

Testimony of Kim L. Yu, MOCS Director
Before the New York City Council Committee on Contracts
MOCS Oversight Hearing on Nonprofit Payments
February 25, 2026

Good morning, Chair Restler, Members of the Contracts Committee and other Council Members.

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

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

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

Today, I will address four topics: the role and context of MOCS, our progress toward system stabilization, emerging challenges on the horizon, and the legislation currently under consideration.

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

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

Unlike individual contracting agencies, MOCS does not deliver programs or issue payments directly. Instead, we function as the central coordinator and standards-setter for how contracts move through the system, and as the operator of the City's end-to-end digital procurement platform, PASSPort. That role places MOCS at the intersection of policy, process, and technology—and requires close coordination with agencies, the Law Department, the Office of Management and Budget, the Mayor's Office of Nonprofit Services, and the Comptroller.

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

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

Given that scale, even small inefficiencies in contract processing or payment workflows can have outsized impacts on nonprofit providers. Understanding MOCS' role in this ecosystem is essential to understanding both the progress that has been made and the constraints that remain.

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

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

Now let's talk about progress on stabilization. We remain in a phase of stabilization today, but it is a targeted stabilization: reducing variability across agencies, addressing recurring bottlenecks, and shortening the time between service delivery and payment where delays

continue to occur. Our goal is to ensure those systems and processes function reliably and predictably for providers.

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

1) The City Council Discretionary Grant pilot that was launched in FY26 offers a promising approach for faster payments for small discretionary awards.

Under the first year of the pilot, over 100 discretionary awards went through a streamlined grant process that allowed the first award to receive full payment within a month, compared to timelines that previously exceeded one year. For smaller nonprofits, this reduces prolonged periods of uncompensated service delivery and lowers reliance on credit or emergency financing to sustain City-funded programs. We look forward to working with City Council, MONS, and our agency partners to continue this pilot program to benefit even more providers.

2) In FY26, on-time registration of human services contracts reached 88%, the highest level in five years. This improvement has materially reduced the number of retroactive contracts—one of the primary drivers of delayed payment. For providers, earlier registration means contracts are in place closer to the start of the fiscal year. This allows agencies to make advance payments to nonprofits and for nonprofits invoicing to begin sooner, reducing the need to operate programs for extended periods without an active contract or eligible reimbursement.

3) MOCS now has a Citywide Payment Task Force team that provides direct, case-level intervention.

Rather than requiring providers to navigate multiple agencies and systems on their own, the Payment Task Force works agency by agency to identify and resolve specific registration, budget, and invoice issues. This hands-on approach is intended to shorten resolution time and reduce the burden on providers to repeatedly escalate issues across different points of contact.

4) The Returnable Grant Fund (RGF) has been expanded and more actively promoted as a bridge financing tool.

The RGF provides interest-free loans to nonprofits facing payment delays, helping stabilize cash flow while underlying issues are resolved. Expanded outreach and use

through NYCPS and partner entities has made this resource more accessible, particularly for organizations with limited reserves.

5) **MOCS issued a partial payment directive that allows funds to be released while outstanding issues are resolved.**

In situations where invoices are otherwise approvable but delayed due to discrete outstanding items, agencies have been directed to issue partial payments rather than holding payments in full. For providers, this reduces the financial impact of administrative delays by allowing at least a portion of funds to flow while remaining issues are addressed.

6) **We have launched PASSPort enhancements to support earlier budget and pre-processing actions.**

System improvements now allow certain fiscal and administrative steps to occur earlier in the process, reducing downstream delays once contracts are registered and invoices are submitted. This helps prevent avoidable backlogs later in the payment cycle. Additional enhancements to further improve budgeting and invoicing are coming soon, and we look forward to sharing more details.

7) **In partnership with OMB, MOCS issued a ICR policy reminder directive to reinforce existing tools that support nonprofit financial stability.**

In addition to the joint ICR policy directive, MOCS will also be offering agency staff a training on ICR policies and procedures this Thursday to ensure that agencies apply them consistently. While not a payment mechanism itself, clearer ICR implementation helps providers better recover true operating costs and improves overall financial sustainability.

8) **The City has increased advance payments to provide more upfront cash flow to nonprofit providers, which requires a renewed focus on responsible fiscal management.**

Through City Council legislation, advance payments for most nonprofit human services contracts have increased from 25 percent to 50 percent of the base contract value, delivering more upfront funding than ever before to support provider stability. MOCS is

working closely with agencies to monitor recoupment on FY26 advances so that nonprofits are able to benefit from 50% advances again in FY27 as codified by Local Law 156 of 2025. We have also kicked off an internal working group with impacted agencies to develop quarterly advance pilot policies in accordance with the more recently enacted Local Law 11 of 2026. Both local laws represent large changes to the City's advance policies and we are committed to working with agencies and nonprofits to ensure that these changes result in steadier cashflow for nonprofits without impacting the City's ability to monitoring how taxpayer dollars are spent.

