen and for payment to happen on those
25 invoices.

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2 So that's forward-looking. We are very,
3 very hopeful about this year's initiative. We have
4 new leadership, renewed energy.

5 In addition to tracking our traditional
6 fiscal year contracts that are planned to start, we
7 are also expanding the pool of contracts that we are
8 tracking. We're tracking on contracts that will also
9 start on August 1st, so later into the fiscal year.
10 So that those contracts are brought into, as you
11 mentioned, Chair, the rigor in the process to achieve
12 on-time registration. And Council Member Stevens,
13 you'll appreciate this. We will also be tracking on
14 the COMPASS contracts and the Afterschool program
15 contracts as part of the Timeliness Initiative.

16 COUNCIL MEMBER STEVENS: (UN-MIC'D)

17 (INAUDIBLE)

18 DIRECTOR YU: Yes. (LAUGHS) So that's
19 all, looking forward. But, let me... (CROSS-TALK)

20 CHAIRPERSON RESTLER: (INAUDIBLE),
21 quantify the backlog today?

22 DIRECTOR YU: Yes, let me-- Yes, I'm
23 happy to do that. So let me share, I will just rattle
24 off some stats, and then I can do some filling in.
25 We pulled this last month, so this is early January

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2 of last month. This is what we're able to see in
3 PASSPort. The human service backlog is \$2.3 billion,
4 2,275 contracts. I want to add some points of
5 comparison just to show the relativity. Compared to
6 January 2025, the Health and Human Services backlog
7 was \$4.7 billion, and there were 3,024 contracts. So
8 that decreased by-- the dollar backlog decreased by
9 52%, a product of targeted backlog cleanup and FY26
10 timely registration performance. So the contract
11 However, the contract count did increase. So, despite
12 a near 25% reduction of retroactive discretionary
13 amendments, contract amendments are on the rise. So
14 93% of backlog amendments were launched in 2025. And
15 that's a fair amount of technical data that I will
16 scale out for a moment. So that's the Health and
17 Human Service backlog as of January 2026.

18 CHAIRPERSON RESTLER: Okay. And just so I
19 make sure that I have that right, 2,775 contracts
20 worth \$2.3 billion is the backlog compared to a year
21 ago, that was, in January of 2025, that was \$4.7
22 billion and 3,000 contracts.

23 DIRECTOR YU: That's right.

24 CHAIRPERSON RESTLER: So we...

25 COUNCIL MEMBER BREWER: 3,024.

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CHAIRPERSON RESTLER: 3,024.

DIRECTOR YU: No 25, I'm sorry.

CHAIRPERSON RESTLER: Oh no (INAUDIBLE)
she was saying in FY25... (CROSS-TALK)

DIRECTOR YU: Oh, yes, I'm sorry, excuse
me, I'm sorry... (CROSS-TALK)

CHAIRPERSON RESTLER: She was saying the
number was 3,024, which was 100% accurate.

DIRECTOR YU: Yes.

CHAIRPERSON RESTLER: I didn't mean to
round down too much.

So we cut in half the amount of money,
but only decreased by 10% of the contract. So we
focused on larger contracts; it sounds like to clear
that backlog, or we focused on registering those
larger contracts rather than Council Discretionary
Contracts or other things like that.

Okay, that is very helpful. Do you-- just
because we are in the process of implementing some
pretty expansive reforms around discretionary
contracts, did you pull those out since Michael
mentioned it earlier in the Comptroller's Report?

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2 DIRECTOR YU: Yes, yes. So we've got some
3 additional data by procurement method and by the
4 agencies.

5 So I'll do the method first. So by the
6 procurement method count, 67%, that's 1,536 of the
7 contracts are discretionary contracts, and 29%, 623
8 of them are amendments. And then the backlog by
9 agency it's 62%. Uh, 1,442 actions are backlogged,
10 which are DYCD, and that's traditionally because DYCD
11 does have the bulk of the discretionary contracts,
12 and then by the agency dollars, we've got 36%, it's
13 \$825.6 million of the backlog dollars are with DHS.

14 CHAIRPERSON RESTLER: Got it. And as you
15 look back-- as you're looking today, clearly
16 concentration in terms of the number of contracts
17 because of the DYCD discretionary contracts where
18 they are-- but are there any agencies that are—other
19 than DYCD that have substantial backlogs that you
20 could highlight for us?

21 DIRECTOR YU: I think I would limit it to
22 those two that I would pull out in particular, DYCD
23 and DHS, which are very distinct and unique and
24 worthwhile if I could provide some color and some
25 meat on the bones. Starting at the top--and Executive

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2 Director Sedillo and I both spoke about the promise
3 of the Discretionary Grant Pilot, these small
4 agreements, we like to say, they gunk up the system.

5 CHAIRPERSON RESTLER: (INAUDIBLE)

6 DIRECTOR YU: They really are low-dollar
7 value, high in transaction, and we traditionally
8 treat them as standard procurements, multi-step, very
9 timely; they have to go through the entire process
10 before payment can be made. The grant pilot really
11 cleaves off a lot of processes, shrinks the time, and
12 allows cash to be tendered upon signature. That is a
13 reimagining or reengineering of that process. And we
14 are really hopeful to see what fruits this pilot
15 bears.

16 So that's distinct to the Discretionary
17 Contract. And as I mentioned, DYCD has the most
18 discretionary contracts as an agency.

19 I'll speak to DHS, that agency, you
20 know, homelessness prevention and homelessness
21 services, those contracts are incredibly complex, the
22 largest in terms of dollars, in terms of time, in
23 terms of shifting dynamics, and new needs. They are
24 very challenging, and I will also share that the
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2 agency often gets thrust upon to meet the demands of
3 the moment in a very short amount of time.

4 You will recall that under the last
5 administration, they really stepped up and did a lot
6 of the asylum seeker response. So to do those
7 contracts that are not planned and just thrust upon
8 them, that will certainly impact how their numbers
9 look.

10 CHAIRPERSON RESTLER: That's helpful.

11 I'm very hopeful about this Council
12 Discretionary Pilot and the planned expansion for
13 next fiscal year. I think it will really help create
14 capacity for our contracting shops. I think it will
15 really help small nonprofits. I think it will still
16 be a challenging process for larger nonprofits. The
17 multi-year contracts will hopefully provide some
18 efficiencies.

19 We have already been starting to get some
20 feedback from Council Finance that not all of the
21 agencies have been as fully cooperative as we were
22 hoping. So we should continue to have that
23 conversation together on what the learnings are from
24 the pilot and how we make sure that we're in a good
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position for the expansion to be successful next year.

EXECUTIVE DIRECTOR SEDILLO: Yeah, I think it's a great point, Chair. I think we would welcome a meeting sometime in the late spring to just review how the first year went, and make plans for the planned expansion of the upcoming year, and maybe set some larger goals together as a larger expansion as well.

CHAIRPERSON RESTLER: I think that would be great. We'll definitely get that on the books. I think that-- my understanding was that 90 of the 120 have already been-- they've already been registered (CROSS-TALK)

EXECUTIVE DIRECTOR SEDILLO: Receiving...

CHAIRPERSON RESTLER: And they've received payment, was the data I think we got on Monday, but Molly can correct me (INAUDIBLE)... (CROSS-TALK)

EXECUTIVE DIRECTOR SEDILLO: So thanks, Chair, for that one as well.

I think over 100 have received all their payment at this point. And I just want to make a point of clarification, I do want to make sure we don't use the word registration for the grantees.

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2 Sorry to be a stickler. I think you might appreciate
3 that in some ways, but that's just because it's so
4 foundational to the point we're trying to make—the
5 vast majority of our backlog are discretionary
6 contracts, and they shouldn't be treated like
7 contracts. There's a precedent with DCLA already.
8 Let's just treat them like they are. If we really
9 care about making sure that new providers to the
10 City's contracting process have a scaffolding
11 experience where they can more and more expand their
12 scope, influence, and services with the City, this is
13 a great way to do it.

14 CHAIRPERSON RESTLER: Okay

15 So recognizing, I think the first words
16 out of your mouth, Director Yu, in response to my
17 question, were that this new administration is
18 inheriting a backlog. And so recognizing that, it's
19 still a substantial backlog of over \$2 billion as of
20 the beginning of the term. Is there a plan to launch
21 a Clear the Backlog Initiative? Why or why not? And
22 perhaps a Clear the Backlog Initiative that's more
23 expansive than just contract registration, but also
24 focused on the timely processing of invoices in
25 particular?

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2 DIRECTOR YU: Thank you for the question,
3 Chair.

4 I would say in this moment in time, we
5 are very focused on just the realities, recognizing
6 we all have certain capacities and certain wants to
7 focus on priorities. We're laser-focused on
8 preventing a furtherance of a backlog. That's not to
9 say with the passage of time--we still, on a regular
10 routine basis, chip away at the backlog, but a
11 backlog initiative that is similar to what the prior
12 administration may have done. That is something that
13 we would need to follow up with and really sketch out
14 and plan.

15 CHAIRPERSON RESTLER: Yeah. I mean, I
16 would just say that I think we need a Clear the
17 Backlog Initiative, plus a series of commitments and
18 reforms to ensure that the backlog doesn't grow
19 again, as happened-- I think we saw an effort at the
20 beginning of the last administration, when Deputy
21 Mayor Wright was in charge of the Strategic
22 Initiatives Portfolio, that reduced the backlog. Then
23 we saw things creep back up, as I think there was
24 less focus across the street. I certainly want to be
25 your partner in making sure that the Deputy Mayors

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are focused on this and whipping their agencies into shape, so that we get the results that we all want to see.

EXECUTIVE DIRECTOR SEDILLO: Thank you, Chair. Thank you for mentioning that. I do want to mention that both Director Yu and I report to Deputy Mayor Kerson, who is incredibly engaged in this. We are very fortunate that the Mayor is incredibly clear-eyed about expecting excellence in service delivery. I happen to think that this is an area where government trust is at stake. Right? Our provider partners, our customers, our New Yorkers, need to understand that government can actually execute and deliver for them. So we are focused on that.

I would also point out Director Yu's Timeliness Registration Initiative, 85% of the game, from a dollar standpoint, is in DM Arteaga's portfolio. I have met with her two or three times in the last couple of weeks, and she attended Director Yu's Timeliness Initiative kickoff. They are incredibly engaged, like, no ego, "What does this mean?" We are really, really getting the attention

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2 and leadership that we need across the street. So, I
3 expect that to continue.

4 CHAIRPERSON RESTLER: Great. I think that
5 those two individuals in particular are going to be
6 really critical partners for us to help ensure that
7 resources are dedicated, the staff is in place, and
8 the results are what we all expect. So you have my
9 commitment. I have already begun speaking with their
10 staff, and we will go to them directly in the near
11 future as we begin to plan together.

12 Before I pass it to these guys, I just
13 want to check in on a bill that Council Member
14 Stevens passed two years ago. It was a really
15 important piece of legislation, which I was excited
16 to vote for, and I just think the followup that we
17 saw from MOCS in the previous administration was
18 lacking. Local Law 169 of 2023 required MOCS to make
19 a study and recommendations, a timeline, and a
20 framework for the City's procurement process. The
21 report that MOCS released found that the FY22 to FY24
22 contract cycle ranges from 354 to 621 days, and then
23 they suggested a timeline from 325 to 510 days, which
24 just frankly didn't feel like the improvement that
25 any of us were looking for.

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2 If I remember the report from then
3 Director Flores, it only went to the point of
4 contract registration, not beyond. And we, I think,
5 as you testified to today, MOCS is really committed
6 to helping address payment issues as well, not just
7 up to the point of-- beyond the point of
8 registration.

9 Are you thinking about revisiting
10 compliance with Local Law 169? Would you be open to
11 working with Council Member Stevens and me and the
12 PPB to review and adopt recommendations that could
13 try to set time frames for our procurement process to
14 hold ourselves accountable?

15 DIRECTOR YU: Chair and Council Member
16 Stevens, thank you for lifting up this important
17 piece of legislation. I've shared that I was part of
18 the negotiation and the final product of this
19 particular piece of legislation. Then I was part of
20 seeing through, enacting, and implementing this
21 legislation. Of course, I would welcome the
22 partnership and the collaboration. I've also shared
23 candidly that I think the end product was not a
24 desired product by either side. I'll scale out and
25 say that it is the North Star of MOCS to make

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2 procurement, contracting, invoicing, and payment more
3 predictable. So if we can align around that as the
4 priority and use whatever tools to try to achieve
5 that, and if timelines are something to consider, I
6 would welcome those conversations.

7 COUNCIL MEMBER STEVENS: (UN-MIC'D)

8 (INAUDIBLE)

9 CHAIRPERSON RESTLER: Council Member, is
10 that okay with you? Okay.

11 COUNCIL MEMBER STEVENS: I just want to...
12 And then I will pass it back to you. I have a
13 followup, because I found information afterward—how
14 many people do you have working on reports in MOCS?

15 DIRECTOR YU: Exclusively working on
16 reports?

17 COUNCIL MEMBER STEVENS: Mm-hmm.

18 DIRECTOR YU: Many MOCS team members wear
19 many hats.

20 COUNCIL MEMBER STEVENS: I know, but from
21 the prior director, one of the issues that came out,
22 because this report did come up a lot, and one of the
23 issues was that there was one dedicated person to
24 work on most of the reports that are regulated by
25 this agency. I am just trying to get to the support

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2 that you guys need, and why we continue to fight for
3 more (INAUDIBLE) staffing. Because it is great for us
4 to work together, but if you don't have the proper
5 staff to be able to spend time to do those reports, I
6 think that is something we need to make sure we are
7 highlighting and making sure that we are putting on
8 the record. Because I know that sometimes you guys
9 don't get to say the things that I can. But I think
10 that is a huge issue; if we only have one person in
11 MOCS working on a number of reports, we are going to
12 get reports that are not reflective of what we are
13 looking for. So I definitely want to make sure that,
14 during this budget season, we are advocating for you
15 guys to have more staff to be able to have more
16 adequate reports, so that we can have data and things
17 to move forward to accomplish that. Thank you.

18 CHAIRPERSON RESTLER: Thank you, Council
19 Member Stevens.

20 Council Member Brewer?

21 COUNCIL MEMBER BREWER: Thank you. Along
22 the same line, first of all, people love both of you,
23 and they hate everybody else. So that you know..

24 ALL: (LAUGHTER)

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2 COUNCIL MEMBER BREWER: I get this from
3 lots of different people, and they're very glad
4 you're both there.

5 CHAIRPERSON RESTLER: (LAUGHS)

6 COUNCIL MEMBER STEVENS: If Gale is saying
7 it, it's true.

8 COUNCIL MEMBER BREWER: It is true.

9 CHAIRPERSON RESTLER: Gale doesn't lie.

10 COUNCIL MEMBER BREWER: I can tell you
11 because I listen and I say it.

12 So anyway, the issue, though, is still
13 staffing. Because what happens is that I have a great
14 staff in terms of working with the different
15 nonprofits, obviously, the ones we're dealing with
16 are probably the small ones that you're talking about
17 that are challenging. But they do feel that,
18 particularly with DYCD, there's not a timely response
19 when documents submitted expire. And that's a big
20 problem, because then they have to resubmit, and
21 then, you know, in a small staff, resubmitting is
22 horrible. Then there is turnover, maybe not in this
23 administration, but there has been turnover at the
24 agency. So the two questions are about how not to
25 have to resubmit all the time, and if a person

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2 leaves, can somebody be sort of in the wings so that
3 that group doesn't have to go through it with a new
4 staff member? I know this seems like, you know,
5 mundane, but when you're dealing with these small
6 nonprofits, this is such a hard experience.

7 EXECUTIVE DIRECTOR SEDILLO: Yeah, thank
8 you so much for the question, Council Member, and
9 also for the kind words. It means a lot.

10 I think the Mayor recently sunsetted the
11 two-for-one hiring freeze. So we expect to see an
12 infusion of more talent and capacity at agencies from
13 that. I'm also aware that agencies like DYCD got
14 additional staff lines in recent plans. And I also
15 think it's important to just go back to what we keep
16 talking about with the discretionary grant pilot
17 because that is so much less onerous for both of our
18 providers, but also our agency staff, too.

19 When you look at DYCD, they have 55% of
20 all Discretionary Contracts, more than every other
21 agency combined. And those are really hard for them
22 because they often have to provide the white-glove
23 service to get the insurance documents in or any
24 other holdup. So I think there's also an aspect here
25 of realizing that the job has significantly changed

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2 in the last 10, certainly the last 15 years. I mean,
3 I started at MOCS in 2016, when PASSPort was a new
4 thing. And so I think as the City continues to
5 realize what it means to be a procurement
6 professional and to be somebody who processes
7 nonprofit contracts, the skills may change. And so it
8 might not just be a simple staffing issue. It might
9 also just be, like, how are we training them to meet
10 the new demands... (CROSS-TALK)

11 COUNCIL MEMBER BREWER: (INAUDIBLE) new
12 demands.

13 EXECUTIVE DIRECTOR SEDILLO: Correct.

14 COUNCIL MEMBER BREWER: Okay. So I guess
15 when you're talking, maybe make it clear that these,
16 what the Chair was asking about, could also be
17 addressed by the staffing responsibilities and input,
18 et cetera, because I think that's a big problem, the
19 staffing, period. (INAUDIBLE)... (CROSS-TALK)

20 EXECUTIVE DIRECTOR SEDILLO: I think
21 that's a great point.

22 COUNCIL MEMBER BREWER: Everybody is
23 sending me questions, and they are all about
24 staffing.

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2 The other question I have is that many of
3 these nonprofits take out bridge loans, et cetera, as
4 you know only too well. So I wanted to know whether
5 you keep track of the private market lines of credit
6 to make up the shortfalls? You know, because
7 obviously, payroll has to be made. Do you have any
8 idea regarding the extent of the problem, the high
9 interest rates, the fees, the terms, and, you know,
10 obviously, nonprofits go to the private banks if the
11 City has no interest in the Returnable Loan Grant
12 Fund. Obviously, the fund for the city of New York
13 helps, but how do you, you know, that's a terrible
14 situation. I have so many complaints. How are we
15 addressing it? Do you keep track? And I guess as part
16 of your "We're going to do much better", hopefully,
17 this will not have to be part of the scenario. Can
18 you comment on that?

19 DIRECTOR YU: Council Member Brewer,
20 thank you so much for the question. Let me start by
21 saying, it is an unacceptable reality that providers,
22 nonprofit providers, should have to take out private
23 lines of credit at market-rate interest.

24 COUNCIL MEMBER BREWER: They do.

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2 DIRECTOR YU: Yes. We understand that
3 that's a reality.

4 One of the escape valves you've mentioned
5 is in collaboration, a very important partnership
6 that we have with the fund for the city of New York.
7 You mentioned it, the interest-free Returnable Grant
8 Fund.