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

Continued progress depends on sustaining this stabilization work while addressing the remaining structural and operational challenges that affect payment timeliness.

We've covered MOCS context and stabilization. The last two topics are the anticipation of future issues and new legislation.

To understand why delays still occur—even as progress is being made—it is important to describe how nonprofit payments actually move through the City's system.

A nonprofit is paid only after several interdependent steps occur. These include contract negotiation and registration; fiscal and legal review; alignment with available funding; invoice submission and approval; and payment release through the City's financial systems. A delay at any one of these points can prevent payment, even when all other steps are complete.

Payment delays persist not because of a single failure point, but because the system involves:

- Multiple agencies and oversight entities with distinct roles and statutory responsibilities
- Significant variation in contract complexity, funding sources, and program requirements
- Differences in staffing capacity and operational practices across agencies
- External pressures, including emergency procurements and increased contract volume

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

In addition to implemented strategies, MOCS continues to advance work in several areas:

- Developing citywide standard invoice guidance to reduce inconsistencies
- Advancing audit reform to better align oversight with timely payment
- Strengthening nonprofit engagement and change-management support

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

Closing

Nonprofit payment delays are not the result of inattention or indifference. They persist because the City's contracting and payment systems are complex, interdependent, and historically under-designed for the scale of services nonprofits now deliver.

MOCS accepts responsibility for improving what is within our control—and for being transparent about what requires shared action. Our objective is not to defend the system, but to make it work better for the providers who keep City services running and for the New Yorkers they serve.

Thank you for the opportunity to testify. I am happy to answer your questions.

**Testimony of Michael Sedillo, Executive Director
Mayor's Office of Nonprofit Services (MONS)**

**City Council Oversight Hearing on Intros 441 and 452
February 25, 2025**

Good afternoon, Speaker Menin, Deputy Speaker Williams, Chair Restler, members of the Committee on Contracts, and all the other Council Members who have joined us today.

Thank you for the opportunity to testify today.

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

I also want to acknowledge the Chief Nonprofit Officers who joined us today.

They work tirelessly within their agencies to make our systems more responsive to nonprofit providers. I can't thank you enough for your support!

Our mission at MONS is simple yet critical.

We serve as bridge between city agencies and nonprofits to help them focus on one goal: delivering vital services to New Yorkers.

We work closely with thousands of public servants across health and human service agencies who navigate a complex contracting system to ensure providers are paid and services reach those who need them most.

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

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

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

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

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

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

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

With the help of our Chief Nonprofit Officers, we have resolved 260 inquiries from providers and elected officials since last January.

Their efforts, along with their colleagues, have been instrumental in reducing the backlog of unregistered and retroactive contracts from \$11.8 billion to \$2.3 billion, accelerating payments and restoring financial stability for providers.

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

For many contracts, we doubled the standard 25% advance payments. In fact, the average advance payments in Fiscal Year 2026, were \$200,000 higher than the previous fiscal year.

While this does not solve the systemic challenges of payment delays, it was an important step to provide meaningful relief for nonprofits.

City Council also played a critical role by passing Intro1247, which codified 50 percent advances, and Intro 1392, which will give the City the opportunity to pilot predictable quarterly payments for nonprofit providers similar to the New York State Office of Mental Health contracts.

Thanks to the success of MOCS' Timely Registration Initiative and the tireless work of dedicated public servants at contracting agencies, 88 percent of human service contracts for FY 2026 were submitted to the Comptroller by July 1—the highest rate in five years.

This action significantly reduced the contract backlog.

We also recognized the need to reform the discretionary contracting process, which is often the most delayed.

Currently, 70 percent of the City's backlog of human service contracts are discretionary contracts.

This means they are inherently retroactive because agencies cannot begin registration until after the fiscal year starts and nonprofits are expected to provide services.

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

Under this pilot, nonprofits with small discretionary contracts below \$25,000 at select agencies are processed as grants, cutting out 13 steps from the traditional contracting process.

Within months of receiving a grant agreement, up to 100 providers received 100% of their funding.

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

You asked for more visibility in the contracting process, and beginning in March, for the first time ever, the Preliminary Mayor's Management Report will include key metrics related to human service contracting.

This is a major step forward in greater transparency, accountability, and ongoing tracking across agencies.

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

In addition, we conducted four quarterly provider sentiment surveys to gather insights into nonprofits' experiences with contracting agencies.

Their feedback is integrated into our system to help pinpoint areas for improvement.

Every month, we share key payment performance indicators with our Chief Nonprofit Officers.

Last fall, we held our first convening with City leadership to review this data and align on improvements across agencies.

Based on our analysis, we saw a 41 percent increase in approved budget modifications in the first quarter of FY 2026 compared to the same period last year, and the provider sentiment scores have improved since last December.