9 COUNCIL MEMBER BREWER: Yes.

10 DIRECTOR YU: I have some--So if you are a
11 nonprofit provider who's listening, please know that
12 we have streamlined the application process and
13 expanded the eligibility criteria for you to receive
14 an interest-free loan from the Returnable Grant Fund.
15 It's available on our MOCS website. It's available on
16 the MONS website. It's available if you Google RGF
17 Returnable Grant Fund. We actively try to market
18 that. We actively try to make sure that there's
19 awareness, because it is such an important tool when
20 a provider is facing cash flow issues or is unable to
21 meet payroll. And I've been on the receiving end of
22 those phone calls on a Friday before a long weekend,
23 and they need the cash... (CROSS-TALK)

24 COUNCIL MEMBER BREWER: Payroll.
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2 DIRECTOR YU: Exactly. But let me tell you
3 a few stats if I could, because the loan fund is
4 available, it's online. We've got the fiscal year
5 2026 data. We've got-- The total number of
6 applications we received is 238, and we processed
7 \$78.5 million. We approved 216, and we approved \$65.5
8 million, and the number of unique providers was 127.
9 The agencies that utilize the loan fund the most are
10 New York City Public Schools, DYCD, and DSSHRA.

11 COUNCIL MEMBER BREWER: So, what you were
12 saying earlier?

13 DIRECTOR YU: Yes...

14 COUNCIL MEMBER BREWER: The agencies that
15 use it.

16 DIRECTOR YU: Yes, and an interesting
17 tidbit that is worth highlighting: We used to see the
18 same providers using the loan fund over and over
19 again, signaling to us that they knew about it and
20 they knew how to access it. But what we've seen with
21 our active communications, we've seen new providers
22 submit applications and get loans, and I'll read off
23 this stat—from FY24 to FY25, there was an increase
24 in new providers obtaining Returnable Grant Funds
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Loans; 67% of the FY25 loan recipients did not submit a request in FY24.

And one more piece while we're rattling off data, in FY25, let's see, we've got 186 providers, 305 loans, and \$104 million was the total value of the loans.

COUNCIL MEMBER BREWER: Okay. And then you keep track of the ones that are stuck with the private banks, or you don't keep track of that? Maybe you can't.

DIRECTOR YU: We do not, Council Member.

COUNCIL MEMBER BREWER: Okay. Thank you, Mr. Chair.

EXECUTIVE DIRECTOR SEDILLO: And if I may just add on to that, I think there's maybe a habit with providers where they have a relationship with the bank, and things are dire, and they go to their banks. I just want to underscore what Director Yu said. And when we go out with each of you to your districts to have the roundtables and workshops, we will continue to make sure folks know about it. I'm often, despite our best efforts, getting the outreach and getting the word out, and I'm often the one to tell people about the option. And so if there are any

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delays or if any process delays at agencies, MOCS goes very quickly. But they can reach out to either Director Yu or me, and we can make sure to work with the Chief Nonprofit Officers to expedite.

COUNCIL MEMBER BREWER: Okay, thank you.

COUNCIL MEMBER STEVENS: Good afternoon, I know I said it when I first came in, but I am very happy that you guys are still with the administration. I think Gale hit the nail on the head when she said that most people don't like a lot of people, and they do like you guys. So that is saying a lot.

Before I get into some questions around my bill, I just wanted to start out by asking what are some things that we should be advocating for you guys in this budget cycle? Because I think it's important for us to be thinking about what the needs are. And sometimes I don't think people understand the capacity where, during budget season, we're always talking about initiatives to fund and all the things we want to get funded. But MOCS does not ever seem to be a party. And I'm like, hey, we can get all this money, but if it is not able to get out the door, who cares? And so I just want us to quickly ask

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2 you guys, what are some things that you guys are
3 really fighting for and pushing for that you need to
4 move this work along?

5 EXECUTIVE DIRECTOR SEDILLO: Thank you for
6 the question, Council Member.

7 I think from my perspective, you know,
8 we fully have all the staff we need at MONS to
9 continue to work on our efforts to improve the
10 relationship between the City and nonprofit
11 providers. And I think we're also very fortunate to
12 have really renewed interest and engagement from our
13 leaders across the street at City Hall.

14 I think the most important thing we could
15 ask from the council is number one, to make sure
16 folks know that they don't have to toil alone, like
17 I'm often hearing from folks where, oh, they just
18 didn't know who to contact. Like, that's what we do.
19 That's what the Chief Nonprofit Officers do. So
20 please don't let anybody suffer alone. We're very
21 happy to help solve problems.

22 And second is just to continue alignment
23 on the discretionary grant opportunity that presents
24 both for the Council, for the agencies, and for our
25 nonprofit providers. I would, of course, want us to

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2 go as bold as possible, knowing that there's
3 precedent with the Department of Cultural Affairs. I
4 think those waves and continued engagement on that
5 piece are the best way we can engage.

6 DIRECTOR YU: Council Member Stevens,
7 thank you so much for the question and planting the
8 seed. I really do look forward to engaging in this
9 conversation more fully and also in preparation,
10 because I know we are entering into budget season.
11 I'll say at MOCS, like any organization, we are faced
12 with the same constraints any employer is faced with,
13 you know, a workforce that we want to be fully
14 skilled, robust, and capable and competent to be able
15 to move the work that is prioritized, which is as I
16 spoke about during my testimony.

17 And also, the reality is that so much of
18 MOCS's work, in addition to the people, is
19 technology. And so I really welcome further
20 conversations about the realistic costs of that
21 technology and everything required to support that.
22 So thank you.

23 COUNCIL MEMBER STEVENS: Absolutely. And I
24 asked this too because I've been meeting with the
25 deputy mayors, and I've been very clear that this

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2 work is a priority for me. I mean, I've said this so
3 many times before that I'm really trying to fix the
4 system so I can go back and work there, so I don't
5 have to have this headache.

6 So, I have an invested interest here. So
7 I really want to work with you guys to figure out
8 what the real needs are. And I think, even like you
9 said, the technology piece is so important, and how
10 that has not been a real investment there. And even
11 with PASSPort, it was one of the things that came
12 online during the pandemic, and we've never really
13 been able to catch up. And also, looking like, is
14 this the system that makes the most sense for this
15 size municipality?

16 I guess I'll move on to some of my
17 questions regarding some of the bills—So, Intro 441,
18 what are the indirect costs offered to nonprofits,
19 and does the Administration support allowing
20 nonprofits to use the federal indirect costs for City
21 contracts?

22 EXECUTIVE DIRECTOR SEDILLO: Thank you for
23 the question, Council Member.

24 We're very proud of the indirect cost
25 rate. It's not a very old initiative. I think it's

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2 from 2019, similar to our advanced payment. Both of
3 those are things we're very proud of, in addition to
4 the COLA, the \$741 million COLA, the Wage Enhancement
5 Initiative, all of which are ways in which we
6 specifically support the nonprofit provider
7 community.

8 As it relates to the indirect cost rate,
9 we're not prepared to make any changes to the de
10 minimis, but of course, nonprofit providers can go
11 out and certify for a higher than de minimis rate for
12 their indirect cost rates, and many do.

13 COUNCIL MEMBER STEVENS: The
14 Administration already issued an Indirect Cost Rate
15 manual to nonprofits. Could Intro 441 work in tandem
16 with the manual, or would the manual need to be
17 amended to accommodate the bill?

18 EXECUTIVE DIRECTOR SEDILLO: That's a
19 great question, Council Member.

20 I'm not sure. I think there are likely
21 some changes that would need to be made to realize
22 the recommendations, the ultimate recommendations of
23 the task force. I think it would be hard to say at
24 this point, but I think any change to policy or
25 programming, especially as it relates to indirect

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cost, would have ripple effects for physical manuals both at the agency and citywide level.

COUNCIL MEMBER STEVENS: Does the Administration support this bill?

EXECUTIVE DIRECTOR SEDILLO: Intro 441?

COUNCIL MEMBER STEVENS: Mm-hmm.

EXECUTIVE DIRECTOR SEDILLO: Thank you for the question, Council Member.

I think the Administration is spiritually aligned with what you're trying to accomplish with the bill. I think there are many ways in which to support small culturally relevant nonprofit partners, again, particularly with the Discretionary Grant Pilot continuing to expand that and...

COUNCIL MEMBER STEVENS: Gale says you don't support it. Just so you know.

EXECUTIVE DIRECTOR SEDILLO: What's that?

COUNCIL MEMBER STEVENS: (LAUGHS)

EXECUTIVE DIRECTOR SEDILLO: I heard laughing behind me. I'm not sure what I did wrong.

COUNCIL MEMBER STEVENS: Gale said no, you don't support it...

EXECUTIVE DIRECTOR SEDILLO: Oh...

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2 COUNCIL MEMBER STEVENS: That was a long
3 way to say, no, but...

4 EXECUTIVE DIRECTOR SEDILLO: Again,
5 spiritually aligned, and I think that there are a lot
6 of ways to accomplish the goal. And I think there are
7 many ways we're already doing that, like the
8 Nonprofit Essentials Training that you joined us, the
9 nonprofit office hours that MOCS runs, and really
10 making it so that folks can see the City as a
11 customer of choice or a partner of choice.

12 I think right now, the experience I hear
13 from nonprofit providers, and I would feel the same
14 way if I were allocated a \$5,000 award from the City
15 Council, is that the administrative cost is way too
16 high to even do that.

17 I think that deters people from getting
18 on the ladder of partnering with the City. And so I
19 think there are many meaningful ways we could partner
20 to achieve the same goal.

21 COUNCIL MEMBER STEVENS: Yeah. I mean, I
22 think for me, especially when I'm thinking about the
23 disparities within the contracting, I'm always
24 thinking about how we make sure that the smaller
25 nonprofits can be effective and thoughtful. And

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2 unfortunately, the City makes everything hard.
3 Working with the government makes everything hard.
4 And I'm about how we make these things easier,
5 especially when you have a lot of the little guys
6 doing a lot of the work. So what does that look like?

7 I know that some people are not
8 necessarily a fan of the task force. And I'm not
9 either, but we've seen how task forces have really
10 produced really good recommendations even when we're
11 thinking about the backlog. A lot of those were from
12 a task force that produced recommendations that were
13 implemented, although we are back in a backlog. But
14 that's a whole other story.

15 But I think that it is something that we
16 do have to make sure that we're keeping in the
17 forefront of our minds. Because even when we're
18 talking about the COLA and all that, that wasn't done
19 because the City wanted to. That was done because
20 nonprofit providers got together and #JustPay became
21 a campaign. And 3,000 people were standing outside
22 screaming, saying, "We are not going to take this
23 anymore". And so I don't want us to have to go there,
24 and I don't want us to have to keep doing that. And
25 so I think that it's like, how do we come up with

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2 solutions to make sure that equity is happening and
3 what that looks like?

4 I'm not even going to go into 452 because
5 I think that's like a budget fight that I need to
6 have around the wages and doing it. Everybody knows
7 I'm here to fight to make sure that we're bringing up
8 that floor wage for our nonprofit providers, because
9 that staff is predominantly women and women of color.
10 And their wages should reflect the work that they're
11 doing and not us trying to save money on the backs of
12 our workforce.

13 So that's more of a budget fight. So I
14 will spare you my questions on that, but thank you,
15 Chair.

16 CHAIRPERSON RESTLER: Great. Thank you
17 both, and please feel free to kick me again if you
18 would like to jump in.

19 I wanted to go back to something that
20 Council Member Stevens was asking about a moment ago,
21 which is kind of staffing needs, but not directly for
22 MOCS or MONS, and really for the agencies that we
23 work with. Maybe I'll ask the question this way—For
24 an interested party like myself who wants to
25 understand how the contracting division at the Health

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2 Department is staffed, and the Fiscal Unit, the
3 Health Department is staffed. How do I access that
4 data? Is there any clear public or internal data that
5 you all have access to, to understand if a human
6 services agency is appropriately staffed on their
7 contracting and fiscal teams?

8 EXECUTIVE DIRECTOR SEDILLO: That's a
9 really great question, Chair.

10 I think it has been a very difficult
11 question to answer easily. We have both worked
12 separately and together on trying to get under the
13 hood there, and it is sufficiently complicated, and
14 we don't say that easily because we handle a lot of
15 complicated things together.

16 But you look at different agencies, some
17 are centralized, some are decentralized. Some
18 agencies have programming folks that have a role to
19 play in the invoicing process; others don't. Some
20 folks have three levels of invoice approval, some
21 have two. Some agencies have a history of audits from
22 the Comptroller at DOI. And so they have been
23 responsive to that and are risk-averse from that
24 perspective. So I think all in all it's complicated.

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2 I wish there was an easy answer for that, but there's
3 not.

4 CHAIRPERSON RESTLER: My recollection,
5 although I'm sure Director Yu will correct me if I am
6 misremembering, is that there were some protections
7 for MOCS around the two-for-one replacements. But
8 there were no protections for Contract and Fiscal
9 staff at any City agency, correct? They were entirely
10 subject; every human services agency has been subject
11 to this two-for-one dynamic that was recently lifted
12 last week.

13 EXECUTIVE DIRECTOR SEDILLO: No. Thank you
14 so much for the question, Chair.

15 Actually, about a year ago, before I came
16 into this role, it was one of the things we realized
17 we needed to be able to do was provide that
18 flexibility to agencies. And so we were very clear
19 when I started in this role, in this office, that we
20 needed to exempt agency positions that have to do
21 with human service contracting from the two-for-one.
22 OMB has approved, since then, I think 180 plus pars
23 that the agency has sent them that were exempt from
24 it. Of course, that doesn't in and of itself mean
25 that the folks are in the role and that they're, you

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2 know, up to speed immediately, but that has been
3 something that we've enjoyed for the past year, that
4 exemption across agencies.

5 CHAIRPERSON RESTLER: Okay. Should MOCS
6 and MONS have a staffing model for human services
7 agencies to determine how much headcount is needed to
8 process X number of contracts or contracts of Y
9 billions of dollars? Are there general
10 recommendations that we should be providing to agency
11 heads and OMB for what we think is necessary for
12 these agencies to actually be able to do their jobs?

13 DIRECTOR YU: So, Chairs, thank you so
14 much for this line of questioning. And in addition to
15 what Executive Director Sedillo was mentioning, I
16 just wanted to take one step back, and I will get to
17 the question about the model staffing plan and the
18 capacity for the volume of contracts. The other
19 things that we can put in place to streamline the
20 work...

21 CHAIRPERSON RESTLER: Can I just interrupt
22 you for one second?

23 DIRECTOR YU: Of course.

24 CHAIRPERSON RESTLER: I just see
25 (INAUDIBLE) leaving, and everyone always says that

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2 ACS does this the best, that ACS does this the best,
3 that they are the premier city agency as it relates
4 to processing human services contracts. So that she
5 knows, I'm going to ask about why ACS does a good
6 job. So I just wanted to say that. That was my next
7 question. So, I am sorry to interrupt. I wasn't going
8 to let her sneak out before I did that. Go ahead, you
9 should finish as you were saying. Then you know what
10 my next question is.

11 DIRECTOR YU: Yes, ACS is a star
12 performer historically, and we expect that they will
13 remain so.

14 What I was saying was there are other
15 things beyond just the people, which is the training
16 to make sure that the skills of the people are at the
17 right level for what they're expected to do and
18 produce. And in addition to that, there are things
19 that we can put in place, such as standardized
20 documents, standardized templates, checklists, that
21 will quicken the work.

22 CHAIRPERSON RESTLER: Totally.

23 DIRECTOR YU: And then the other thing is
24 the delegations. The framework and the rules that
25 were put in place decades ago may no longer be fit

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2 for purpose and serve us. And so maybe it makes
3 sense, through delegation, chunk out portions, and
4 completely bypass certain shops.

5 So those are some tools that we can put
6 in place that we have to be mindful of when using
7 them, when we are also looking at the staffing
8 capacity.

9 CHAIRPERSON RESTLER: I think that's
10 great. I think MOCS and MONS are providing more
11 technical assistance. I think what Director Sedillo
12 testified to in his remarks, his prepared remarks, is
13 the emphasis on customer service and celebrating the
14 good work that's happening. All of that's great. I
15 think having consistent templates across the board is
16 helpful not just for City agencies, but also for the
17 providers, because there can be more consistency
18 across the contracting process. But I do really think
19 we need to focus on headcount because, at the end of
20 the day, if you don't have enough people to do these
21 jobs, no matter how good your systems and processes
22 are, backlogs will grow. So I don't know the answer
23 today. I think we'll look at whether there's an
24 opportunity for terms and conditions in the budget to
25 require the human services agencies to report on

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2 this. And we'll think about other ways that we can
3 get at this data. But I think it's really important
4 that it be something that you all track and that we
5 are tracking together to make sure that agency heads
6 are being held accountable, that there is enough
7 headcount in place to do this work.

8 So, as I warned you, my next question
9 was, everybody says ACS does a great job. They don't
10 say that about every agency, but I'm asking the
11 question in a nice way instead of highlighting some
12 of the more problematic folks. Why do you think ACS
13 does a great job, and what should we be replicating
14 at other agencies that they're doing?

15 EXECUTIVE DIRECTOR SEDILLO: Well, I'll
16 take the first crack at that. Thank you so much for
17 the question, Chair.

18 You know, there are multiple reasons. You
19 know, when I first started in this role, I had heard
20 reputationally about this as well. And so I actually
21 asked some of the provider partners. COFCCA (Council
22 of Family and Child Caring Agencies) is a big
23 umbrella group that works a lot with ACS, and its
24 members do. And the consistent response I got was
25 that they have a culture of just responsiveness to

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2 partnership. They are one of the agencies that have,
3 for a long time, had a regular ongoing dialogue and
4 convening with their provider partners. So I think
5 there's a feeling, and I don't think this is--I don't
6 mean to minimize this anyway, I think there's a real
7 feeling by the providers that if there's an issue,
8 they can call ACS, they can reach out to Jill or
9 someone, and somebody will be responsive and help
10 them solve that issue.

11 And then I also think that they have a
12 history, at least in the last few years, under their
13 leadership of being really data-driven in their
14 performance. I meet regularly with a lot of the
15 different agencies that are human service agencies.
16 Commissioner Dannhauser has--I actually don't know if
17 he continued this from Commissioner Hansel or if this
18 was new, but he often requires direct reports to
19 report on this data, like really cares. When I submit
20 their monthly reports, Commissioner Dannhauser would
21 ask questions like, what does this mean? What does
22 this mean? Incredibly engaged. And I think all of the
23 work that Director Yu and I do is all about how we
24 send the right signal to everyone across the
25 administration that this is a priority, and this is

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2 some place where the Mayor expects excellence in
3 service delivery. And I think we have a great partner
4 in ACS from the top all the way to the staff level,
5 really beating that same drum.