We are focused on policies that help streamline processes for providers.

First, during last April's hearing, nonprofits raised concerns about delays in receiving payments for approved indirect cost rates.

In response, MONS launched Prompt Action on Indirect Delta (PAID), a citywide campaign that supports agencies to review prior-year payments and unlock outstanding funds, including COLA adjustments for nonprofit contracts.

Agencies have already developed action plans to pay out owed funds this year and are in the process of paying out millions of dollars.

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

Culture change is just as important as policy reform, and we know it doesn't happen overnight.

We expect and celebrate excellence in service delivery, which is why we're launching the nomination process this Spring for the Excellence in Human Service Delivery Awards, a celebration of the nonprofits and public servants who go above and beyond for New Yorkers.

We also declared August 19–22 as NYC Nonprofit Week, where City leadership will visit providers to tour their organization and present them with proclamations to show their appreciation.

Last fall, I led a Customer Service training for 80 City agency employees. Survey results showed confidence in having the tools and skills to support providers jumped from 22% to 62.5%, a 40.5 point increase, the largest we've recorded.

Empathy for nonprofit providers facing payment delays also rose from 40% to 68.75%, a 28.75 point gain.

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

Thank you to Council Member Stevens for presenting during Nonprofit Essentials, our 10-week training series for emerging nonprofits seeking to contract with the City.

This series, which ended last month, supported over 70 nonprofits on topics such as community asset mapping, strategic planning, volunteer management, legal support, financial management, insurance, and marketing best practices.

We have also been actively engaging with Council Members across the boroughs to support nonprofits and strengthen community partnerships.

In fact, we have attended and co-hosted six nonprofit roundtables with community boards and elected officials, including Council Member Stevens, Council Member Joseph, Queens Borough President Richards, and most recently Senator Comrie, to provide one-on-one support to providers in their districts.

We are grateful for your partnership, which is why we are launching CONNECT, City & Council Members Open Nonprofit Networks for Engagement & Collaboration Tours.

Through this initiative, we will host roundtables in each of the 51 Council districts over the course of the administration's first term.

We will offer resources for providers, troubleshoot contracting issues in real time with our Chief Nonprofit Officers, and help providers navigate PASSPort.

We look forward to working together to see this initiative through and encourage any Council Member to reach out to us.

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

Thank you for calling this hearing today, we are currently reviewing Introduction 441 and 452 and look forward to further discussion.

For Intro 441, we reviewed the bill and are open to finding ways to ensure community based nonprofits are equipped to apply for upcoming RFPs and aware of opportunities to contract with the City.

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

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

Thank you.



JUMAANE D. WILLIAMS

**STATEMENT OF PUBLIC ADVOCATE JUMAANE D. WILLIAMS TO
THE NEW YORK CITY COUNCIL COMMITTEE ON CONTRACTS
FEBRUARY 25, 2026**

My name is Jumaane D. Williams, and I am the Public Advocate for the City of New York. I want to thank Chair Restler and the members of the Committee on Contracts for holding this important hearing.

New York City's non-profit service providers are vital partners in ensuring our city's residents have housing, food, and access to important information and social supports. Too often these partners are left to provide their services at a financial risk, fulfilling their contractual obligations to the City even as the City fails to pay them on time. An April 2025 report from the office of former Comptroller Lander found \$4.6 billion in contracts whose start dates had passed but had not yet been registered, meaning contractors were likely operating without pay. Payment timelines were particularly bad for contractors working with the City's human services agencies, four of which (DFTA, DOHMH, DYCD, and SBS) provided first payments over a year after their contracts' official start dates, on average. For HPD, first payments were sent over two years after contract starts, on average.¹ This pattern of late payments harms the City's partner organizations, their workers, and the New Yorkers that they serve. In this moment, with the federal government's questionably legal withholding billions of dollars in contracts and assistance we must do better.²

I commend City agencies and offices for the measures they have taken thus far to address this contract payments problem. For example, between the release of the Comptroller's report and the end of 2025, the Mayor's Office of Nonprofit Services made significant progress in reducing the backlog of unpaid nonprofit contracts.³ Last summer, the City launched the Discretionary Grant Pilot to reduce the time to payment and the percentage of contracts paid out upfront for many human services organizations.⁴ I look forward to hearing from City agencies and from nonprofit service providers about the impact of these measures and opportunities to further improve payment timelines.

I particularly want to highlight how late payments harm workers at our human service provider partners, who too often do extremely difficult work for meager pay. Staff

¹ [Nonprofit, Nonpayment: An Analysis of Payment Delays for the City's Human Service Contractors](#)

² [New York State Federal Impact Map](#)

³ [New York City has reduced its nonprofit contract backlog by 52% this year](#)

⁴ [Nonprofits may finally see faster payments in NYC](#)



JUMAANE D. WILLIAMS

funded by City contracts may have to pause their work, or at least operate with significant uncertainty, when those contracts are not paid in a timely manner.