6 CHAIRPERSON RESTLER: That's great. I
7 mean, I think the things that we've heard, I'm sure
8 Council Member Stevens has great insights here, too,
9 a sense of partnership around developing procurement,
10 concept papers, collaboration from the beginning of
11 the process, and then a commitment, as you noted, to
12 prioritizing the data and managing around these
13 issues effectively. And I think having a commissioner
14 who comes from the human services sector matters.
15 And, you know, David, Jess, I mean, you have a series
16 of people who have been on the other side and
17 understand how important this is. And, you know, I
18 wish that we could ingrain that same orientation and
19 approach more effectively at other agencies.
20 Hopefully, with the new ACS commissioner, we'll see
21 similar excellence. So thank you, Jill, for being
22 here, and thank you for all the work you do. Jill has
23 solved problems for me for many years. I'm glad
24 you're solving problems for lots of other people,
25 too.

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DIRECTOR YU: Chair, if I could add one thing too, I will also make a plug. I completely agree with everything Executive Director Sedillo said, and I wish Jill were here. Oh, she's still here. (LAUGHS)

CHAIRPERSON RESTLER: I'm glad she stayed, she heard. She heard that you were about to say something nice.

DIRECTOR YU: Just a small plug, I will say that the ACS Contracting team recruits very heavily from the MOCS team.

ALL: (LAUGHTER)

DIRECTOR YU: Yes.

CHAIRPERSON RESTLER: Wow, wow. So that's the secret, huh?

DIRECTOR YU: And we are the breeding ground.

ALL: (LAUGHTER)

CHAIRPERSON RESTLER: Maybe it was. You know, that could be Jill's strategy. All right, there you go. That's it.

UNIDENTIFIED: (UN-MIC'D) I hope the Administration (INAUDIBLE)

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2 EXECUTIVE DIRECTOR SEDILLO: Chair, we,
3 too, have pulled from MOCS on our team as well.

4 CHAIRPERSON RESTLER: I know that. I'm
5 seeing Jenny in the front row.

6 Before I go to budget readiness, I just
7 want to ask one other capacity question. Comptroller
8 Lander put out a report last year about delays in the
9 Contracts Division in Law. Just wondering, are you
10 all tracking staffing issues in that unit, in
11 particular in Contracts and Real Estate? If I recall
12 their data correctly, there was a comptroller audit
13 that was a very small sample. They looked at 65
14 contracts, I think 15 were in PASSPort and 50 were
15 not in calendar years 2023 and 2024, and they found
16 21% of those contracts were with the Law Department
17 for over a month.

18 So the Law Department's reviewing for
19 over a month, the Comptroller has only 30 days,
20 right? That is longer than we all want to see. Is
21 this a data point that you all are tracking, and how
22 are we managing toward better outcomes?

23 EXECUTIVE DIRECTOR SEDILLO: Thank you for
24 the question, Chair, and actually bringing this to
25 our attention.

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2 I did not catch that in the Comptroller's
3 Report. We do have a Chief Nonprofit Officer at the
4 Law Department, as well as OMB and MOCS here as well.
5 Rich is here. That's a lot of the Law Department's
6 Chief Nonprofit Officer. We'll discuss this with him
7 right after this. I've not been made aware of that
8 issue. I do know that the Law Department has done a
9 lot of work in the last year or two with MOCS's
10 leadership to delegate more tasks to agencies and try
11 to reduce the amount of things they have to review,
12 both from a templatizing standpoint and a delegation
13 standpoint.

14 CHAIRPERSON RESTLER: Great.

15 This was a Press release from the
16 Comptroller on September 11th, 2025, that highlighted
17 some of the delays in the Contracting Real Estate
18 division. I have worked closely with (INAUDIBLE) over
19 the years and think exceptionally highly of her. And
20 I'm sure her team is very competent. But if there are
21 staffing shortages there, we want to make sure that
22 that's something that we're addressing. There's been
23 a lot of focus over the last few years on how much
24 headcount MOCS has. But I don't think that's the only
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2 issue in the system that's really slowing things down
3 that we need to be looking at more holistically.

4 Shifting to budget readiness. I met with
5 Legal Services of New York recently, and they told us
6 they have 16 contracts. All contracts have been
7 registered. Great, but only six of the 16 have been
8 approved for vouchering. They only have budgets
9 approved for six of the 16 contracts. So they have 10
10 budgets that they can't submit an invoice for, and
11 they can't get an advance on. Do you know how many
12 registered contracts citywide lack approved budgets
13 for nonprofits can submit invoices? And how are we
14 tracking this effectively across the board?

15 I just want to welcome Council Member Jim
16 Gennaro and thank the good gentleman from Queens for
17 joining us.

18 EXECUTIVE DIRECTOR SEDILLO: Thank you for
19 the question, Chair, and welcome, Council Member.

20 I speak regularly with the Legal Aid
21 Society and their excellent staff, staff who you may
22 know, who have experience in city government and know
23 the city's fiscal very well.

24 You know, we have new leadership at HRA's
25 OCJ, an award-winning leader in Masha Gindler that

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2 we're really excited to partner with. I think she and
3 Christine Fellini at DSS are really working to
4 standardize processes across the way.

5 I will also say Masha and her team have
6 been very creative when needed to be for Legal Aid
7 Society or other partners that have had delays in the
8 budget process. I don't think the outstanding budgets
9 are what the standard is that we would want to have
10 at our city agencies. And I think that Masha and
11 Diane Mamet (phonetic), DSS Chief Nonprofit Officer
12 here, would say that as well. But we're working on
13 it, and we could be creative, including giving them
14 additional advances and making sure that they can
15 have cash flow.

16 CHAIRPERSON RESTLER: My sense is that OJC
17 is in a bad place on their contracts. Agree with you
18 that Masha is a capable person and will eventually
19 figure it out. Will be in touch with her to try and
20 help expedite that as much as possible.

21 But I'm more interested in the broader
22 question of budget readiness. Like, how are we
23 tracking this? I keep hearing that contracts are
24 getting registered and that progress is being made
25 there, but then we're not moving on a parallel track

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2 through the contracting process to get the budgets
3 ready. Some agencies are waiting until the contract
4 gets freaking registered before they start the
5 process of reviewing the budget, which is so stupid
6 and shouldn't happen.

7 I'm trying to understand, A, how are we
8 tracking this issue more holistically? And B, how are
9 we giving clear guidance to agencies that they have
10 to be working on a parallel track? We can't be
11 waiting to start the review of a budget until after a
12 contract is registered.

13 DIRECTOR YU: Council Member, I
14 appreciate you drilling down and going to this level
15 of detail because the nonprofits here in the
16 audience, this is a pain point, right? And so
17 starting at the top, where we have procurement
18 contract award, contract registration, advance
19 invoicing, and then the payment, uh, layer below
20 that, between contract registration and invoiceable.
21 And then payment, we've got this budget readiness
22 concept where the nonprofit provider needs to submit
23 a budget and the agency needs to approve that budget,
24 and that work needs to happen in order to be
25 invoiceable and for cash flow to happen.

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2 For the MOCS Financial Task Force, this
3 is a bit of the bread and butter that they do. They
4 do the invoice accountability, they see the invoices
5 in the system, and they're looking at days that are
6 counting on the clock so that it doesn't exceed the
7 30-day standard. But in addition to that, they're
8 looking at this, this budget readiness concept.

9 And if you'll indulge me, I'll take a
10 step back—this was further complicated in very
11 recent memory, because of a system migration. The
12 legacy system of the HHS Accelerator into PASSPort
13 really complicated this. There was a period of time
14 where this was very painful for the providers and for
15 the agencies, where the migration of not just the
16 contracts, but the budget was not a clean, clean
17 sweep. And so there was a lot of cleanup that had to
18 be done. But going forward, going along, the themes
19 of being forward-looking and being strategic and
20 proactive, this fiscal year as part of our Timeliness
21 Initiative, in addition to making sure that the
22 contracts are registered on time, the other component
23 is budget readiness, meaning being able to be paid on
24 time. And so it's something that we are doing with a
25 small but mighty team at MOCS, and we are issuing--

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2 we've got a number of directives that we are hoping
3 to issue, and it makes sense to sequence them when
4 the activity is expected. Because if you act on it a
5 little bit in advance, we didn't hit the timing
6 right.

7 So we have looked ahead for this season,
8 and we have a lot of budget readiness activity that
9 we are marshaling the agencies through.

10 CHAIRPERSON RESTLER: Can MOCS issue a
11 directive to every agency that budget readiness is--
12 the expectation that the budget readiness is approved
13 by the time of contract registration?

14 DIRECTOR YU: It's something that I would
15 want to take back to the technicians and the
16 practitioners, but it's something in concept that
17 makes a lot of sense. Yes.

18 CHAIRPERSON RESTLER: Do you have data
19 that you might be able to share with us on how many
20 agencies aren't-- how many contracts today have been
21 registered but are not approved for budget readiness,
22 or is that something you can get back to us on?

23 DIRECTOR YU: We could certainly follow up
24 with that data.

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2 CHAIRPERSON RESTLER: I think that data
3 would be helpful because it is something, as you
4 know, that we're hearing about. It just seems a
5 little silly that this is a pain point for folks and
6 that we should be able to fix it. And we'd love to
7 help support you in that effort.

8 Okay, I think I will just, for the sake
9 of time, try to keep moving things along.

10 On invoicing, last month, nine months
11 into the fiscal year, last March, excuse me, at the
12 time of this Comptroller Report, nine months into
13 FY25, 93% of nonprofits had an initial budget
14 approved, but only 54% had an invoice successfully
15 disbursed.

16 I recognize that if we're effectively
17 providing a 25% advance at the time that the budget
18 is ready, or the advance comes after budget
19 readiness, or is it upon registration?

20 UNIDENTIFIED: (UN-MIC'D) (INAUDIBLE)

21 CHAIRPERSON RESTLER: Okay, so after
22 registration, advance comes, but still, if we're
23 looking nine months into the year and 54% haven't had
24 an invoice processed, that's much longer than it
25 should be, right? It's presumably three months later,

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2 approximately. You should see invoices start
3 processing on a contract that's had a 25% advance.

4 At five agencies, in the last fiscal
5 year, 40% of contracts did not have an invoice
6 dispersed as of March. The Health Department, I'll
7 keep picking on them, had 646 contracts with an
8 approved budget, but had not paid a single invoice on
9 half of those contracts, 310 contracts, to be
10 precise. Citywide nonprofits had \$861 million worth
11 of invoices that were unpaid as of March of last
12 year.

13 I'm really pleased to hear Director Yu
14 speak to this new task force and the focus on trying
15 to ensure that we're not just registering contracts,
16 but that we're getting people paid. And I know that
17 that's been a big priority for Director Sedillo as
18 well. Can you share with us what this task force
19 looks like? What is the staffing level? How are you
20 measuring goals and objectives? And I am, of course,
21 interested in whether you have updated data points
22 today on how many invoices are unpaid, both the
23 number and the amount of money.

24 DIRECTOR YU: Thank you, Chair, for
25 raising this and being interested in this and

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2 highlighting this and using this opportunity. I will
3 be certain in any followup hearing that I bring some
4 of the team members, because I think that they would
5 really welcome the visibility.

6 CHAIRPERSON RESTLER: (INAUDIBLE) they're
7 watching (INAUDIBLE)

8 DIRECTOR YU: (LAUGHS) Yes, I hope that
9 they are.

10 The financial Task Force is six or
11 seven. Forgive me for not knowing exactly. And
12 they're overseeing not just the nonprofit invoices
13 that are moving through the system in the city of New
14 York, but all of the invoices. So the construction
15 contracts, the goods contracts, and the professional
16 services contracts. But of course, they focus a great
17 deal on the human service agencies and their
18 contracts and their invoices just because it's so
19 representative of the overall whole.

20 So what they do is they have regular
21 touchpoints with the agencies, and they are really
22 just reviewing a lot of the data that is in PASSPort.
23 And I'll say this at the top, because this task force
24 is new, we certainly have a lot of ideas about what
25 the metrics are, and we are still maturing in our

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2 processes. And when you and I spoke a bit, I was
3 sharing, we pulled out some data points that we
4 thought were very effective to share out, but we are
5 still tinkering with it, and maybe thinking through
6 what the best data points are to share that are
7 actionable. And so I look forward to sharing that and
8 working with you as we develop that.

9 In addition to the people and managing
10 the relationship with the agencies, they also do
11 direct outreach to the nonprofit providers and also
12 all of our providers. They provide training sessions,
13 and they provide webinars. So that's first and
14 foremost what we focus on, we focus on being
15 accessible, being people who are subject matter
16 experts. Being knowledgeable about how to move
17 something from point A to point B. That is
18 fundamentally what we are doing.

19 But then, more than that, they are
20 experts in PASSPort. They're experts in PASSPort in
21 how to submit things, how to move things, and how to
22 close out things. And they know very much how to
23 navigate the system. And beyond that, we are
24 developing our sort of reporting muscles, like what
25 makes sense to report real-time and what makes sense

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2 to report as a look back, and then comparative, a
3 look back from time period to time period. So that's
4 a little bit about the Financial Task Force.

5 CHAIRPERSON RESTLER: And just on the
6 data, do you know how many invoices today are unpaid
7 and the total amount?

8 DIRECTOR YU: That is something that I'm
9 happy to follow up with you. And actually, if I could
10 riff off Executive Director Sedillo, we were talking
11 previously about how the volume of invoices in the
12 system is actually a healthy thing because that
13 signifies that a lot of the upfront work that has
14 been done—contract registration, budget readiness,
15 invoice ability, that's all been done. And so that
16 is...

17 CHAIRPERSON RESTLER: In some ways, yes.

18 DIRECTOR YU: Yes.

19 CHAIRPERSON RESTLER: But, do you have a
20 target time frame that a human service agency should
21 process an invoice?

22 DIRECTOR YU: I'd have to follow up with
23 you on that on the target. But I was just passed this
24 additional data point—for fiscal year 2026, only 294
25 contracts are without invoices. And then the Payment

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2 Task Force shares a list of contracts missing budgets
3 weekly. So that's an additional information piece to
4 sort of share out there and then get the information
5 back to move towards on-time payment.

6 CHAIRPERSON RESTLER: So, there are 294
7 contracts that have been registered this fiscal year
8 that have not yet had an invoice filed?

9 DIRECTOR YU: Right.

10 CHAIRPERSON RESTLER: But you'll get back
11 to us on the number of invoices that are outstanding
12 that have not yet been processed and the amount of
13 money that's on them?

14 DIRECTOR YU: Yes.

15 CHAIRPERSON RESTLER: (INAUDIBLE)...

16 DIRECTOR YU: (INAUDIBLE) follow up on
17 that.

18 CHAIRPERSON RESTLER: I have some
19 hypotheses for why this issue seems to have gotten
20 worse, because I don't think that this was always
21 such a pain point for the nonprofit sector. But is
22 seven days the right goal? Is two weeks the right
23 goal? Is 30 days the right goal? Because the
24 Comptroller's Report, again, I'm highlighting this
25 because I thought it was a very good report, uh,

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2 found that invoicing processing times vary
3 significantly across human service agencies. DHS and
4 the Health Department took between 40 and 48 days,
5 respectively. DHS took 48 days, and the Health
6 Department took 40 days to process an invoice. That's
7 a long time. And DHS had almost 500 invoices that had
8 been pending for over a 100 days. That's a really
9 long time. ACS processed invoices, on average, in 20
10 days, and only had 11 invoices over a 100 days.

11 So, there are times when things are
12 complex and require a back and forth, and I get that,
13 but that should be sparing, right? It shouldn't be
14 the norm. One agency having 500 invoices that are
15 pending for over three months, over a 100 days, that
16 is not a good system. So, we are trying to just
17 understand, are we clear with agencies on what the
18 goals are for how quickly they are processing
19 invoices, and how we are tracking that information? I
20 know you now have a team of six or seven. Your team
21 is looking at this as well. Contracts, I imagine, are
22 providing this kind of data for you, if not in real
23 time, but as you look back to the previous quarter?

24 EXECUTIVE DIRECTOR SEDILLO: Yes, correct.
25 Thank you, Chair, for mentioning that.

1 Invoice cycle time overall, and then
2 invoices over 30 days, pending over 30 days, which is
3 not what we want, are two things that we do track,
4 and we have seen decreases in cycle time and
5 increases in the overall amount of invoices in the
6 most recent quarter, based on Q2 of FY25. And I will
7 say, as Director Yu mentioned, again, not an
8 unhealthy thing. If you think about the total amount
9 that we spend, \$16 billion, sometimes \$20 billion in
10 human service spending, you would have almost a
11 billion dollars at any point and outstanding
12 invoices, a healthy sign. When it gets to the 100
13 days plus, that is not the standard that we should be
14 pushing for. I do know anecdotally, when we have
15 brought this up to agencies, there are often reasons
16 for that, like maybe there's a recruitment that
17 they're going back and forth on, and agencies then
18 prioritize invoices that have the most net positive
19 from a cash flow standpoint for providers. But full
20 stop, that is not acceptable. And we do work with
21 agencies to make sure that we're reducing that as
22 much as possible and don't have any that linger that
23 long.
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2 CHAIRPERSON RESTLER: And the data you're
3 referencing, that's tracked in Contract Stat?

4 EXECUTIVE DIRECTOR SEDILLO: Thank you,
5 Chair. Yes, correct.

6 CHAIRPERSON RESTLER: Do you know how many
7 invoices today are pending for more than 30 days
8 among human services agencies?

9 EXECUTIVE DIRECTOR SEDILLO: Thank you,
10 Chair, for the question.

11 Let's see, I'm not sure if I have that
12 data on hand. What I can tell you about invoice
13 volume and cycle time is that in FY26, for Q2, we
14 received nearly over 1,400 more invoices in FY26 and
15 FY25 and paid 500 more compared to Q2 FY25.

16 So those are some of the things that we
17 do track, and we do the cyclical nature, as I
18 mentioned, of invoices over 30 days. We do see a
19 surge of invoices towards the end of the fiscal year,
20 again predominantly with closeout and recruitment
21 issues. So, we hope not to see that spike again at
22 the end of this fiscal year.

23 CHAIRPERSON RESTLER: All right, I will
24 come back to more invoicing questions. But, since we
25 are talking about contract stats...

EXECUTIVE DIRECTOR SEDILLO: Mm-hmm?

CHAIRPERSON RESTLER: Could you share an overview of what information is captured in Contract Stat? And I will say, I think you can anticipate what my critique will be, but I do know that there were some stops and starts and delays. So I do want to commend you for getting it off the ground and existing, because I think it seems like a really helpful tool, internally, at least at this point. But could you just give us an overview of what's captured so that we understand what you're looking at?

EXECUTIVE DIRECTOR SEDILLO: Thank you for the question, Chair. I'd be very happy to.

So we work with our chief nonprofit officers to try to boil down human service contracting and payment performance to five indicators. As you know very well, there are 100 different indicators you could focus on trying to get the attention of City Hall. There would just be no way we could focus on 100. So we boiled it down to five key indicators, four that are quantitative and one that is qualitative, to really give agency heads and deputy mayors a sense of performance.