These late payments are labor issues, which is why I also want to speak in support of Council Member Stevens' Introduction 0452 today. This legislation would ensure that City-funded human service providers pay their workers prevailing wages. This is a proven approach: the City already requires prevailing wages for many contracted services in the construction, building operation, food, and temporary office work industries.⁵ By ensuring that human service workers receive fair pay, alongside improvements to payment timelines for City contracts that fully fund these workers, we will improve the quality and delivery of services that so many New Yorkers need.

I also support Introduction 0441 by Council Member Stevens. As we frequently saw with the last mayoral administration, City contracts—across many industries, not just human services—often go to large organizations who may be based outside the City and thus are not familiar with the communities they serve. In some cases, contracted services may also be improved by working with community-level, rather than citywide, organizations. New York City has a wealth of community-based businesses and nonprofits and City contracts offer major opportunities for these organizations to grow. City government should ensure that our tax dollars are spent locally as frequently as possible and that our contracted services are maximally tailored to our communities. The task force that Intro. 0441 creates would give us a much clearer picture of the extent of this problem and would provide City agencies and elected officials with recommendations to further improve our contracting system.

I look forward to working with the new leadership on both sides of City Hall to improve the City's approach to contracting.

Thank you.

⁵ [Workers' Rights: Wage Protections](#)

CATHOLIC COMMUNITY RELATIONS COUNCIL

191 Joralemon Street, 2nd Floor, Brooklyn, New York 11201

**Testimony of Joseph Rosenberg, Executive Director
Catholic Community Relations Council
Committee on Contracts
Oversight - Ensuring Timely Payments for Nonprofits and Human Service Providers
February 25, 2026**

Good morning, Chair Restler, and members of the City Council Committee on Contracts. I am Joseph Rosenberg, Executive Director of the Catholic Community Relations Council representing the Archdiocese of New York and the Diocese of Brooklyn and Queens on local legislative and policy issues. Thank you for your long-term support of nonprofit human service providers and our need for contract reform.

For over a century, Catholic Charities of the Archdiocese of New York and Catholic Charities of the Diocese of Brooklyn and Queens have served the basic needs of New Yorkers every day of every year. Our work focuses on delivering services to the poorest and most needy among us. There are food pantries for those who are hungry, and housing for the homeless and the elderly. Support services and legal representation are provided for refugees and immigrants who have fled the violence of their home countries. Youth programs deliver early childhood support, school dropout prevention, and vocational training. Over the many decades of service, we have always valued our strong partnership with New York City government.

New Yorkers must often be reminded that there is not just a public sector and a private sector serving our City. There is also a nonprofit sector, one that is often the first responder to natural, economic, and even political crises. Right now, all nonprofit human service providers are in a critical situation. As federal programs serving vulnerable Americans are being eliminated or severely cut, the need for our services has never been greater. The challenges we face have rarely been more threatening or extreme.

A continuing and long-standing obstacle that all nonprofit providers confront in our City is the lack of prompt payment when awarded service contracts. With unprecedented federal budget cuts targeted at the nonprofit service sector, it is crucial that the City expedite all contract payments. Some recent reforms have been extremely helpful, such as eliminating the need to register certain multi-year service contracts annually and requiring City agencies to provide advance payments of 50% following contract registration. But these pale next to the lack of prompt payment of contract awards needed to conduct our crucial mission-based services. Without such reform, New Yorkers will encounter difficulties obtaining the services they need, while providers will continue to face precarious financial situations often requiring them to reach into their scarce reserves. Non-profit providers should not have to wait months and even years for awarded contract monies to be received from City agencies.

We are appreciative of the City Council's focus on the importance of these issues over the last several years and of the support of the Mayor's Office of Nonprofit Services as well. But we are aware that one reason payments are not promptly made to nonprofits once contracts are awarded is that our sector is often taken for granted with the assumption that providers will "find" a way to help New York City's most vulnerable residents. It is a difficult and challenging situation, and we look forward to working with both the Mayoral Administration and the City Council on legislative and regulatory reforms to rectify this unfortunate situation.

In his recent preliminary budget address, the Mayor acknowledged the existence of major unfunded needs and mandates. These included currently unbudgeted not for profit vendor indirect costs to support administrative expenses incurred by nonprofits to perform service contracts. We thank the Mayor for highlighting this important programmatic necessity.

As FY'27 City budget negotiations begin, we also urge that laws and policies essential to nonprofit human service providers and our hundreds of thousands of clients continue to be fully funded and are not placed on the "chopping block".

We do strongly support Int. 452, which requires the payment of prevailing wages to service workers of nonprofit human service providers who are awarded City agency services contracts. The legislation requires City contracting agencies to certify to the NYC Comptroller that every covered contract awarded to the nonprofit contains funding so each human service worker will be paid no less than the mandatory wage. It also requires that before registering a contract, the Comptroller shall affirm that the "wage and mandatory fringe is fully funded in the procurement."