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2 So the first one is the contract backlog.
3 So every quarter we do look at what the contract
4 backlog is, and we report on that both to aid
5 leadership, but also the chief nonprofit officers.
6 But it's something we also look at every month with
7 them, Jenny (INAUDIBLE), our team meets with them to
8 work through their data and develop plans for the
9 upcoming quarter.

10 The second one we look at is budget
11 modification volume and cycle time. The reason budget
12 modification is such an important indicator for us
13 is, as I'm sure you know by now, when there's an
14 active budget modification in the system, that
15 prevents invoicing from happening, so it is something
16 we really want to focus on reducing in partnership
17 with our Chief Nonprofit Officers.

18 The third one we look at is invoice
19 volume and cycle time.

20 The fourth one is invoices pending over
21 30 days.

22 And the last one is the Provider
23 Sentiment Score. So the Provider Sentiment Survey, as
24 I mentioned in my testimony, is a survey we send out
25 to our city contracted providers on a quarterly

1 basis, asking them to grade city agencies. And, by
2 the way, we also ask them to grade MONS on things
3 like:
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5 • Have they been helpful in solving
6 problems? Are they creative?

7 • Do you feel respected by them?

8 And that sentiment, we track over time.
9 So, those are the five indicators that we look at
10 with Contract Stat.

11 CHAIRPERSON RESTLER: Okay, that is
12 helpful. I will just say plainly on the record that I
13 think we need to be making tools like this public,
14 and that I understand that internal management, your
15 ability to persuade and conjole agencies to do
16 better, it can be hard when there is public scrutiny.
17 But, ultimately, we all should be looking at this
18 data together with all stakeholders in this process,
19 and I certainly think it is really important that we
20 push for these tools to be public. So, I understand--
21 I want to say that very clearly.

22 And just coming back on a few things that
23 I wanted to ask about on invoicing. So, this new
24 effort to approve partial payments, are you tracking--
25 - that seems like a really positive development, are

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2 we tracking how many partial payments have been
3 issued or approved by agencies this year? Has MOCS
4 issued guidelines to agencies to ensure that there is
5 as broad an adoption as feasible?

6 DIRECTOR YU: So, thank you for the
7 question, Chair.

8 To scale out and to take a step back in
9 time, we heard very loud and clear from the providers
10 that it is a very frustrating thing to get an invoice
11 returned for a penny or a dime, especially if you've
12 got things on that invoice, such as rent, that are
13 fixed and approved and not subject to negotiation.
14 They're part of the contract. It was actually more
15 than a year ago; at the end of 2024, my predecessor
16 issued a MOCS directive, telling the agencies to do
17 partial payment on invoices. And so we do have some
18 data around the success in compliance with that
19 directive. I will share here that it's also our goal
20 to reissue that directive--to reissue that directive
21 and also couple it with some expectation setting for
22 recruitment because healthy accounting requires a
23 variety of activities by different parties. So, if
24 we're going to advance, we're going to recoup-- Well,
25 if the City is going to advance, the City has to

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recoup also, but the vendors also have to invoice for there to be payment. And it's a give and take because it's a relationship.

So, to your question about partial payment, we have some information, and I'll share some key observations from the team on it. So it seems as though the partial payment directive is producing results overall, with some substantial reductions across several agencies. And it is the Financial Task Force that is pushing the recommendation to reissue this directive. But we do see some unevenness with the implementation.

So in a followup, I would love to share more about the patterns we're seeing and maybe the data that we're seeing. But I will say that the agencies that we have pulled out to have activity, our DHS, ACS, DOHMH, HPD, and MOCJ, which line up with what you would expect, because they are the agencies with nonprofit contracts.

CHAIRPERSON RESTLER: Do you anticipate that, in releasing an updated directive, you might be able to address some of the unevenness in implementation and hopefully see broader adoption of partial invoicing?

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2 DIRECTOR YU: Yes, that would be the goal.

3 CHAIRPERSON RESTLER: You mentioned the
4 kind of line-by-line reviews of invoices, and the
5 feedback that we get from nonprofits is that
6 different agencies have different practices. And it
7 can, as you note, be really frustrating when there is
8 a minuscule issue on a very large invoice. I
9 appreciate the partial payment. I think it is a broad
10 solution for this. We have heard issues of nonprofits
11 struggling to get reimbursed for the portion of the
12 invoice where there was an issue. And that has been a
13 recurring challenge that we have heard about.

14 But, just wondering, do you all issue
15 guidance around line-by-line reviews of invoices and
16 best practices to try to ensure greater consistency
17 across the board by the Fiscal staff at agencies to
18 process these payments in a reasonable way?

19 Is that something that would be helpful?
20 You know, as you think about technical assistance and
21 support, I don't know if it is best practices or if
22 that is technical assistance, or how that looks, but
23 is that something that could be of assistance?

24 DIRECTOR YU: Thank you for the question,
25 Chair.

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I think standardization in managing expectations and being upfront with what is expected are all things to strive towards. I will say that there are some standard things that govern.

Executive Director of Sedillo may help me, and there is a standard document that governs much of this...

EXECUTIVE DIRECTOR SEDILLO: Sure.

DIRECTOR YU: Possibly?

EXECUTIVE DIRECTOR SEDILLO: For invoice review?

DIRECTOR YU: No, the Fiscal Manual.

EXECUTIVE DIRECTOR SEDILLO: Oh, the Fiscal Manual.

DIRECTOR YU: But, yes, the Fiscal Manual. So much of this is outlined in a citywide Fiscal Manual. But then agencies will sometimes have their own Fiscal Manuals and their own policies around what they expect from their providers. So there is going to be a give and take. There is going to be some centralization with MOCS forward, and then there is going to be some specialization with the agencies that are expected. But it is something that we are

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certainly open to exploring and happy to take up in followup.

EXECUTIVE DIRECTOR SEDILLO: And if I may add, Chair, I think there's a philosophical component here as well that I think we teased out in the customer service training I led, where there is this tension that I see at the agency level, at the staff level, between Customer Service and Risk Aversion. And this is a real thing, you know, if I'm a newer staffer or a staffer that is not high on the pecking order at the agency, and I'm reviewing invoices, and all I've been told is to never show up in the post or never show up in a DOI report or a Comptroller audit, which there are active ones now. And some agencies, their systems, and their processes in many ways are reflective of the scrutiny that they have had previously. And I certainly can understand and empathize with the line staff's struggle of, How much can I help, and what is the proper amount of service that I can provide to this customer, vis-à-vis my role of being a public steward of funds.

So there is that component there, and I think that the extent to which there is no

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2 standardization at agencies is a function of the
3 different levels of scrutiny that agencies have had.

4 CHAIRPERSON RESTLER: I think that makes
5 sense. I mean, I think that's what we're-- I
6 certainly understand the aversion to risk. When there
7 have been corruption issues or mismanagement issues,
8 agency leadership can really try hard to do
9 everything in their power to make sure those things
10 don't happen again. And, you know, even I'll give an
11 example of the Council itself—I think that, you
12 know, the scandals of the Chris Quinn era in the, you
13 know, discretionary funding led to incredibly,
14 incredibly burdensome policies that made it almost
15 impossible for nonprofits to access the funds that we
16 dole out because she was rightly responding to issues
17 of--corruption may be too strong a word--but issues
18 of funds being placed in--issues. We don't need to go
19 back to a scandal from 2010 or whatever it was;
20 although, Gale would probably enjoy it.

21 ALL: (LAUGHTER)

22 COUNCIL MEMBER BREWER: I was there.

23 CHAIRPERSON RESTLER: I know you were,
24 that's why I said it.

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2 So, I digress just to make the point that
3 there is always a pendulum that swings, and I get
4 that. I think what we are hoping for is, with your
5 leadership, both of your leadership, that we are
6 giving clear guidance to agencies around, when we are
7 reviewing line by line invoices, that we give all
8 feedback at once on that invoice, and identify every
9 potential issue with the issue and send it back to
10 the nonprofit so that they understand what it is—
11 that we are giving clear guidance about the
12 utilization of partial payments—that we are trying
13 across the board to improve standardization of
14 processes so that it is not just a couple of agencies
15 doing well, and a couple of agencies doing really
16 poorly, and a bunch in the middle kind doing “meh”,
17 it is that we are all doing better. And I think as
18 you are tracking data more centrally, we have eyes on
19 what is working and what isn’t working. Hopefully, as
20 I kind of noted in my initial remarks, with
21 leadership and accountability from across the street,
22 and that you all are providing the guidance on what
23 technically needs to happen and what the best
24 practices are that we need to adopt, we can start to
25 see improvement across the board at city agencies.

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2 Which I think, to be charitable, we would say today
3 is uneven.

4 I am going to shift gears to a couple of
5 last topics, and then let you all enjoy the rest of
6 your afternoon.

7 I did want to ask about stopgap funding.
8 In response to questions from Council Member Brewer,
9 Director Yu, you mentioned increases in the
10 Returnable Grant Fund. I guess there were a couple of
11 things I wanted to ask—one, Scott Stringer
12 highlighted this issue probably five or six years
13 ago. But there's clear language that says if a
14 nonprofit is paying interest on a loan to be able to
15 access funds that they are entitled to by the City,
16 then that interest should be paid by the City. And my
17 understanding is that the City does not pay that
18 interest, because the argument is that the nonprofit
19 has access to the Returnable Grant Fund, which is an
20 interest-free option, and since they are not taking
21 that option, they choose to take an option with
22 interest and are required to pay it themselves.

23 Tell me if I have misunderstood anything.
24 That's about right? Okay.

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COMMITTEE ON CONTRACTS

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Why would so many nonprofits depend on private loans if the tools we have available are working well and at scale to be able to meet their needs?

DIRECTOR YU: Thank you for this, Chair.

A quick reference to something that has happened in recent years, there was a piece of legislation that was introduced around interest payments for nonprofits.

CHAIRPERSON RESTLER: (INAUDIBLE)

DIRECTOR YU: I am going to resurface that as a starting point. Also...

CHAIRPERSON RESTLER: (UN-MIC'D) Under Brannan?

DIRECTOR YU: I believe so. So, let me start with something that is found in the PPB, because that is something that is foundational (INAUDIBLE). And I am going to read off-- there is a section in the PPB, it is Section 412, and it states, quote, "No interest shall be paid if the vendor has been previously offered an interest-free loan in connection with the contract in question, but declined to accept it." So there is a limiting step, because it exists in the rules. Whether or not there

1
2 is an opportunity or reason to revisit that, that is
3 obviously something that we would welcome being in
4 conversation on.

5 And just to scale back again about the
6 things that I spoke about, the things that Executive
7 Director Sedillo spoke about, so many things to try
8 to get at the cash flow issues, the advances, the
9 discretionary grant, all these tactics and things to
10 drive at, you know, when services are rendered, cash
11 should be paid. So it is something that we do not
12 have a solution for, and there is no silver bullet. I
13 think interest is something that has been previously
14 introduced. It did not go forward in the prior
15 administration. But I would welcome and follow up
16 with further conversations about this topic.

17 CHAIRPERSON RESTLER: So, the argument is
18 just so I understand it, that every nonprofit has
19 access to the Returnable Grant Fund, if they need it,
20 and therefore that's why the City doesn't pay
21 interest. Is it true that we offer every nonprofit
22 access to the Returnable Grant Fund?

23 DIRECTOR YU: There are some criteria,
24 eligibility criteria that they have to meet. And I
25 spoke about how we had expanded it recently. And I am

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happy to dive into that also. But because that release valve does exist, it is a little bit like an argument against having the City pay for interest. But, again, I welcome conversation about it.

CHAIRPERSON RESTLER: Yeah. I guess what I am getting at is that it's \$15 billion that we dole out to nonprofits every year. The returnable Grant Fund approved \$66 million in funding. We know that there are significant issues with late contracts and late payments, and budget readiness being stuck, and many nonprofits are struggling like hell with cash flow. So, like, why do we not see greater take-up of the Returnable Grant Fund? Is there something that we need to be doing differently to make this a better tool and resource for nonprofits to benefit from?

EXECUTIVE DIRECTOR SEDILLO: Thank you, Chair.

I'll jump in from my experience. A little less than a year ago, a number of large providers came to the City to ask for a significant infusion into the Returnable Grant Fund. And there was definitely a misunderstanding from the sector and from these providers in particular that there wasn't enough cash flow in the fund. And so, actually, the

1
2 decision was made to add more capital to the fund on
3 a short-term basis. We did that, and it was not fully
4 exhausted. And so I'm not sure why, but I do think
5 that there is a perception in this sector that
6 there's not enough money in the Loan Fund. And that
7 has not been the case. I have not experienced in my
8 year+ in this role where a provider wanted the
9 funding, got approval, and there wasn't enough
10 funding there. In fact, the experience we had where
11 we added funding wasn't exhausted. So I don't know. I
12 do think that we constantly have to make sure folks
13 know it's in their interest to be service-free, that
14 it is an option for them. Sometimes I'm aware that
15 folks may get lost in the other priorities within an
16 agency. MOCS has very clear guidance on their website
17 that I would encourage folks to follow through. They
18 have a very specific person that you should reach out
19 to at the agency to help process it because the
20 agency has to approve it, and then MOCS has to
21 approve it. If you get stuck at the agency level, or
22 maybe a provider has that experience, so maybe they
23 don't want to go through it again, please reach out
24 to either of us, and we're happy to make sure to work
25 with the Chief Nonprofit Officers. Because nobody is

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coming to the City for a loan because things are good, right? It's dire. It needs to happen quickly. So we are happy to get on it as soon as possible.

CHAIRPERSON RESTLER: When I worked in the Mayor's Office, when we reached out to MOCS for help in identifying loans for nonprofits that needed it, there was almost, more often than not, a way that we could help. I have every confidence that when people are bringing crises to both of your desks, you're intervening and trying your best.

The broader issue that I am getting at here is what I mentioned in my opening remarks, the example of LSNYC, spending \$80,000 a month on interest payments, that's a lot of money for a nonprofit. That's pissing away money that should be invested into services for people who desperately need them-- this should be invested into services that are desperately needed. We have tools that aren't being taken advantage of at the scale that we would anticipate. So, what is not working? I think we have to ask ourselves that question. I would be really interested in hearing from nonprofits and maybe working with the Human Services Council and others to get direct feedback on why nonprofits

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2 aren't making a choice that would seem so obviously
3 in their financial interest. It must be for a pretty
4 good reason. Right? Because LSNYC doesn't have a
5 million dollars sitting around to just, excuse my
6 French, piss away on interest while they wait for the
7 City to pay them. I am just using them as an example,
8 and I hope I am not getting anyone in trouble, but
9 that is just my perspective for what it's worth.

10 I want to just be mindful of time. I did
11 want to ask, because this is something that I really
12 want to dig in on further, but I am going to try to
13 do three or four very quick ones:

14 Department of Education, other than, of
15 course, the process that's established in state law,
16 how could we better integrate the Department of
17 Education into the City's standard procurement
18 process? And is that something that you all are
19 thinking about or considering to try to bring some
20 greater accountability to the DOE?

21 EXECUTIVE DIRECTOR SEDILLO: I will start,
22 Chair, by saying, thank you for pointing that out.
23 There has been a lot of thought and ink spilled on
24 the issue of standardization and bringing DOE more
25 into the fold. I do know that a significant portion

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2 of their Human Service Contracts—community schools,
3 discretionary contracting is processed in PASSPort,
4 and it is a process that is continuing to expand,
5 which I think Director Yu should chime in on. I will
6 say that our team readily goes out to different city
7 agencies and works alongside them, both to spread the
8 good word and make sure they are aligned with what we
9 are trying to do, but also to build those
10 relationships. We are very fortunate to have New York
11 City Public Schools as the Chief Nonprofit Officer,
12 Yasmin Cruz, who is new to the role, from the sector,
13 and is really working to wrap her arms around the
14 issue of making sure that DOE is more in the fold of
15 procurement. You are right, they do have different
16 considerations, PEP and other mixed funding from the
17 state and feds. But, I think it is something that we
18 are actively working on and leaning on Yasmin to be
19 somebody who offers standardization and cooperation
20 in partnership.

21 CHAIRPERSON RESTLER: I appreciate that. I
22 think that sounds positive. You know, the Mayor held
23 a press conference on the campaign around DOE
24 contracting issues. And I really appreciated him
25 elevating this. We passed legislation yesterday

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2 around transparency, around Early Childhood
3 contracting issues, which I was also grateful to the
4 Speaker and Council Member Gutiérrez for leading on.
5 I think that this hearing will reveal that it is not
6 that we are doing a perfect job across the human
7 services sector, but we are doing, I think, a not-so-
8 good job at DOE. And the more that we could have
9 standardization across the board, which I do think is
10 broadly within the purview of the Mayor to do, it
11 would be beneficial. I realize there are PEP elements
12 that are separate and distinct, but separate from
13 that endpoint in the process. I think that we would
14 benefit from similar standardization, accountability,
15 and transparency that we want to see across the human
16 service sector as a whole. So I hope that will be an
17 area where we can work together, because I think that
18 would be great.

19 Are they included in Contract staff?

20 EXECUTIVE DIRECTOR SEDILLO: Thank you,
21 Chair. They are, for the portion of contracts that
22 are subject to PASSPort, and then, of course, in our
23 regular meetings with Yasmin, we go through that
24 data, and they are also a part of the Provider
25 Sentiment Survey that we track as well.

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2 CHAIRPERSON RESTLER: Okay.

3 DIRECTOR YU: And, Chair, before we move
4 on from this topic, I just want to sort of level set,
5 as you mentioned at the top of the hearing. MOCS does
6 provide some services to Public Schools. As I
7 mentioned, we certainly review and process loan
8 applications when they are seeking a loan term to
9 RGF. We also have a limited set of contacts in
10 PASSPort, but that was done on a program-by-program,
11 ad hoc basis in prior administrations through
12 agreement. Because, taking a deeper look, the legal
13 construct for New York City Public Schools is that
14 they are not a mayoral agency, and they are a
15 creature of the State. So that legal framework
16 complicates how much MOCS can provide oversight into
17 their contracting operations. So I just want to be
18 clear that, while we do have subsets of public school
19 education contracts, we do not, on a broad scale,
20 comprehensively have oversight over a public school.
21 But we are seeing more and more collaboration and
22 interaction as a result of the Public School Request
23 for Information for the 2-K program. They are
24 leveraging some Passport functionality as childcare
25 providers are leveraging PASSPort to be able to come

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2 into the City of New York and avail themselves of
3 contracting opportunities.

4 CHAIRPERSON RESTLER: That's great. I
5 think that the--and this kind of segues to the next
6 topic, my sense was that the primary driving factor
7 in why Sheltering Arms had to close was because of
8 their contracting disaster with the Department of
9 Education. So, I am concerned just about the feedback
10 we get from early childhood providers in particular,
11 it is awful, about their experiences with the DOE and
12 timelines that would make DHS or the Health
13 Department blush. So I am very eager to figure out
14 ways that we can do better and hold them accountable.