Int. 452 goes far in recognizing the importance of the lifesaving work performed by human service provider employees. It also ensures that the payment of such wages will be incorporated into the awarded contract, preventing the nonprofit from being burdened with an unfunded mandate.

Thank you.



Council of Family and Child Caring Agencies

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

**Oversight Hearing: Ensuring Timely Payments for Nonprofits and Human Services Providers
New York City Council Committee on Contracts**

Wednesday, February 25, 2026

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

Thank you for the opportunity to submit testimony to this Committee and for your efforts to address issues related to late contracting. We greatly appreciate the Council’s initiative to support human services providers through legislation on advances (LL 156 of 2025 and LL 11 of 2026). While some progress has been made in mitigating the detrimental effects of late payments on organizations and the communities they serve, much more work is needed to ensure timely payments.

New York nonprofit child welfare organizations consistently struggle to maintain financial stability. A 2025 Pace University study of COFCCA member agencies, titled “The Financial Health of Nonprofit Child Welfare Organizations in New York State,” revealed that 47% of the organizations surveyed had less than 30 days of cash reserves available for emergencies. ¹ COFCCA member agencies frequently face procurement and contract issues that disrupt program operations. Low cash reserves are further exacerbated by delayed government payments for services.

In this testimony, we will highlight several ways in which nonpayment for City services drastically impacts the ability of NYC nonprofits to remain viable, serve families, and maintain a workforce of over 80,000 residents. ²

Impact of Delayed and Delinquent Payments

- According to the Human Services Council, 90% of nonprofits report delayed payments totaling \$365 million, making it nearly impossible to sustain fully operational programs. ³
- The City’s delays cost nonprofits significant funds and jeopardize the quality of services by diverting money from programs to pay interest on lines of credit.
- Late payments to contracted agencies significantly impact service delivery and create major challenges for human services organizations. These delays make it difficult to keep agency doors open, operate programs, and meet payroll obligations.
- Frequent delays in government contract payments put providers at risk of eviction and exacerbate deficits by forcing organizations to borrow funds to cover rent and salaries.

¹ https://cofcca.wildapricot.org/resources/COFCCA_Final%20General%20Report%20Jan2025.pdf

² [https://www.justpayny.org/facts-and-research#:~:text=The%20human%20services%20contract%20workforce,and%20women%20\(70%20percent\).](https://www.justpayny.org/facts-and-research#:~:text=The%20human%20services%20contract%20workforce,and%20women%20(70%20percent).)

³ <https://www.thecity.nyc/2024/11/26/nonprofit-debt-layoffs-passport/>

- Providers are often compelled to obtain and utilize lines of credit to sustain program operations, only to incur interest on these loans without a means to recover the associated fees. As a result, they effectively subsidize City contracts.
- Human services organizations rely on Federal pass-through funding streams to help the City maintain a healthy social fabric. When nonprofits are owed money, they cannot respond effectively to emergencies, such as delays in SNAP payments. Currently, the scale of uncertainties arising from a rapidly and dramatically changing Federal landscape, places most human services providers on high alert regarding potential threats to several of the most significant funding streams, including the Social Service Block Grant (SSBG), Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDBG), and Community Services Block Grant (CSBG).⁴

Int 0452-2026: Establishing Wage Requirements for City-Contracted Human Services Workers

- This bill represents a significant step in the right direction, and we fully support its passage. The sector is grateful for the multi-year COLA investment; however, since this funding ends next year, we urge the Council to advocate for true wage equity, ensuring that nonprofit staff are not paid up to 30% less than their government counterparts.
- Government is not only the primary funder of human services but also the main driver of salaries in this sector. It either directly sets salary rates through contracts or indirectly influences them by establishing the costs per unit of service and the required staffing levels in those contracts.
- This legislation represents a significant step toward ensuring that human services workers receive equitable pay comparable to their City counterparts. By establishing a clear wage requirement system, it promotes transparency in compensation, ensuring that every worker is paid solely based on their qualifications and experience.
- Human services organizations employ approximately 80,000 New Yorkers, of whom 75% are workers of color and 70% are women.⁵ NYC contracted agencies face significant challenges in reducing staff turnover, achieving pay parity for an underpaid workforce, and retaining qualified, experienced employees. These agencies have invested substantial resources in training and preparing their workforce to support children and families. When payments are delayed, hiring, staff retention, and all human resources functions are negatively impacted.

⁴ <https://comptroller.nyc.gov/reports/nycs-federal-funding-outlook-under-trump/>

⁵ [https://www.justpayny.org/facts-and-research#:~:text=The%20human%20services%20contract%20workforce,and%20women%20\(70%20percent\).](https://www.justpayny.org/facts-and-research#:~:text=The%20human%20services%20contract%20workforce,and%20women%20(70%20percent).)

- Despite agencies' efforts to increase pay in recent years, turnover and vacancies remain unsustainably high, particularly in direct care roles. In 2024, residential child care workers experienced an average turnover rate of 48%, with statewide vacancies at 19%. Among caseworkers, the average turnover was approximately 33%, and in prevention programs outside of New York City, it reached 44%. At the same time, pay remains uncompetitive compared to similar government positions. ⁶

Recommendations

- COFCCA urges the City to urgently expedite all overdue contract payments to human services providers. The advances were an important temporary solution but are insufficient to resolve long-term payment delays.
- COFCCA strongly urges the Council to advocate for genuine wage equity to ensure that nonprofit workers receive pay equal to their government counterparts.
- COFCCA urges the Council to consider the combined effects of delayed City payments and Federal funding cuts on New York City nonprofits. We also encourage engaging nonprofit leaders to develop a collaborative strategy to prepare for reductions in Federal funding. This approach will help minimize the financial impact on essential social services for children, families, and communities in New York City.
- COFCCA strongly encourages the City to collaborate with the State to coordinate a comprehensive counter-strategy in response to the anticipated significant cuts to Federal human services funding.

In conclusion, thank you for the opportunity to provide testimony highlighting the urgent need for the City to timely compensate nonprofits for services rendered. COFCCA welcomes the opportunity to engage with the Council in a discussion regarding our testimony. We are available to answer any questions or address any concerns you may have about how delayed payments affect children and families and disrupt agency operations.

⁶ [2024 Child Welfare Workforce Report](#)

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New York City Council Oversight Hearing – Ensuring Timely Payments for Nonprofits and Human Services Providers

New York City Council Committee on Contracts

Honorable Lincoln Restler, Chair

Submitted by:

Faith Behum, UJA-Federation of New York

February 25th, 2026

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

Established more than 100 years ago, UJA-Federation of New York is one of the nation's largest local philanthropies. Central to UJA's mission is to care for those in need—identifying and meeting the needs of New Yorkers of all backgrounds and Jews everywhere. UJA supports an expansive network of nearly 100 nonprofit organizations serving the most vulnerable and allocates nearly \$200 million annually to address poverty and food insecurity, nurture mental health and well-being, strengthen Jewish life, and respond to crises across New York City, Westchester, and Long Island.

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

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

UJA recognizes that the City Council understands the above struggles CBOs deal with every day. Some progress has been made because of the Council's attention to these issues through passing legislation to provide human services providers advances. The advances proved to be just a band-aid in the attempt to address millions still owed to CBOs across the city. Within UJA's network of nonprofits, these were largely used to cover costs on contracts CBOs were waiting to be compensated for and then finances became strained as soon as the advances were recouped. One nonprofit said, "The 80% advances certainly improved our cash position during the summer months, when the cash came in and expenditures were high due to summer camp operations. The tradeoff is that our cashflow has tightened in recent months as the city is recouping advances and monthly payments are significantly lower." The amount of advances providers received were also based on non-discretionary base-lined funding meaning City Council discretionary funds

were not considered when the advances were created. Many nonprofits have a mixture of discretionary and non-discretionary contracts and they received advances on only non-discretionary contracts despite the processing and payment delays on discretionary contracts. Simply put, an influx of cash that was eventually recouped did little to stabilize nonprofit providers.

Issues with contracts that still exist for providers in UJA's network include complicated management of discretionary contracts as well as delayed payments on these contracts. One agency stated that as of February 2026, they are waiting on being compensated \$1.6 million from their DYCD and DFTA discretionary contracts. These contracts are either partially registered or not officially registered. The budget and workscope process is overly complicated for DYCD discretionary contracts in particular. Multiple discretionary grant awards are pulled together into one contract, but the nonprofit is asked to develop a budget and workscope using the amount they were awarded for the discretionary grant last year. The nonprofit then must wait for DYCD to start an amendment process for the remaining funds that can take up to nine months for DYCD to complete. In the words of one of this nonprofit's employees, "...it's an overly complicated way to work the grant process" and negatively impacts development of the budget and workscope.

Providers continue to experience payment delays on nondiscretionary contracts too. A provider of a 2025 Summer Rising program said their contract for this was registered on January 5th... five months after they completed work on the program. They did receive an advance on this contract but now need to invoice to receive the rest of their payment. DFTA only accepts invoices one at a time and will reject when a provider submits multiple invoices simultaneously. For example, if a December invoice was submitted in January due to DFTA not approving a budget modification sooner, DFTA will reject processing the January invoice if it is submitted because December has not been paid yet. This causes payments to be significantly delayed for providers.

Nonprofits have also struggled to benefit from Indirect Cost Rate (ICR) Funding. The inclusion of funding for the ICR in FY 2020 budget was a promising development for human services providers. The city then agreed to pay the indirect costs related to delivering human services. As of February 2026, many providers are waiting to receive funds related to the indirect cost of supplying services for FY 2023, FY 2024 and FY 2025. For one agency alone this amounts to over \$439,000.