15 So that is a segue into organizations in
16 distress. We're seeing significant federal cuts that
17 are impacting our nonprofit partners. How do we
18 prevent another Sheltering Arms from happening? Any
19 kind of elevated support that you can provide to
20 organizations that are in financial distress, that we
21 should just be making sure nonprofits know is
22 available to them if they're struggling with cash
23 flow issues or facing other challenges?

24 EXECUTIVE DIRECTOR SEDILLO: Thank you,
25 Chair.

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2 I think that the interventions that we've
3 discussed today, particularly the 50% advance, which
4 you now have codified into law, those kinds of things
5 offer real stability up front to our providers that
6 hopefully would prevent something like that from
7 happening in the future. I also think that there's an
8 opportunity to think about the quarterly payment
9 process as another predictable way in which we can
10 pilot and see if that works. I can tell you
11 anecdotally, we have a 31-member Advisory Council of
12 nonprofit leaders, many of whom are here today. And
13 those that have those quarterly payment contracts
14 with the State really talk about how that level of
15 predictability allows them to focus their energy and
16 strategy not on how we get paid, but on how to
17 increase the quality of the services. And so I think
18 with the amount of initiatives, including a continued
19 expansion of a discretionary grant pilot, hopefully
20 we will be able to avoid those situations. But also
21 with the data that we're tracking with the Financial
22 Task Force and Contracts that we'll be able to, I
23 think, see those in advance and not be surprised by
24 those kinds of issues.

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2 CHAIRPERSON RESTLER: Okay, that's
3 helpful.

4 Director Yu, you testified today to the
5 improvements in PASSPort that I believe are taking
6 effect this fall—\$7+ million is in the budget this
7 year. Could you just share an update from the
8 provider standpoint about what functionality
9 improvements you think they should be able to expect
10 six months from now?

11 DIRECTOR YU: Thank you for the question,
12 Chair, and thank you for opening this up and circling
13 back to this.

14 So I'll work backward. Our expected
15 delivery for the PASSPort enhancements is October of
16 this calendar year, so October 2026. And what we hope
17 will impact not just the nonprofits, but all of the
18 vendors that do business with the city of New York is
19 around invoicing. So, in the current state, for a
20 variety of reasons, when PASSPort was designed, the
21 financial component of PASSPort, there is what we
22 call a lock and key effect. As I spoke about earlier,
23 in order to have an invoice that can be paid, we work
24 backward. A budget needs to be approved, and a budget
25 needs to be submitted. At times when those steps are

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in process, the system will lock so that there is a sequencing of that activity versus a simultaneous parallel activity that is possible. So that's the current state, the future state that we hope to have by November 2026 is that-- so if you're Nonprofit Sedillo, if you submit your invoice just because you have a change to your budget, a budget modification in, that doesn't prevent you from submitting your invoice. You're still able to submit your invoice, and the agency is still able to be paid, even with that budget modification in the queue.

And I know that's very technical, but I'm happy to do a followup.

CHAIRPERSON RESTLER: That's helpful.

DIRECTOR YU: Okay.

CHAIRPERSON RESTLER: And are you planning to do briefings for providers?

DIRECTOR YU: Absolutely. Yes.

CHAIRPERSON RESTLER: Great. I think those address some of the issues we've heard most complaints about. So that sounds very promising, and I'm eager to learn more and go into greater detail in the near future.

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2 I had two final questions. One is if we
3 could just get an update on the Document Vault
4 legislation that we passed, Local Law 31 of 2024.
5 This was Council Member Won's bill. I don't know if
6 she's hanging out with us online; she's probably got
7 better things to do. But I know, I mean, I can't
8 think of a better thing to do, but maybe she can— It
9 required the creation of a document vault. The idea
10 was that different agencies could access the document
11 that a nonprofit was uploading, so that you didn't
12 have to do it 25 times for 25 different contracts,
13 all at DYCD, or have every different agency, or if
14 you have contracts at multiple different agencies. My
15 understanding was that this was a feature that
16 existed in the HHS Accelerator days. Do you have a
17 timeline for when PASSPort will be updated to
18 incorporate this feature?

19 DIRECTOR YU: So, thank you for asking
20 this question, Chair.

21 I'm pleased to be able to share that
22 PASSPort does have this feature now.

23 CHAIRPERSON RESTLER: Great.

24 DIRECTOR YU: We turned it on, I want to
25 say, in the fall of last year. I'm subject to check—

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COMMITTEE ON CONTRACTS

the team can fact check me, but this is up and running.

CHAIRPERSON RESTLER: Great.

DIRECTOR YU: Yes

CHAIRPERSON RESTLER: I have not heard the celebrations yet, but I'm sure they're coming.

Last question, I just wanted to ask about one of Council Member Stevens' bills. Does MOX, MONS, or maybe somebody else track data on the gap between wages for human services workers at nonprofits versus folks at city agencies and comparable titles, or folks doing comparable work? Do we have a mechanism, or do we have a window into understanding those differences in compensation?

EXECUTIVE DIRECTOR SEDILLO: Yeah. Thank you so much for the question, Chair. It's a really excellent question.

I'm aware of studies that have been externally done on this issue. I've looked into those, and I can just tell you it's a very hard question to answer. Personally, my wife was a Community School director for Henry Street Settlement. There is no equivalent to a Community School Director within city government. That's a

1
2 really hard thing to really sort of point to. I think
3 the fundamental thing here is that with our Human
4 Services spend, we create a specific marketplace that
5 is unique to the services that we're funding. And so
6 oftentimes there aren't equivalents. I think
7 oftentimes I hear a connection to social workers
8 internally and externally that might be an easier
9 one, but I think across the board is a very hard
10 question to answer.

11 CHAIRPERSON RESTLER: That's fair. I mean,
12 I think there are some city-operated shelters, right?
13 How are we compensating workers there versus those in
14 nonprofit-operated shelters? I think there are some
15 comparisons. I saw a report, too, that had a data
16 point that showed that city workers are paid 30%
17 more. In many other contrasts between the public
18 sector and the private sector, the private sector is
19 paid more, but we have better benefits. In this
20 instance, we have better benefits and are paid more
21 in the public sector than what folks experience in
22 the nonprofit sector—overwhelmingly. You know, every
23 organization is different, but that's just based on
24 what we compensate in the contracts, in many
25 respects, for many human service organizations around

1
2 the city, where their number one funder and what we
3 are willing to fund in those contracts, the wage
4 levels, et cetera, inform what they can pay somebody.
5 So, I think her legislation is creative, but I think
6 that we have to look at every different approach that
7 we can to try to lift wages up in this sector. We've
8 seen retention issues across city government in
9 recent years. We've also seen in the Human Services
10 sector that if we pay people fairly for their work,
11 we're much more likely to be able to hold on to them.
12 And when nonprofits are staffed fully, they're able
13 to execute on their work, which provides essential
14 services to the people we're all aiming to serve.

15 So I hope that we can find some creative
16 ways to lift up wages. That will be something we
17 focus on further in this committee.

18 But I just want to thank you both for
19 spending a few hours with us and answering so many
20 questions. I could have kept going, but Molly told me
21 that I shouldn't. So I want to thank you both. I
22 really appreciate it.

23 DIRECTOR YU: Thank you so much, Chair.

24 EXECUTIVE DIRECTOR SEDILLO: Yeah, thank
25 you, Chair.

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2 CHAIRPERSON RESTLER: Our first panel will
3 be folks from the Fund for the City of New York, who
4 I'm really glad are able to join us. Andrew Walrond,
5 Jill Borrero and Aldrin Bonilla. I invite you all to
6 come up as they get a chance to clear away their
7 papers.

8 Oh, I have to read something. I'm sorry.
9 I am going to read this fast. I am just obligated to
10 do it.

11 I now open the hearing for public
12 testimony. I remind members of the public that this
13 is a formal government proceeding and that decorum
14 shall be observed at all times. As such, members of
15 the public shall remain silent at all times.

16 The witness table is reserved for people
17 who wish to testify. No video recording or
18 photography is allowed from the witness table.

19 Further, members of the public may not
20 present audio or video recordings as testimony, but
21 may submit transcripts of such recordings to the
22 Sergeant at Arms for inclusion in the hearing record.

23 If you wish to speak at today's hearing,
24 please fill out an appearance card with the Sergeant
25 at Arms and wait to be recognized. When recognized,

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2 you will have two minutes to speak on today's hearing
3 topic.

4 If you have a written statement or
5 additional testimony you wish to submit for the
6 record, please provide a copy of that testimony to
7 the Sergeant at Arms.

8 You may also email written testimony to
9 testimony@council.nyc.gov within 72 hours after the
10 close of this hearing. Audio and video recordings
11 will not be accepted.

12 I will now call up the first panel.

13 CHAIRPERSON RESTLER: Our first panel will
14 be folks from the Fund for the City of New York, who
15 I'm really glad are able to join us. Andrew Walrond,
16 Jill Borrero and Aldrin Bonilla. I invite you all to
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22 close of this hearing. Audio and video recordings
23 will not be accepted.

24 I will now call up the first panel, which
25 I have already done, and want to thank you all for

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being ready for us and appreciate the fund for being here today. Jill, nice to see you, and thank you all. I really appreciate it and appreciate the written testimony. Feel free to go in whichever order you'd like, or if one of you would like to testify for the group, whatever you prefer.

ANDREW WALROND: Okay.

CHAIRPERSON RESTLER: Nice to see you.

ANDREW WALROND: Great to see you, too, Chairman Restler.

Good morning. My name is Andrew Walrond, Vice President of Loan Programs at the Fund for the City of New York. I am joined today by my colleagues, Dr. Aldrin Bonilla, Executive Vice President, and Jill Borrero, Chief Operating Officer at the Fund.

Thank you, Chairman Restler and Members of the Committee on Contracts, for convening this hearing and for your continued focus on strengthening the City's contracting process.

New York City relies on nonprofits to deliver over \$16 billion in essential services each year—shelter and housing, childcare, youth programs, elder services, workforce development, and more. These organizations are not peripheral partners; they

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2 are central to how this City functions and how our
3 neighborhood remains strong.

4 Yet many of these same organizations are
5 required to begin work on day one of a contract—
6 hiring staff, leasing space, purchasing supplies, and
7 meeting payroll—while waiting months for contract
8 registration and payment. For large institutions with
9 significant reserves, this delay is burdensome. For
10 community-based nonprofits, it can be destabilizing.
11 Leadership teams spend valuable time managing cash
12 flow crises instead of serving New Yorkers. Staff
13 morale suffers. Organizations take on debt, often at
14 high cost, simply to bridge a gap they did not
15 create.

16 The Fund understands this challenge from
17 two perspectives:

18 First, we experience it ourselves.
19 Through our Partner Projects Program, we currently
20 work with 33 projects that hold government contracts
21 —ranging from small City Council discretionary
22 awards to multi-million-dollar agency agreements. In
23 the past year alone, because of delayed registrations
24 and payments, the Fund has had to advance between \$2
25 million and over \$4 million in any given month to

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2 cover reimbursable expenses that had not yet been
3 paid by government agencies.

4 Second, and more broadly, we see this
5 issue every day through our bridge financing
6 programs. The Fund was created in 1968 to improve
7 government and nonprofit effectiveness. By 1976—
8 nearly 50 years ago—the City's payment delays had
9 already created enough strain that we launched our
10 first loan program to support nonprofits waiting for
11 reimbursement. Since then, we have made more than
12 18,000 loans totaling \$1.87 billion, with a default
13 rate of just one-quarter of one percent. From the
14 outset, in 1976, we chose not to charge interest
15 because nonprofits do not have revenue streams to
16 absorb financing costs. That decision alone has saved
17 organizations millions of dollars.

18 Last year, we made 396 loans totaling
19 \$115 million to 250 organizations. These nonprofits
20 held contracts across 15 City agencies and numerous
21 state and federal entities. The demand for bridge
22 financing has been constant.

23 When contract delays became more
24 pronounced in the early 1990s, particularly affecting
25 youth employment programs, we worked with the Dinkins

1 Administration and City agencies to create the
2 Returnable Grant Fund. In 1992, it began as a \$4
3 million pool to advance funds to nonprofits before
4 their contracts were registered. Today, that pool
5 stands at \$94 million. Since its inception, RGF alone
6 has provided approximately \$1.43 billion in no-cost
7 advances to nonprofit providers.
8

9 Over the years, when the City has faced
10 moments of expansion or crisis, the Fund has stepped
11 forward. In 2012, during the rollout of the
12 EarlyLearn program, childcare providers were facing
13 months without payment. At the City's request, we
14 privately raised \$20 million and provided \$25.5
15 million in bridge loans to stabilize those agencies.

16 At the start of FY16, when the Mayor's
17 Pre-K initiative required rapid, citywide expansion,
18 we mobilized \$35 million in private capital to help
19 stand up thousands of new childcare slots. We then
20 extended that line of credit through FY20. During the
21 same period, we supported the implementation of new
22 DHS shelter sites, ensuring providers could launch
23 operations without delay. In each case, our goal was
24 the same: to ensure that families, children, and
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2 vulnerable New Yorkers did not experience service
3 interruptions because of administrative lag.

4 Most recently, when the City faced new
5 payment delays during the transition to PASSPort, we
6 worked with MOCS to expand RGF eligibility criteria
7 so that nonprofits could access loans, whether their
8 contracts were unregistered or already registered but
9 still unpaid.

10 Through the Returnable Grant Fund, our
11 loans are zero interest, zero fees, and processed in
12 one to two business days. That urgency means
13 stability for nonprofits as it keeps staff on
14 payroll, keeps doors open, and keeps critical
15 services operating in communities across New York
16 City.

17 With that in mind, we respectfully offer
18 our support as the City advances new Mayoral and
19 Council initiatives. The Fund is ready to mobilize
20 quickly to help organizations manage cash flow as
21 they launch and scale services. We have the capacity
22 and bandwidth to expand lending to both new and
23 existing providers. And with our rapid processing
24 time, we can help hundreds of vendors get up and
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2 running to meet the City's most urgent needs with
3 innovative, community-rooted solutions.

4 We also want to offer our support
5 operationally through training ACCOs and their teams,
6 so eligible nonprofits are consistently referred to
7 the RGF program when it makes sense. And we welcome a
8 deeper conversation about making access even more
9 seamless—for example, automatically offering every
10 eligible nonprofit a cash-flow loan as part of the
11 contracting process, so support is built in from the
12 start, not discovered in a moment of crisis.

13 We are proud of our partnership with the
14 City. But we must also be clear: bridge financing is
15 a safety net, not a structural solution. Nonprofits
16 should not have to rely on loans—even interest-free
17 loans—to compensate for delays in government
18 processes. The most sustainable reform is shortening
19 the time between contract start, registration, and
20 payment.

21 In closing, our commitment to the City is
22 unwavering. For decades, we have stood beside
23 nonprofit providers to ensure they can meet payroll,
24 pay rent, and retain staff. Even when payments are
25 delayed, we will continue to do so. But together, we

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2 can build a system where nonprofits spend less time
3 managing cash flow crises and more time delivering
4 the services that New Yorkers depend on. We look
5 forward to working with the Council, city agencies,
6 and MOCS to strengthen the contract and payment
7 process so that our nonprofit providers and the
8 communities they serve can thrive.

9 We thank you for this time.

10 CHAIRPERSON RESTLER: Okay, that was
11 great. I really appreciate the thoughtful testimony,
12 and I really appreciate you being here. And even more
13 appreciate how much the Fund for the City of New York
14 does to stabilize nonprofits in need. It's critically
15 important work, and I don't want to think about where
16 we would be as a city if we didn't have the Fund
17 stepping in and stabilizing hundreds of organizations
18 every single year.

19 A few questions, just one on your
20 suggestions in your testimony toward the conclusion
21 about incorporating or offering every eligible
22 nonprofit a cash flow loan as part of the contracting
23 process built in from the start.

24 Is there anything more you would like to
25 share about that idea? And conceivably, that could

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require us to come up with many, many, many billions of dollars. But tell me if I am not thinking about this the right way.

JILL BORRERO: I'll start, and then, please jump in, colleagues.

This is essentially an idea, right? So we have a limited view into the City's contracting process. So when we receive loan requests, it's from MOCS directly, and that's when we process them. We are, you know, looking to talk with our loan recipients and to see where those pain points are, how they knew about the loan program, did the ACCOs inform them of it, or were they just aware of it through the, you know, word of mouth or what that looks like.

What we are afraid of is that only groups that are in the know know about the loan program. And we are thinking through ways of how we can make this more accessible to all nonprofits, especially the smaller nonprofits and nonprofits that might be out in the boroughs, that might not have the access that the larger nonprofits do, or groups that have already used our services.

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As Director Yu mentioned, we have had a number of new groups come on this year, which is really exciting. But just thinking through ways of being able to make it more equitable.

Did you want to add on to that?

ALDRIN BONILLA: We know the universe of nonprofits that are aware of the Returnable Loan Grant, and we also, by virtue of knowing who's aware and who's been using it in terms of utilization, who has not. So maybe a nudge or special targeted effort to those who haven't, and particularly those smaller community-based organizations, grassroots nonprofits, on which the payment delays have a more debilitating effect on meeting payroll and staying open as an organization.

CHAIRPERSON RESTLER: I will say that I think, as I have just been digging into this topic for a few weeks now, it's debilitating for large organizations, too. I mean, I think this is a debilitating issue across the board, from the neighborhood nonprofit to the citywide organization with tens of millions of dollars in city contracts.

This may be a better question for MOCS, since I think Jill already kind of spoke to this, in

1
2 that you are engaging nonprofits when MOCS makes a
3 referral, essentially, but why do you think,
4 considering the level of need that is out there and
5 the challenges that nonprofits are facing with
6 delayed payments, that more nonprofits are not being,
7 I guess, sent to the fund for assistance? And you can
8 say that you don't have it, that it's--feel free to
9 punt if that's not a fair question for you.

10 ANDREW WALROND: Chairman Restler, it is
11 interesting, and I believe Executive Director Sedillo
12 said it, because we know that the word is out there,
13 I do realize that the ACCOs have been trained and
14 informed of the Returnable Grant Fund. Where the
15 disconnect is still a question.

16 CHAIRPERSON RESTLER: Yeah. I mean, the
17 same question I asked Director Sedillo and Director
18 Yu a moment ago: why do we think so many nonprofits
19 are pursuing private loans when these opportunities
20 are available? Any ideas there?

21 ANDREW WALROND: From a couple of my
22 conversations with organizations, it would also be a
23 matter of timing. If they have a payroll that is the
24 following week, and they already have a relationship
25 with their bank where they can instantly switch that

2 mechanism to get those funds, they are going to,
3 regardless of the cost, they are going to apply for
4 that loan.