UJA-Federation of New York thanks Members of the City Council for recognizing how late payments impact human services providers and the programs they offer to their communities. Although the city previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments and \$5 billion of advances on contracts were given to human services providers in FY 2026, more needs to be done to support the human services sector. The city needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect contracting actions.

Proposed Legislation

Int 0452-Establishing wage requirements for city-contracted human services workers

The human services sector is grateful for the multi-year COLA investment but this will end next year. Wage equity is still needed where nonprofit workers are not paid up to 30% less than their government counterparts. Int 0452 will make progress towards achieving wage equity for nonprofit workers and UJA supports the passage of this legislation. Government is not just the predominant funder of human services, but is also the main driver of human services salaries, and either directly sets salary rates on contracts or does so indirectly by establishing costs for a unit of service along with required staffing on a contract. This legislation is a significant step towards ensuring that human services workers receive equitable pay comparable to their city counterparts. By establishing a clear wage requirement system, this legislation promotes transparency in compensation, ensuring that every worker is paid solely based on their qualifications and experience.

UJA also appreciates that the legislation states, "Before registering a human services contract, the comptroller shall affirm that the required wage and mandatory fringe is fully funded in the procurement." Explicitly stating that the required wage and fringe will be funded is crucial. While nonprofits want to pay their employees competitive wages, they cannot do this without increased funding included in their contracts.

Conclusion

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



Ribka Getachew-McLean

Director, NY Good Food Purchasing Program Campaign | Community Food Advocates

Written Testimony Submitted to the New York City Council
Meeting of the Committee on Contracts
Hearing on Wednesday, February 25th, 2026

***In Support of Resolution 183**, calling on the New York State Legislature to pass, and the Governor to sign, the Good Food NY Bill (S.7638.B/A.8091.B), providing that certain purchase contracts to purchase food can be awarded to a qualified bidder who complies with certain standards when such bid is not more than 10% higher than the lowest responsible bidder.*

My name is Ribka Getachew-McLean, and I serve as the Director of the NY Good Food Purchasing Program Campaign at Community Food Advocates. Our organization advocates for and implements high-impact public policy to ensure that all New Yorkers have access to healthy, affordable, culturally affirming foods within a sustainable, equity-centered food system. **As the lead organizer of the NYC and NYS Good Food Purchasing Program Coalitions, I am offering my testimony in support of Resolution 183, which calls on the New York State Legislature and Governor to pass and sign the Good Food NY Bill (S.7638.B/A.8091.B), a piece of legislation that our coalition initiated and drafted.**

Every year, New York City's 11 public agencies serve over 220 million meals and snacks, with an annual institutional food spend of approximately \$500 million¹, making New York City the largest municipal purchaser of food across the state. Community Food Advocates works with and represents public school students, union leaders, local farmers and farmworkers, climate resilience experts, racial justice advocates, animal welfare champions, community organizers, and procurement lawyers – all united by one core belief: that how we purchase food with our public dollars is a policy choice that shapes our food system, for better or for worse. Through our work, we see firsthand how public food procurement decisions shape health outcomes, economic opportunity, labor standards, and environmental sustainability. **With hundreds of millions of public taxpayers' dollars at stake, procurement decisions**

¹[NYC Mayor's Office of Food Policy | Good Food Purchasing](#)

significantly shape institutional markets and food systems — and must be transformed to deliver measurable public benefit.

Municipalities across NYS are currently mandated by our state’s outdated and restrictive procurement law to buy food for our public schools, hospitals, senior centers, and shelters (and other public agencies) from the lowest responsible bidder. This incentivizes a race to the bottom and comes at a cost to our communities, our earth, and our animals – both in the short and long term. The **Good Food New York bill (S.7638.B/A.8091.B)** directly responds to this restrictive state law and, once codified, would give municipalities across New York State the option to utilize a uniform procurement framework to guide public food purchasing in accordance with defined standards, including local economic impact, environmental sustainability, workforce standards, animal welfare, nutrition, racial equity, and transparency.

By setting measurable criteria and requiring regular reporting on supply chain practices, the legislation would create clearer benchmarks for agency performance and contractor compliance. Standardized data collection and disclosure would improve visibility into supply chains and spending patterns, enabling agency leaders and policymakers to assess whether public dollars advance stated equity, labor, and economic development goals. In practice, this framework would better align procurement processes with New York State’s commitments to fair labor standards, increasing local and MWBE purchasing, and building towards long-term regional food system resilience.