5 CHAIRPERSON RESTLER: Got it. Okay.

6 ALDRIN BONILLA: It also depends on-- we
7 have a menu of different loan services...

8 CHAIRPERSON RESTLER: Right.

9 ALDRIN BONILLA: Not just the Returnable
10 Grant Fund.

11 CHAIRPERSON RESTLER: Bridge loan...

12 ALDRIN BONILLA: We have bridge loans, we
13 have capital, financial.

14 CHAIRPERSON RESTLER: Right.

15 ALDRIN BONILLA: Sometimes, the private
16 market lines of credit might be for capital projects,
17 for which we have less bandwidth to finance the
18 larger loans of capital projects. That might be an
19 example. But, you know, for organizations and
20 nonprofits that come to us, we do a lot of triage. So
21 sometimes--because there is a combination of Federal,
22 State, and City.

23 CHAIRPERSON RESTLER: Right.

24 ALDRIN BONILLA: So sometimes, there might
25 be State delays, and we say, okay, well, we don't

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2 necessarily have as many (INAUDIBLE) agreements with
3 the State, but do you have any City ones? And we
4 practically see if we can bridge against that.

5 For the cultural arts and the theaters,
6 we've even gone as far as, in terms of other menu
7 services, to do loans against potential box office
8 sales for productions that may be coming up.

9 We've done for nonprofits-- we try to be
10 innovative and nimble and creative, but we have even
11 done against Transfer of Development Rights that
12 nonprofits may have with developers for affordable
13 housing and other things, and they would request a
14 loan against the Transfer of Development Rights,
15 which has a longer runway of being able to seek
16 repayments.

17 And then we also have the tranche for
18 capital cultural arts organizations who may need to
19 purchase vans or vehicles, or replace a roof,
20 elevator, or HVAC system, and have, let's say,
21 borough president capital dollars that are
22 reimbursable. The drawdown of the City Council has
23 gone on for multiple years without being able to have
24 a capital campaign to make that happen. So, we offer
25 out services and loans against that as well. So we

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have a different, you know, menu of services that we try to triage.

CHAIRPERSON RESTLER: Right. I think one of the things that you may have heard that I am committed to us trying to figure out together is how we bring more transparency to where delays in the system are happening and have that be more public-facing, so that we can collectively understand and see where the problems are and help make some of those connections between providers that are in need and the Fund.

And I just appreciate the role you all play in trying to help stabilize and support the sector. I am interested in engaging providers more in why they may be seeking out funding and other financing loans in other places. And I would love to be in conversation with you all to share that feedback, to see if there are ways that—I think that you are already an agile group—but how you could be even more agile to help respond to those needs or to that feedback, just to make sure that we are filling the gaps as effectively as possible.

I really want to thank the three of you for being here today—Andrew, Jill, and Aldrin. Thank

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you for your time and expertise, but much more importantly, thank you for the work you do to support the nonprofit sector across the city.

PANEL: Thank you.

CHAIRPERSON RESTLER: Thank you very much.

Okay, we are going to shift to the next set of panels, which I am very excited to call up. We will invite Michelle Jackson from the Human Services Council, Gregory Morris from New York City Employment and Training Coalition, and Kristin Miller from HSU. I don't believe (INAUDIBLE) is here, but somebody can shout at me if they didn't fill out a form and they're here. Okay, do they not call themselves (INAUDIBLE) anymore?

UNIDENTIFIED: (INAUDIBLE)

CHAIRPERSON RESTLER: Okay, all right. The Network, I knew there was something. Sorry, I am not making any comments on the record about names. And since we have five chairs, we will invite United Neighborhood Houses and UJA Federation, Kate Connolly from UNH, and Faith Behun, and forgive me if I am messing up anybody's name from UJA Federation of New York, to join this panel as well.

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And we invite you to go in whichever order you all are so inspired.

MICHELLE JACKSON: All right, good afternoon. Thank you, Chair Restler, Council Member Brewer, and Council Member Stevens. What a dream team to have before us today, honestly. And also, congratulations to you, Council Member Restler. We're so happy to have you in a long line of really rambunctious and fierce advocates in the Contracts Committee. You fit right in, and you've obviously been a long-time champion of this work, too.

CHAIRPERSON RESTLER: I will tell you, when I was, I think 19 years old, my sister made me a t-shirt where she wrote the word "rambunctious" onto the shirt.

ALL: (LAUGHTER)

CHAIRPERSON RESTLER: So, I am glad you used that one. I have been this way for a long time.

MICHELLE JACKSON: Nice. And by the way, you'll also be getting a "No Procurement, No Peace" T-shirt, which is also a tradition of this committee. So that will be coming to you shortly.

ALL: (LAUGHTER)

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CHAIRPERSON RESTLER: Restart the clock.

I'm sorry, go ahead, but thank you very much.

MICHELLE JACKSON: No, thank you. So my staff, of course, wrote a really great testimony, and I'm not going to give that. You have that written beautifully. I'm going to kind of give a bigger state of the sector. And first, I just want to say I think Council Member Restler, you covered most of our points in your opening. Thank you for that.

I will kind of set the stage because I think late payments can become this very technocratic conversation, just to say late payments to providers are not an accounting hiccup. When reimbursement lags for months or even years, providers cannot surge staff. They cannot extend hours or respond to crises with the speed that emergencies really demand. We become reactive instead of ready, and we really do see the consequences of that on a daily basis, most recently with SNAP benefits when they were delayed—families who rely on food assistance faced empty cupboards and crowded pantries. Caseworkers worked late. Outreach teams improvised. Community kitchens stretched portions thinner than dignity allows. But good will does not pay that overtime. These delays

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2 ripple outward. Providers could not take loans to buy
3 food, because their loans were extended by the City
4 of New York owing millions of dollars. The people who
5 feel these late payments first are New Yorkers who
6 are already living close to the edge. And when the
7 City's payments arrive late, emergencies
8 unfortunately arrive even earlier for the sector and
9 the people in need of our services.

10 I think that's important because it's not
11 just saying that late payments create paperwork and
12 headaches. There's a real-- and we've seen even with
13 snow and the cold snap and those issues when
14 providers don't have the resources at the ready.
15 That's what lines of credit should be used for.
16 That's what reserves should be used for. Not to kind
17 of wade through months or years of City bureaucracy.

18 And I will say that, given how this
19 conversation has gone today, we are really grateful
20 for MOCS and MONS and the work that they've really
21 done on clearing up the backlog, on being committed
22 partners, on having better data. And we are really
23 grateful for the work of the City Council last year
24 for bringing attention to that and passing a series
25 of bills, and just bringing public attention to that.

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2 And I would say, on the late payment
3 issues, what we would really like to see going
4 forward is building off that work. We do need
5 established time frames that are just codifying the
6 status quo. We would love to see interest penalties,
7 continued oversight by the Council, and appropriate
8 funding of MOCS, all things that you brought up
9 today.

10 And just in support of Intro 452, if I
11 may really quickly, nonprofit workers make 30% less
12 than government workers for doing the same job. Yes,
13 there are titles that don't translate, but
14 overwhelmingly, these titles are the same. When
15 government contracts with nonprofits, they set
16 salaries on most of those contracts when they set
17 rates. And they have said, "We have contracts that we
18 can share with you," where they think a social worker
19 should get paid \$45,000 or \$50,000, and that's what
20 they build into the budget. We have providers who,
21 within the contracted budget, ask to pay workers
22 more. So, they are not asking for more money; they
23 figure it out themselves. Those budgets have been
24 kicked back to them and told, "You cannot pay more
25 using City dollars..."

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CHAIRPERSON RESTLER: Wow.

MICHELLE JACKSON: even if you're not using more City dollars."

So, this Intro 452 is really the next iteration of the #JustPay Campaign, COLAs, and thank you to the Council and Council Member Restler for your earlier championship of the City COLA and the #JustPay Campaign. This is the next iteration to say that COLAs were absolutely vital, but to achieve real wage equity, we need to be paying equitable wages, and the City has 80,000 human services workers that they are underpaying by 20-30%. So we wanted to absolutely testify in support of that bill as well. Thank you so much.

CHAIRPERSON RESTLER: Thank you very much, and thank you for your tremendous advocacy. The HSC reports were a great help to both Molly and me in advance of this hearing. And we really appreciate the partnership with you and your team, and look forward to working more together.

MICHELLE JACKSON: Thank you.

KRISTIN MILLER: My name is Kristen Miller, and I'm Executive Director of Homeless Services United, representing the nonprofits running

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2 shelters and homeless service organizations, a member
3 of HSU.

4 I concur with everything Michelle has
5 said, but I'm here to talk about the perspective
6 from, as was noted earlier, the agency that is there
7 to meet the demands of the moment. Our contracts are
8 large, complex, multi-year, right? So we make all of
9 the lists we don't want to make when it comes to
10 contracting and payments.

11 I have been talking about this for a
12 couple of years before this committee and other
13 council members, and I'm really grateful for today's
14 hearing. I am seeing such a great understanding of
15 how we get paid. It is very, very complex. So much of
16 what I wrote in the testimony that we've submitted
17 has been talked about. I just want to call out a few
18 things: One is that our organizations are
19 experiencing improved payments for FY26, but there is
20 still an incredible amount of backlog. We surveyed
21 some of our members, and just a dozen of our members
22 are owed \$73 million in outstanding payments for work
23 already completed.

24 One thing that I think is a nuance that
25 is very tricky to pin down here—PASSPort can tell us,

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and the tracking can tell us, the time that it takes from when an invoice is submitted to payment. What it doesn't track is the days, months, and weeks that organizations spend trying to get that invoice approved so it gets into PASSPort.

So a lot of the issues are that we don't know what we don't know, because it's not documented anywhere. And that is our struggle. Our struggle is, like the many things that have been talked about, the need for standardization that we're grateful that MONS and MOCS are working on, but there's more work to be done.

Last thing I want to say-- or two things. We are grateful for the quarterly pilot program. I think it's really going to help with our cash flow. The Returnable Grant Fund, our members have attempted to do. It's a lot of work for relatively little money in the size of our contracts. Plus, many of my organizations have multiple contracts with DHS and other organizations. You must submit an application for each contract, right? So if you're owed \$40 million, that's a lot of paperwork.

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2 And, of course, we are in support of the
3 legislation for wage equity, and we look forward to
4 more conversations on that. Thank you.

5 CHAIRPERSON RESTLER: Thank you very much,
6 that's really helpful.

7 GREGORY MORRIS: Thank you very much,
8 Chair Restler. I'm the current CEO of New York City
9 Employment and Training Coalition, so I obviously
10 have a lot to live up to.

11 Let me just say I want to give a quick
12 shoutout to Director Sedillo and Director Yu. I
13 consider them colleagues and champions for the
14 sector. This is not easy work, and their teams work
15 extraordinarily hard. I've appreciated their
16 partnership.

17 Just a couple of quick notes. Testimony's
18 been submitted, and I would be covering ground
19 already covered. So just a couple quick notes. I
20 think just because I'm very concerned about language
21 in some cases, that we mean what we say. We use the
22 word "bottleneck" often. If we are talking about
23 billions of dollars, we should probably just focus on
24 systems change.

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2 I think the other piece is—your questions
3 related to budget asks as related to the agencies, it
4 is absolutely critical. And, interestingly, one thing
5 we underestimate is the amount of time and effort
6 that is put on nonprofits to work with agencies,
7 because the nonprofits have not been resourced to be
8 able to support and catch up on these backlogs. And I
9 just want to highlight that.

10 And I think there are some larger
11 conversations here about how we throw around the word
12 “loan”, because this is work that has been completed.
13 So, is this really a loan that we are talking about,
14 or are we talking about something else that we are
15 covering for the City?

16 Listen, I heard Director Yu say the word
17 “stabilization” was step one. I would argue that we
18 are not stable right now. But in all honesty, it is
19 structural wage equity and procurement reliability
20 that have to be our focus. And workforce providers
21 are not interchangeable vendors; they are the
22 operating infrastructure of economic mobility in our
23 city. And specifically to the workforce development
24 space, you know this very, very well, if providers
25 have to borrow to make payroll, and program launches

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are delayed, staff turnover rises, and the relationships with employers, who are the ones that have to hire New Yorkers and all of our great talent, are weakened. That is not administrative friction; I would call that a structural drag on performance. The modern workforce system requires dynamism. Providers must respond quickly to employer demand, launch sector-based training, align labor market shifts, invest in data systems, and scale models that work. Procurement uncertainty suppresses that dynamism, and contracting reform alone is insufficient.

Just one last note, the deepest contradiction in our system is the individuals who are responsible for helping folks find good wages—career coaches, case managers, job developers, are themselves in the not-for-profit sector fighting to live in this city, which is increasingly unaffordable. You know that well, and I look forward to working with you to champion wage equity procurement reform and contracting investment.

CHAIRPERSON RESTLER: I really appreciate it.

GREGORY MORRIS: Thank you.

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2 CHAIRPERSON RESTLER: Thank you for that
3 great testimony. Good to see you.

4 KATE CONNOLLY: Good afternoon. Thank you
5 for the opportunity to testify. My name is Kate
6 Connolly, and I'm a Senior Policy Analyst for United
7 Neighborhood Houses, an umbrella organization that
8 represents settlement houses across the state.

9 First, I really want to say thank you for
10 prioritizing this hearing so early in the year. It's
11 really wonderful to see City Council prioritizing
12 late payments to nonprofits and making sure that this
13 is seen as a priority of this session.

14 We'll submit more detailed testimony, but
15 I have a couple of points to make today. And in a
16 very hopeful note, some of our members have reported
17 seeing more timely payments in recent months. We
18 appreciate the work of MOCS and MONS pushing for
19 this. We think across the board there's been a big
20 focus on it. Unfortunately, the contract registration
21 process is still seeing very severe delays. And in
22 fact, it's been especially noticeable when an
23 amendment is required to add funding to a contract,
24 like for the COLAs in the Workforce Enhancement
25 Initiative. These funds are vital to ensure that

1 human service workers receive pay increases, and
2 providers need to receive these funds in a timely
3 manner to provide increases to the workers, but when
4 these contract amendments are delayed, then they are
5 delayed in giving the money to the workers.
6

7 And we know the City Council has been a
8 very big supporter of COLAs and Workforce Enhancement
9 Initiatives. And so, I just wanted to flag that this
10 has been a really, really big issue. We really urge
11 the City to take a look at this process in particular
12 and prioritize amendment registration.

13 Additionally, I'd like to share support
14 for Council Member Stevens bill, Intro 452. It might
15 be an onerous process to establish wage requirements,
16 but it's a really big need to address equitable pay
17 in the Human Services sector. The dynamic of asking
18 nonprofit providers to do more with less has pushed
19 our sector to a real breaking point, and our
20 workforce has suffered the consequences.

21 In order to ensure that the bill has its
22 intended effect, we hope the Council will commit to
23 two items: One is working with the Administration to
24 ensure sufficient funding and prevent an unfunded
25 mandate. Second, is to work with State counterparts

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2 to engage in a similar process for state-funded human
3 service contracts to prevent potential equity issues
4 for programs with blended funding. Thank you.

5 CHAIRPERSON RESTLER: An ongoing issue,
6 one that we always have to think through. But welcome
7 back to the Council. Thank you for your thoughtful
8 testimony.

9 FAITH BEHUN: Thank you, Chairperson
10 Restler, and Members of the Committees on Contracts,
11 for holding this oversight hearing and for the
12 opportunity to submit testimony. My name is Faith
13 Behum, and I am the Manager of Government and
14 External Relations at UJA-Federation of New York.

15 UJA supports an expansive network of
16 nearly 100 nonprofit organizations serving the most
17 vulnerable and allocates nearly \$200 million annually
18 to our nonprofit partners in New York City,
19 Westchester, and Long Island. Our partners provide
20 city-funded human services to children, youth,
21 adults, and older adults in every borough of New York
22 City.

23 So we testified-- I actually testified at
24 the April 2025 contracting hearing, and I think I sat
25 right next to Kate at that one as well. So when we

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2 heard that this late payment hearing was taking
3 place, I reached out to our network of nonprofits and
4 just simply asked them, which I kind of knew already,
5 but I wanted an updated status on payments. Anything
6 improved? Is anything the same? And this is just some
7 samples of what the nonprofits that responded said—
8 Our nonprofits said they were thankful for the
9 advances they received on their contracts over the
10 summer. This did help with cash flow issues. Many
11 nonprofits did use the advances to cover costs
12 related to payments they were waiting for on a number
13 of City contracts. Unfortunately, that cash flow
14 tightened when the advances were recouped, so
15 advances were looked at as a Band-Aid, mainly as soon
16 as they were recouped, the same payment issues
17 plagued nonprofits.

18 Across the board, every person I heard
19 from mentioned discretionary contracts, and they're
20 just a major pain point. We have one agency saying
21 that they're waiting to be compensated \$1.6 million
22 on their discretionary contracts.

23 Nonprofits mentioned in particular the
24 overly complicated budget and work scope processes.
25 This was something we talked about in our April

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2 testimony as well. We saw this particularly with DYCD
3 contracts, with providers saying it is just an overly
4 complicated way to work the grant process. They
5 struggle with non-discretionary contracts, too; in
6 particular, Summer Rising contracts were mentioned,
7 with providers having to wait months after the work
8 is completed to receive payment. (TIMER)

9 And DFTA is another one only receiving
10 one invoice at a time, it really, I was going to say
11 "bottleneck", but it really slows down payment for
12 providers. So we just thank you for this opportunity,
13 and we really look forward to working with the
14 Council and the Administration on improving the
15 contracting process.

16 CHAIRPERSON RESTLER: I really appreciate
17 you all testifying, and thank you all, kind of as
18 representatives of umbrella entities. You know, we're
19 really hopeful that we're going to be able to make
20 significant progress on streamlining a lot of the
21 Council discretionary process over the next fiscal
22 year, which should free up capacity in these offices,
23 in these agencies to be able to get the mayoral-
24 funded contracts done a lot more efficiently.

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2 We know that for both city agency staff
3 and for nonprofits, the amount of time and effort
4 they put into \$5,000 grants versus \$500,000 grants is
5 not as different as you might think. And so we're
6 hopeful that that's going to be a change that we can
7 make on our side in partnership with MOCS and MONS,
8 and credit to them for really driving and leading on
9 this, that should have benefits across the system.
10 But you know, I just want to underscore as the new
11 Chair of this committee, I am eager to have a close
12 working relationship with you all and with the
13 sector, and welcome your guidance and insight so that
14 we can try to be the best partners that we can be
15 here in the Council. So thank you all for joining us
16 today.

17 Okay, we're going to shift to Legal
18 Services: Lauren Siciliano from the Legal Aid
19 Society, who might give us some DOE advice, too; Greg
20 Klemm, from LSNYC; Emily Ward from NYLAG; and Keriann
21 Pauls from TakeRoot Justice. And I apologize for any
22 names that were butchered. Feel free to go in
23 whichever order you'd like. Thanks so much.

24 LAUREN SICILIANO: Good afternoon, Chair
25 Restler. It's a pleasure to see you, and we want to

1
2 really thank the Council for having this hearing and
3 echoing a lot of the points that others have made, as
4 well as thank Executive Director Sedillo and Director
5 Yu for their support.

6 My name is Lauren Siciliano. I'm the
7 Chief Operating Officer at the Legal Aid Society, and
8 along with my colleagues, we are part of a coalition
9 of public defender and civil legal services
10 nonprofits. We provide constitutionally and legally
11 mandated services to hundreds of thousands of New
12 Yorkers each year, and we defend people against
13 incarceration, deportation, and eviction. We are a
14 lifeline for New Yorkers in need.

15 The services we provide heavily rely on
16 City initiatives and contracts. And despite previous
17 efforts, chronic underfunding and mounting contracts
18 and payment delays really jeopardize our ability to
19 operate and provide those essential services for the
20 New Yorkers who need us most.

21 Nonprofits like us start at an
22 extraordinary disadvantage. Not only are our wages
23 lower than those of our government counterparts, as
24 you've heard today, especially in experienced
25 positions, just as critically, our staff also do not

1
2 benefit from a government pension. And while city
3 agencies start the year with their funding and
4 routinely receive additional allocations for new
5 collective bargaining agreements, healthcare cost
6 increases, utility and space costs, we do not. We're
7 constantly waiting for our funding to be confirmed or
8 for payment for work that has been completed.

9 The systemic contracting and payment
10 delays just exacerbate all these fundamental issues
11 at every point in the process, from registration to
12 funding confirmation and budget review to invoice
13 payment.

14 When nonprofits like us are not paid on
15 time, we make what is in effect an interest free loan
16 to the City, and that is not sustainable. So we're
17 here today to highlight just a few of the really
18 critical examples of how these delays endanger our
19 ability to make payroll for our staff, to pay experts
20 for our cases, to pay our rent, and fundamentally
21 continue doing this work, and we want to thank the
22 Council for their focus on this issue. (TIMER)

23 EMILY WARD: Good afternoon, Chair
24 Restler, Council Members, and staff. Thanks for the

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2 opportunity to speak today and for holding this very
3 important hearing.

4 My name is Emily Ward, and I am the
5 Director of Institutional Giving and Government
6 Relations at the New York Legal Assistance Group. As
7 we're talking about challenges related to timely
8 payments on our contracts continue to plague
9 nonprofits and legal services providers. NYLAG
10 specifically is owed nearly \$12 million across all of
11 our city contracts for work done in FY25, as well as
12 work to date in FY26.

13 Late payments effectively cut our grants
14 as we incur costs related to loans and fees just in
15 order to stay afloat.

16 Delays at every stage of the process
17 create major issues for us. This includes late
18 contract registration, as well as unnecessarily
19 cumbersome and changing processes or budget approvals
20 and modifications, invoice submission, and review.

21 We believe additional steps must be taken
22 to mitigate the challenges in each of these stages
23 that lead to payments being late.

24 Specifically, regarding registration,
25 even once an award is made or a contract extension is

1
2 approved, it can take months to get a contract
3 registered. Workflow and processes can differ from
4 agency to agency, creating confusion and a high
5 administrative burden. Even while we have experienced
6 more timely registration recently, delays remain and
7 continue to impact our organizations.

8 In particular, I just want to raise one
9 reward we're waiting for to be announced for the
10 Immigrant Opportunities Initiative, which is an award
11 a lot of us have, and it's scheduled to start July
12 1st for FY27, and awards still haven't been made. So
13 we're hoping that either those awards are made
14 expeditiously or we are issued extensions for our
15 current contracts as time ticks down this fiscal
16 year.

17 Despite our limited resources, we
18 continue to devote massive efforts towards dealing
19 with what should be routine and straightforward
20 contracting and invoicing. And we look forward to
21 continuing to work with the Council and our partners
22 at MOCS, MONS, and other agencies to address these
23 issues. And again, thank you for your time today.

24 GREG KLEMM: Good afternoon, Chair
25 Restler. Nice to see you in person. Good afternoon,

1 Council. Thank you for the opportunity to speak
2 today. My name is Greg Klemm. I'm the Chief Financial
3 Officer at Legal Services NYC, otherwise known as
4 LSNYC. Thank you for the multiple shoutouts today. I
5 appreciate it. I'll be speaking about the delays in
6 budget approvals and budget readiness, as well as
7 invoice processing.
8

9 So for the second year in a row, despite
10 a more timely contract registration-- So Director Yu,
11 I appreciate her underscoring that, that's definitely
12 correct. HRA still has not approved budgets for all
13 of the baseline housing and immigration contracts,
14 more than six months into the fiscal year.

15 So it was mentioned earlier in the
16 hearing that it seems crazy to start reviewing
17 budgets when the contract is registered. In our case,
18 those budgets weren't reviewed until about four to
19 six months after the contract was registered.

20 These delays are especially harmful for
21 smaller providers. The Urban Justice Center, which
22 subcontracts with many smaller legal service
23 providers throughout the city, is still waiting for
24 the Anti-Harassment Tenant Protection budget review
25 to be completed.

1
2 When talking about cash and budget
3 impact, the Legal Aid Society is waiting on \$16
4 million in Fiscal Year 2025 payments and \$15 million
5 in Fiscal Year 2026—much of it related to delayed
6 budget approvals.

7 At my organization, LSNYC, we're waiting
8 on nearly \$30 million across Fiscal Years 2025 and
9 2026. This is more than 20% of our annual budget.

10 My colleague next to me from TakeRoot
11 Justice is waiting on \$2 million between Fiscal Years
12 2025 and 2026, also about 20% of their total budget.

13 No organization could sustain delays of
14 this magnitude for very long. (TIMER) I'll finish up
15 quickly here.

16 Regarding invoice reviews, Legal Aid
17 currently has 30 outstanding invoices and has been
18 told by OCJ that only five per week can be processed.
19 This is a backlog that will take at least six weeks
20 to clear, and our understanding is that a lot of it
21 is related to staffing. Masha Gindler is, you know, I
22 think, has been said to be very capable and has been
23 at least in my experience responsive. But she only
24 has two contract managers for all the legal service
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1
2 providers across the city. So that's something that
3 doesn't seem sustainable.

4 And as you mentioned, Chair, these delays
5 create real financial costs. LSNYC incurred \$475,000
6 in interest expense in 2025 and is currently
7 incurring interest, as you mentioned, \$80,000 per
8 month. So that's over \$600,000 over the last 14
9 months. We would much rather use that money to hire
10 more attorneys and paralegals to provide services to
11 New Yorkers rather than fund the banks.

12 Thank you again for this opportunity to
13 testify. I will now turn it over to my colleague from
14 TakeRoot.

15 KERIANN PAULS: Hi, good afternoon, and
16 yes, thank you so much, Chair Restler, for calling
17 this hearing. My name is Keriann Pauls, and I am the
18 Interim Executive Director of TakeRoot Justice. Nice
19 to see you in person after our call last week.

20 I am here to close out for our panel and
21 just come to you with some of our recommendations,
22 and many of these were stated in your opening
23 remarks. Some of them were in the beginning stages,
24 as stated by MOCS and MONS. And so I just really
25

1
2 appreciate it. We feel seen, and we feel heard in
3 this, and we are really ready to get to solutions.

4 So some of these very immediate actions
5 that we are calling for are particularly around
6 contracts with HRA. We need approval of our
7 outstanding Fiscal Year 2026 contract budgets,
8 expedited payments for all pending invoices, and
9 subsequent FY26 invoice submissions and payment of
10 outstanding FY25 closeout invoices. As you heard,
11 there are dozens still pending from Fiscal Year 2025.
12 And as I said, HRA, we're spotlighting them, and this
13 also spreads across various city agencies.

14 We're asking in the future facing for HRA
15 to provide us with early and accurate grant award
16 amounts. And as my colleagues mentioned, they need
17 more staffing to be able to handle the volume of the
18 work that's before them. We need transparent, clear
19 instructions on budget submissions to provide an
20 estimated timeline to us so we know how to project
21 out and manage our cash flow. And in the event all of
22 these things fall through, issue additional advances
23 that don't then tie up the invoice processes that we
24 are in.

1
2 I also want to put a pin in the
3 Returnable Grant Fund piece and would love followup
4 conversations around that. I have learned so much
5 today, and also have so much inexperience to share
6 about--I can't-- I'm not using "bottlenecks", but
7 things that are prohibitive to addressing the needs
8 that we have.

9 So citywide, zooming out to all of the
10 city agencies, (TIMER) we are asking to call back to
11 the legislation and the ideas for interest expenses
12 to be able to be billed on our contracts. We need
13 clear standardized invoicing guidelines across all
14 agencies, and for agencies not to be able to change
15 the requirements mid-year. And something that we've
16 come across is that when all of these processes have
17 gone right, and we've submitted invoices, and they
18 are ready to be paid, the agencies have informed us
19 that they do not have the funding to actually pay on
20 it. So, we need agencies themselves to have adequate
21 funding to pay out on our invoices.

22 So, just quickly to conclude, I just want
23 to share that we, as the nonprofit legal services
24 providers sector, really see ourselves as partners
25 with the City. When we take on these contracts, it is

1
2 in partnership to advance shared missions of serving
3 New Yorkers most in need. And it really feels like an
4 unhealthy partnership; that is why we have come back
5 here year over year to try to find solutions. We are
6 committed to moving towards the health and
7 sustainability of these partnerships, so we are
8 looking forward to ways that we can get to the
9 solutions as they are expressed as interests, but we
10 really want to get them moving forward. So, thank you
11 so much.

12 CHAIRPERSON RESTLER: I really appreciate
13 you all testifying, and testifying together, because
14 I think that when we see issues that are existing
15 across a particular contract, and across a particular
16 agency, where there is a capacity shortage that we
17 need to address, we can elevate those issues. I mean,
18 we just had the DSS commissioner announced this
19 morning, but to the HRA administrators, we can go to
20 the senior leadership in the agency to try to get
21 more attention, at least to help address the backlog
22 that you all are facing. Because \$30 million each in
23 outstanding--in funds owed to each of your
24 organizations, just as examples, as you mentioned, it

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2 is just debilitating, and it is not sustainable, and
3 we have to do better.

4 So, thank you for sharing this
5 information, and, clearly, we will certainly be in
6 touch with the team at DSS. I wanted to wait until
7 after the hearing before following up with folks, but
8 you have our word that we will be doing just that.
9 So, thank you for joining us today.

10 The next panel is Brandon Lloyd from
11 Urban Resource Institute; Catherine Trapani from
12 Volunteers of America, if she is still with us; Pilar
13 Bernabe-Garcia from Safe Horizon; Eric Rosenbaum from
14 Project Renewal; Dan Lehman from HelpUSA; and
15 Christopher Hanway from Jacob Riis Neighborhood
16 Settlement House.

17 And feel free to begin at your
18 convenience.

19 BRANDON LLOYD: Good afternoon, Chair
20 Restler, and Members of the Contracts Committee.
21 Thank you for the opportunity to testify today, and
22 thank you for your continued support of the Urban
23 Resource Institute and the Human Services sector.

24 My name is Brandon Lloyd, and I'm the
25 Director of Government Affairs at the Urban Resource

1
2 Institute. We're the largest provider of domestic
3 violence shelter services in the country and a
4 leading provider of transitional housing for families
5 experiencing homelessness.

6 Each night, URI provides safe temporary
7 housing to nearly 4,000 individuals across 24
8 locations in four boroughs here in New York City. We
9 are currently building our first supportive and
10 deeply affordable permanent housing development in
11 Harlem for survivors of domestic violence and
12 community members.

13 In addition to housing, URI provides
14 trauma-informed and client-centered services that
15 help families achieve economic stability and break
16 cycles of violence.

17 We are deeply grateful to the Council,
18 especially this committee, for your advocacy on
19 behalf of providers and the families we serve.
20 Because of your leadership, advance payments were
21 made that helped stabilize organizations facing
22 severe cash flow challenges due to delayed payments.
23 However, URI is still owed approximately \$50 million
24 for services already delivered under contracts
25 backdating to 2023. No sector can sustain this level

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of delay. The City must commit to clearing invoices within 90 days and address chronic delays in contract registration, which sometimes may exceed a year. Increased staffing at DSS and MOCS is essential to solving this.

We also appreciate the recent COLA for the human services workforce. However, nonprofit workers, primarily women of color doing life-saving work, still earn significantly less than their municipal counterparts. Pay equity is critical to retaining the workforce that keeps our shelters open.

As homelessness and domestic violence rise, we must ensure shelter services remain strong. That means investing in our workforce and paying contracts on time.

We look forward to continuing our partnership with the Council to keep families safe and to continue to break cycles of violence. Thank you.

CHAIRPERSON RESTLER: Thanks so much.

Eric, nice to see you.

ERIC ROSENBAUM: I'm Eric Rosenbaum. I'm the President and CEO of Project Renewal. We're a nonprofit that's provided housing, shelter,

1 healthcare, and employment services to hundreds of
2 thousands of New Yorkers since our founding in 1967.
3 I'm also, with Chris here, the Co-Chair of the
4 Procurement Reform Task Force at the Human Services
5 Council. Thank you to Speaker Menin, to you, Chair
6 Restler, and your committee members for calling this
7 hearing.
8

9 The good news is that the City's current
10 year payment performance has dramatically improved.
11 Our FY26 budgets are largely correct, and that's a
12 big deal because we can get advances on them, and it
13 makes it possible to get the invoices paid promptly.

14 So the current year process is really
15 working for us fairly well. But the City still owes
16 Project Renewal about \$15 million, going back to
17 FY20. And this is very murky. We can't invoice this.
18 So all of the data about timelines to process
19 invoices doesn't even include this \$15 million,
20 because it's stuck in various processes that aren't
21 even visible in PASSPort.

22 You've asked about the Returnable Grant
23 Fund. We have about \$1.2 million in loans from that
24 fund. But when we asked for the full amount that we
25 were owed, the very same people at the Department of

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2 Homeless Services, who would process our application
3 for the fund, are the people who also process our
4 invoices and process the budget mods that would allow
5 us to invoice for the money that we're owed. So we
6 basically faced the Hobson's choice of what's more
7 important—getting paid on the current invoices,
8 which is where tens of millions of dollars are
9 sitting, or applying for the Returnable Grant Fund.
10 And the internal process inside DHS to evaluate our
11 application for the fund is exactly the same process
12 they would go through to actually process the budget
13 mods in the first place. (TIMER) So it didn't really
14 make sense to continue to process the Returnable
15 Grant Fund for most of this.

16 I think that might answer your question
17 earlier about why we're not using the fund.

18 I also want to say that we've worked
19 internally to develop a tracking document that allows
20 us to specifically know every dollar we're owed, what
21 year it's owed from, what agency within the City owes
22 it to us, and why they owe it to us. The City can't
23 reproduce this document, so they can't verify what
24 they owe us because it sits in so many different
25 places.

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2 As an example, a new need that's been
3 formally approved by OMB, but not yet added to our
4 contract, is invisible. In order to dig it out, you
5 have to find emails. You go through stacks of emails
6 to find the document that proves that we're owed the
7 money. None of that exists in one comprehensive
8 system out of which you can report what the City owes
9 us.

10 And then finally, we absolutely support
11 the Wage Equity Bill. I'm just going to say what
12 everybody else has said on that. So thank you very,
13 very much.

14 CHAIRPERSON RESTLER: Thank you very much.
15 We appreciate the testimony. Very Helpful.

16 PILAR BERNABE-GARCIA: Good afternoon, and
17 thank you for the opportunity to provide testimony to
18 the Committee on Contracts. My name is Pilar Bernabe-
19 Garcia, and I am Vice President of Finance at Safe
20 Horizon, the largest victim service organization in
21 the country. Every year, 250,000 people seek safety
22 through our services. Our mission is to stand with
23 those who have experienced violence, abuse, and
24 exploitation. We offer unwavering support and
25

1
2 advocate for systemic change. We envision a world
3 where safety is a universal human right.

4 We are grateful to the City Council for
5 understanding the systemic late contracting issues
6 that impact the nonprofit human services sector. Late
7 contracts have a detrimental effect on community-
8 based organizations and the communities we all serve.
9 Great progress has been made because of the Council's
10 movement on these issues through legislation to
11 provide advances on contracts. However, much more
12 needs to be done to address the millions still owed
13 to providers across the City.

14 We echo what was said throughout the
15 various panels, where there continue to exist many
16 challenges around invoicing and payments. Delays in
17 payment put providers at risk of eviction and worsen
18 deficits by forcing organizations to borrow to pay
19 rent and salaries.

20 Safe Horizon has, on many occasions, been
21 forced to borrow money to sustain service provisions
22 to survivors while waiting months or even years for a
23 contract to be registered.

24 The City's delay costs providers real
25 money and jeopardizes the quality of services by

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2 diverting funds away from programs to pay interest on
3 lines of credit for which we are not reimbursed.

4 In addition, when nonprofits are owed
5 money, we cannot respond to emergencies effectively
6 because of limited cash flow to meet urgent needs.
7 For example, during the pandemic, we needed to
8 purchase supplies, masks, and cleaning equipment, and
9 we were forced to utilize our credit line. (TIMER)

10 I would lastly say, we completely support
11 Intro 452, which is a significant step towards
12 ensuring that human services workers receive
13 equitable pay comparable to their City counterparts.

14 Thank you for the opportunity to testify.

15 CHAIRPERSON RESTLER: Thanks so much,
16 Pilar.

17
18 CHRISTOPHER HANWAY: Good day, can you
19 hear me?

20 CHAIRPERSON RESTLER: Yes.

21 CHRISTOPHER HANWAY: Yeah, I'm Chris
22 Hanway, and I'm proud to serve as Executive Director
23 of Jacob Riis Neighborhood Settlement, a 136-year-old
24 community-based organization providing holistic
25 intergenerational services to the children, youth,

1
2 adults, and families in Western Queens, particularly
3 those in public housing. It's also my honor, as Eric
4 said, to serve as the Co-Chair of the Human Service
5 Council's Procurement Reform Work Group. I want to
6 thank Chair Restler, Council Member Won, our local
7 council member, if she's out there somewhere, and all
8 of the Committee Members for the opportunity to speak
9 to you today.

10 At Riis, we strive to act as a catalyst
11 for change in the community, as our mission statement
12 declares. I'm here to tell you that although there
13 has been significant improvement in clearing up
14 overdue payments, we find it increasingly difficult
15 to achieve this mission for the over 6,000
16 individuals we serve each year. That is because cash
17 flow challenges caused by late payments continue to
18 negatively affect our ability to provide afterschool
19 services, English language classes, meals for older
20 adults, and civic engagement activities for the
21 community.

22 The City of New York currently owes Riis
23 Settlement over \$1.8 million on an overall budget of
24 \$8.2 million. I wrote a truly staggering proportion,
25 but I've heard today even higher proportions than

1
2 that. We are extremely grateful for previous
3 legislation that created additional advances for some
4 contracts, but the advances only delay the inevitable
5 and kick the proverbial can down the road. We must be
6 paid for services rendered and vouchers submitted for
7 the current fiscal year and previous years in a
8 predictable and timely manner.

9 We look forward to working with you, Mr.
10 Chair, with the Committee, newly appointed MOCS
11 Commissioner Yu, our friends at MONS, and our
12 colleagues in the nonprofit community to find
13 meaningful and permanent solutions for this issue.

14 This, combined with the passage of Intro
15 452, introducing a comprehensive wage requirement and
16 wage parity for human service workers, will ensure
17 the long-term health of our sector in the service of
18 New Yorkers who count on our support the most.

19 (TIMER) Thank you very much.

20 CHAIRPERSON RESTLER: Thank you, Chris.

21 DAN LEHMAN: Good afternoon. I'm Dan
22 Lehman; I'm President and CEO of HelpUSA. We go back
23 a ways, your Hollis Gardens master lease back in
24 2016. Sadly, I'm here to tell you that that contract
25 expired. We won the renewal. We've been waiting three

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months to have the budget approved. So we are now carrying that contract at \$250,000 a month in operations while we're waiting for that approval. So that would be the first point I'll advise you on today.

I'm going to focus on wage equity. I agree wholeheartedly with everything my colleagues have said on all the other points. We've experienced all the same issues. I will reiterate any of those at any time, but I'm going to save my air.

HealthUSA provides homelessness prevention, transitional shelter, and supportive housing. We have over 1,200 staff on city contracts, most of whom live in New York City. Our workforce is 54% female, 95% Black, non-white, Hispanic or Asian, Pacific Islander, Native American. Two-thirds of our staff on City contracts earn less than \$50,000 per year, and 1/3 earn less than \$40,000 per year.

Each year, these staff help thousands of households avoid homelessness. Each night, they help ensure safe shelter for over one in every 100 New Yorkers. They help find people new homes, and then make sure they don't become homeless again.

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2 Intro 441 is important. In a crisis, city
3 government seems to forget that trusted nonprofits
4 exist. Yet they are often the best partners the City
5 can turn to.

6 That said, I will focus on Intro 452 and
7 the wage and equity for nonprofit Human Services
8 workers, mainly women and people of color. These
9 staff are paid almost 30% less than city workers
10 doing the same or similar jobs. Without nonprofit
11 providers and these staff, the City would do these
12 functions with its own staff at a higher cost, as it
13 has many times in the past. And here's a great data
14 point—When SNAP benefits, AKA food stamps, were
15 frozen last year, we offered all staff (TIMER) who
16 are on SNAP an emergency one-time payment. And we
17 learned that over one in ten of our staff depended on
18 SNAP to feed themselves and their families. You
19 cannot preach equity and affordability while paying
20 poverty wages. You are not a government for all New
21 Yorkers if you leave the workers the City depends on
22 behind. Higher wages for low-paid workers mean more
23 economic activity and tax revenue. They shop and pay
24 taxes locally. Turnover drops, productivity goes up,
25 and rents get paid.

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COMMITTEE ON CONTRACTS

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Intro 452 is a moral imperative and good business and economic sense. Intro 452 is critical for our sector, and it needs to be passed with all due haste.

CHAIRPERSON RESTLER: Those stats are really something. Thank you for sharing them. I am very sorry to hear about Hollis. We will do our best to try to be helpful there. Thank you all for the testimony. I look forward to working especially with Chris and Eric on HSC's procurement reforms and suggestions there. So, thank you for being here today.

Next up, Marcus Jackson from Encore Community Services, Paula Magnus from Northside Center--this might be her second time with the Contracts Committee already--a frequent flyer; Paola Martinez from Catholic Charities, Edward Ubiera from the Nonprofit Finance Fund, and Margy Brown from UHA (sic) (*UHAB)

Feel free to begin.

MARGY BROWN: Good afternoon, Chair Restler. Thank you for holding today's hearing. I'm Margy Brown, Executive Director of UHAB... (CROSS-TALK)

1 CHAIRPERSON RESTLER: UHAB, sorry...

2 MARGY BROWN: For 50 years... That's okay.

3 CHAIRPERSON RESTLER: That makes more
4 sense.

5 MARGY BROWN: (LAUGHS) For 50 years, UHAB
6 helped low and moderate-income New Yorkers become
7 homeowners in the buildings where they already live.
8 UHAB partners with New York City on multiple
9 contracts, the largest of which is HPD's Housing
10 Maintenance and Management Technical Assistance and
11 Training contract, or for short, TTA, to provide free
12 support to HDFC co-op homeowners navigating complex
13 regulatory, governance, and financial
14 responsibilities.

15 For these resident-run buildings, this
16 assistance is essential. However, delayed contract
17 registrations, late payments, and poor coordination
18 across city agencies are financially destabilizing
19 nonprofit providers like UHAB, putting our workforce
20 and communities at risk.

21 Under our current TTA contract, UHAB
22 waited 18 months between contract start and
23 registration. During that delay, we delivered more
24

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2 than \$2.6 million in services, which is about one-
3 quarter of our annual operating budget.

4 The Fund for the City of New York's
5 Returnable Grant Fund is intended to bridge these
6 gaps, but it is not able to alleviate the enormous
7 scale of the problem. The RGF loans that HPD approved
8 for UHAB covered only a fraction of our expenses, and
9 in practice, they simply kicked the can down the road
10 on the problem. One-hundred percent of the City's
11 overdue payments must go to repay FCNY loans before a
12 nonprofit receives a penny.

13 Numerous mistakes and instances of poor
14 coordination within and between agencies have
15 exacerbated issues on this contract. Most concerning,
16 a City administrative error has removed more than \$1
17 million from the annual contract budget. Although HPD
18 has worked to fix the problem, OMB has blocked them
19 from resolving the issue, potentially cutting the
20 contract by almost half. Beginning this July, this
21 could mean loss of services to roughly 400 HDFC
22 cooperatives, affecting about 8,000 low and moderate-
23 income homeowners.

24

25

1
2 Nonprofits cannot continue to serve New
3 Yorkers if we are forced to finance city contracts
4 ourselves. I'll stop there.

5 Thank you for the opportunity to testify.

6 CHAIRPERSON RESTLER: Considering there
7 are multiple former UHAB folks in key leadership
8 votes at HBD, I hope that the decision to cut half
9 the contract does not actually come to pass. But we
10 have seen in the data clearly that HPD is one of the
11 agencies that has a lot of work to do. So thank you
12 for coming and sharing that. Your stories are really
13 powerful. I appreciate it.

14 MARGY BROWN: Thank you.

15 EDWARD UBIERA: Thank you, Chairman
16 Restler, and the rest of the Committee Members, for
17 convening this important conversation.

18 I also appreciated the testimony of
19 Director Sedillo and Director Yu. We value their
20 knowledge and their expertise.

21 I can't overemphasize how important
22 nonprofits are to the social fabric of New York City.
23 My name is Edward Ubiera, and I'm the Senior Director
24 of Community Engagement for the Nonprofit Finance
25 Fund. We are a mission-driven nonprofit financial

1
2 institution, and for over 40 years, we have provided
3 financial management consulting, loan capital, and
4 research in a service of nonprofits.

5 We like to think that we know a thing or
6 two about nonprofit financial sustainability. Twenty
7 years ago, we pioneered a concept called Full-Cost
8 Funding that anchors all of the work that we do. Full
9 Cost Funding means that a nonprofit, just like a for-
10 profit, just like a municipal government, has to
11 factor all dimensions of cost—those that show up in
12 the short term on the budget and the balance sheet,
13 like rent, salaries, and insurance, and those that
14 are long-term, like renovating or buying a new
15 building or creating a new program. In some respects,
16 Full Cost Funding is not dissimilar to the multi-year
17 financial planning that OMB does for New York City.

18 Full Cost Funding should be the North
19 Star guiding government procurement and contracting
20 policy going forward. Unfortunately, the structural
21 reality of late payments by local and state
22 governments puts nonprofits in a constant liquidity
23 crisis that prohibits them from doing long-term
24 financial planning and positioning for growth to be
25 able to serve communities better.

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2 Late government payments also put
3 downward pressure on the ability to hire new staff
4 and pay fair wages to current staff. So, we support
5 Intro 441, we support Intro 552, as we feel they both
6 move the City closer to a full funding framework for
7 nonprofits.

8 And echoing some of the comments that we
9 have heard in testimony today (TIMER), we really need
10 to start thinking about systems change, because the
11 current framework of contracting and procurement is
12 just not calibrated towards serving thousands of
13 vendors and moving billions of dollars sufficiently.

14 Thank you for the opportunity today.

15 CHAIRPERSON RESTLER: Thank you so much.

16 PAOLA MARTINEZ: Good evening, Chair. My
17 name is Paola Martinez, and I am the Director of
18 Government Relations for Catholic Charities of the
19 Archdiocese of New York, and a former City Council
20 employee.

21 Thank you for your long term support for
22 the Human Services sector. I just want to echo
23 everything that has been said here and also state
24 that Catholic Charities is very much in support and
25 continues to advocate for the sector.

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2 Catholic Charities upholds the dignity of
3 each person as made in the image of God by serving
4 the basic needs of the poor, troubled, frail, and
5 oppressed in all religions. We collaborate with
6 parishes, community-based organizations, Catholic and
7 non-Catholic partners to build a more compassionate
8 and just society. Throughout our network of 82
9 administered, sponsored, and affiliated agencies, we
10 deliver and coordinate services, and our programs
11 touch pretty much every basic human need.

12 We have over 360 contracts valued at over
13 \$300 million with several agencies. We served over 10
14 million meals in ongoing food programs and have
15 prevented evictions of over 4,800 families, providing
16 shelter to over 1,600 New Yorkers. Over 70,000
17 children and youth were provided care, counseling,
18 and services through our in-school dropout prevention
19 programs.

20 But sometimes we have to remember the
21 City is not only served by the public and private
22 sector, but it is a partnership. And our nonprofit
23 sector is often the first one to respond during
24 natural disasters, economic downturns, and political
25 crises.

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Right now, the nonprofit human service providers are in a very difficult position, as federal programs (TIMER) that support vulnerable people have been cut or eliminated. So now more than ever, we need your support. And, of course, Intro 452 is an important step forward, and we support its passage, but more needs to be done. And I will leave it there, thank you.

CHAIRPERSON RESTLER: Thank you, Paola.

PAULA MAGNUS: Chair Restler and Committee...

CHAIRPERSON RESTLER: Nice to see you again.

PAULA MAGNUS: Nice to see you again as well. Paula Magnus here from Northside Center for Child Development... (CROSS-TALK)

CHAIRPERSON RESTLER: Paula said nice things about Michael the last time she was here.

PAULA MAGNUS: Oh, I was getting ready to say some more, too, but you... (CROSS-TALK)

CHAIRPERSON RESTLER: All right, watch out, I got ahead of you.

PAULA MAGNUS: (LAUGHS)

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2 CHAIRPERSON RESTLER: I think he stayed
3 just for that.

4 PAULA MAGNUS: (LAUGHS) I think so, too. I
5 think so. Again, we do appreciate your time and
6 effort on this very important matter. And we
7 appreciate your fight for us in the not-for-profit
8 world.

9 Founded in Harlem over 80 years ago, we
10 serve children at risk and their families in Harlem,
11 the Bronx, and Brooklyn—and over 5,500 each year. So
12 we are grateful for this opportunity and your
13 continued fight.

14 We do want to complement the fact that we
15 do get the 50% advancement. I think that's important
16 to recognize. We also appreciate Michael and his team
17 because they have made—we heard all the positives in
18 terms of the direction they're going, and looking
19 forward to the Connect Initiative and seeing how
20 that'll work. So we really appreciate the outpouring
21 of support in doing that work.

22 But what I want to say is that, before I
23 turn to the main subject, I want to flag some brief
24 adjustments that maybe the City contract can make in
25 terms of how it goes forward. We know the not-for-

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2 profit salaries, you've heard all that data on that—
3 not paid equally. But we came here today to give
4 specific examples of what can be used in the contract
5 to make it simpler. So, we left some examples there,
6 for example, we are asked annually to submit
7 information about our insurance; we're often asked to
8 submit other documents if we have several vendors--or
9 several agencies that we work with throughout how we
10 bring that together to simplify that. So, there are
11 Exhibits A, B, and C that talk to that in terms of
12 how that can be handled. For example, whenever there
13 is a time a for us to get rid of the compliance
14 certification, tax compliance, insurance, or the one
15 that is the labor piece agreement, all of those could
16 be put in one document for an agency to be used
17 throughout all of the departments they receive
18 funding for.

19 So, I thought that today we would bring
20 some samples of how those forms could be used—where
21 Michael and his folks could look at that and see if
22 it's a good starting point to eliminate unnecessary
23 time that we are redoing it for all of the various
24 departments, and eliminate their staff from looking
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2 at it. It will allow all of us to serve our children
3 and families more, rather than work with paperwork.

4 So, again, thank you so much, and thank
5 you to Michael and his team.

6 CHAIRPERSON RESTLER: Wonderful. Thank you
7 to this panel for your really thoughtful and helpful
8 testimony. We look forward to the recommendations you
9 have to share with us and Director Sedillo and the
10 team.

11 With that, we are going to shift to folks
12 testifying virtually: Jackie Del Valle, Clark Wolff
13 Hamel, and (INAUDIBLE).

14 We will begin with Jackie. Your two
15 minutes are starting now.

16 JACKIE DEL VALLE: Hi, thank you. My name
17 is Jackie Del Valle, Senior Grants Manager at
18 TakeRoot Justice, and I'm also the coordinator of
19 Stabilizing NYC. I'm here to testify to the Contracts
20 Committee hearing, again, on the sorry state of
21 discretionary awards with HPD.

22 TakeRoot Justice's HPD awards, which
23 include the SNYC, continue to be horribly delayed.
24 Our multi-year contract, FY24 to 26, which started on
25 July 1st of 2023, was registered and ready for us to

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2 begin invoicing in June of 2025. That's a two-year
3 delay to get registered and begin invoicing. It took
4 three months for most invoices to process. To date,
5 we're still waiting on \$69,000 for FY24.

6 Our first set of FY24 invoices went to
7 pay our Returnable Grant Fund for FY24 and also FY25.
8 This meant that (UNINTELLIGIBLE) of the \$420,000,
9 over half of what we were owed for over two years,
10 did not go to us, and it was a hot mess. HPD did not
11 get real-time updates on the remaining amount, so
12 initially had overpaid them, and it took weeks of
13 meetings after weeks and weeks of meetings with HPD
14 to clean it up. We got no money for FY25 or FY26.
15 Those budgets are not even active or budget-ready, as
16 you have been saying, for us to invoice on. We have
17 been told by HPD that there is currently no money
18 available in the budget, and we have to wait.

19 This was sort of the last step that MOCS
20 described, having us budget ready and procure the
21 money in the financial management system.

22 And this point is something that I have
23 never experienced in my many years of doing this
24 work; usually, registration is the main pain point,
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and it takes months and months. But once a contract is registered, invoices get paid fairly quickly.

I speak with HPD every week to push things along. They have these weekly office hours, and I go every week. (TIMER) The issue seems to be... (CROSS-TALK)

SERGEANT AT ARMS: Thank you for your testimony. Time has expired.

JACKIE DEL VALLE: I just want to say a few more things.

CHAIRPERSON RESTLER: If you could just wrap up your sentence. If you could...

JACKIE DEL VALLE: Yes, sure.

This is really unacceptable. Collectively, the stabilizing groups are owed \$19,255,000. That is almost a million dollars per organization, going all the way back to Fiscal Year 2022.

CHAIRPERSON RESTLER: Okay, thank you very much, Ms. Del Valle. I appreciate your testimony. That was very helpful.

Next up is Clark Wolff Hamel.

CLARK WOLFF HAMEL: Hello, thank you so much. Good afternoon. I want to just extend gratitude

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2 for giving nonprofit organizations the opportunity to
3 testify today.

4 My name is Clark Wolf Hamill. I'm the
5 Executive Director of PFLAG New York City. We are a
6 53-year-old organization that serves the families of
7 LGBTQ+ people citywide.

8 As you know, the LGBTQ+ community is
9 under dire attack right now. We have been contracting
10 with DYCD and DOE for decades through discretionary
11 funding. I want to acknowledge the difference that
12 was not spoken to by MONS and MOCS earlier between
13 standard bureaucratic discretionary process delays,
14 as they are reimbursable funds, versus years-long
15 delays due to agency negligence and lack of agency
16 oversight.

17 We do utilize returnable grant funds and
18 have for many, many years now. It is a Band-Aid, not
19 a solution.

20 To your earlier question, Chairperson,
21 about why nonprofits go to private banks rather than
22 the Returnable Grant Fund, it is because we are
23 ghosted by our agencies and are unable to submit the
24 applications. This was spoken to in an earlier
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2 testimony. The same people who register our contracts
3 are the same people who process those applications.

4 Currently, we are owed nearly \$2 million
5 in contracts going all the way back to fiscal year
6 2024, as well as having to give up multiple contracts
7 from fiscal years 2021, 2022, and 2023.

8 I want to highlight one of the most
9 egregious and painful pieces to share most recently.
10 The agency we are working with right now, DOE, has
11 been providing misinformation on our contract status
12 to City Council Finance. I think that is something
13 that has not been spoken about yet. Our contact at
14 Council Finance reaches out regularly to DOE to ask
15 about their status. She's an incredible ally to us
16 and confirmed that it is true that although we
17 receive verbal and written confirmation of receipt of
18 our documentation from the agency, the agency
19 continues to share that we have not submitted
20 documentation to City Council Finance.

21 And finally, I want to acknowledge how
22 helpful council members have been to us in these
23 processes. (TIMER) Specifically, Council Member
24 Brewer has been an incredible ally to us in this work
25 for many, many years and has been a tremendous force

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2 in helping put pressure on DOE and DYCD to get things
3 moving in our contracts. And while this typically
4 works, as soon as a council member does press an
5 agency to move a contract along, it also presses the
6 question. This not only highlights the question of
7 why, but it has also resulted in retaliation from the
8 agencies—if I may just finish that sentence—
9 retaliation from the agencies with both further
10 ghosting and delays, as well as explicit verbal and
11 written reprimanding for involving council members.
12 None of this is unique to us.

13 I want to thank you so much for your time
14 and your (INAUDIBLE)... (CROSS-TALK)

15 CHAIRPERSON RESTLER: Thank you so much
16 for your testimony. (INAUDIBLE) We really
17 appreciate... (CROSS-TALK)

18 CLARK WOLFF HAMEL: Thank you.

19 CHAIRPERSON RESTLER: your testimony
20 today. That retaliation should never, ever happen.
21 Please let me know if there are ever any allegations
22 of retaliation, and we will be sure to follow up
23 directly with DOI.

24 Unfortunately, I was supposed to be in a
25 meeting with the Mayor that started 12 minutes ago. I

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COMMITTEE ON CONTRACTS

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am adjourning this hearing, and hope everyone has a
wonderful afternoon [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 no interest in the outcome of this matter.



Date April 29, 2026