This is particularly relevant and timely for New York City’s procurement processes. **State-level passage of this legislation complements a bill recently introduced in the NYC Council, ie Int. 533² (Fariás), a Local Law to amend the administrative code of the city of New York, in relation to creating a Good Food Purchasing Program.** Connectedly, the Good Food NY bill would enable, reinforce, and expand NYC’s engagement and implementation of the Good Food Purchasing Program, provide consistency across agencies and jurisdictions, strengthen procurement guidance for contractors, and allow the City to better leverage its significant purchasing power. Being that the Committee on Contracts oversees the processes that determine how public dollars are spent, Resolution 183 represents an important opportunity to align procurement practices with the City’s commitments to equity, sustainability, and economic inclusion, and create the pathway for robust passage and implementation of Int. 533.

The Good Food New York bill also advances racial and economic justice. As the members of the Committee on Contracts are well aware, historically, communities of color, immigrant communities, and small and mid-sized producers have faced significant systemic barriers to accessing public contracts. By requiring data collection and accountability measures, this legislation creates tools to evaluate purchasing patterns and expand access to contracting opportunities for historically underrepresented suppliers. Public procurement should serve as a

² [N.Y.C. Council, Int. 533 \(2026, Fariás\)](#)

vehicle for leveraging our massive public purchasing power and sourcing from providers that reflect the values of the communities our public agencies are serving, and this bill provides a pathway toward that urgent goal.

I strongly urge the Committee on Contracts and, in turn, the full NYC Council to pass Resolution 183. Thank you for the opportunity to provide written testimony in support of this important and timely resolution, and please do not hesitate to reach out should you have any further questions about my testimony at rgetachew@foodadvocates.org

Included in this testimony packet are:

- 1. My written testimony**
- 2. NYC-Good Food Purchasing Program Campaign Info Sheet**
- 3. The Good Food NY bill (S.7638.B/A.8091.B) Letter of Support**
- 4. The Good Food NY bill (S.7638.B/A.8091.B) Info Sheet**
- 5. The Good Food NY bill (S.7638.B/A.8091.B) FAQ**

With regards,

Ribka Getachew-McLean

Director, NY Good Food Purchasing Program Campaign

Community Food Advocates

PUBLIC DOLLARS, PUBLIC VALUES:

Unlocking NYC's Purchasing Power for Equity, Sustainability, and Impact



New York City serves over 219 million publicly funded meals each year, with more than \$500 million in food spending—one of the largest public food systems in the country.

THE SCALE OF
NYC PUBLIC
FOOD
PURCHASING


219
MILLION
MEALS


\$500
MILLION
SPENT ON FOOD
ANNUALLY


11
CITY
AGENCIES

➔ **Community Food Advocates' (CFA) mission is to ensure all New Yorkers have access to healthy, affordable, culturally-affirming foods through strategic coalition building and organizing to achieve equity-centered, high impact public policy.**

Every meal NYC serves is a chance to:

- Lower carbon emissions
- Improve worker conditions
- Invest in local economies
- Reduce animal suffering
- Nourish communities with culturally-affirming, nutritious food

We know exponential impact is on the horizon when NYC puts its values on the table. **The next mayor has a tremendous opportunity to leverage that power to advance labor rights, nutrition access, local economies, animal welfare, and climate resilience.**

➔ **Good Food Purchasing Values**

We strongly believe NYC is a powerful voice in values based food procurement and needs to adopt the nationally recognized Good Food Purchasing Program (GFPP) to leverage NYC's tremendous purchasing power for health, equity, and sustainability. The Program's values-based framework helps agencies transform how they source food to advance:

Local & Community-Based Economies
Environmental Sustainability
Valued Workforce
Animal Welfare
Community Health & Nutrition

Rooted in **Equity, Accountability, and Transparency**, this policy framework supports public agencies to track progress, shift food purchasing practices, and achieve impactful food system change.



**PURCHASING
PROGRAM**
NEW YORK CITY

Public food purchasing in NYC is a \$500M+ lever for racial, environmental, and economic justice.



In 2016, CFA co-launched the NYC Good Food Purchasing Policy Campaign (NYC-GFPP) alongside the Center for Good Food Purchasing, Food Chain Workers Alliance (FCWA), and the CUNY Urban Food Policy Institute. Together, we built a coalition of unions, growers, vendors, advocates, and public health leaders committed to advancing values-based food procurement in NYC.

In the nation’s largest city, where public agencies spend hundreds of millions each year on food, CFA leads efforts to align these public dollars to advance a more just, sustainable, and community-centered food system.

The question isn’t if it’s possible—these past five years prove it is.

What We’ve Achieved (2018-2024)

Since 2018, CFA and the NYC-GFPP Coalition have secured:

- **NYC baseline assessments completed for seven major NYC food-procuring agencies:** Department of Education, Health + Hospitals, Administration for Children’s Services, Human Resources Administration, Department of Correction, Department of Homeless Services, and Department for the Aging
- **GFPP integrated into the City’s 10-Year Food Policy Plan**
- **GFPP values embedded in vendor accountability and agency planning**
- **NYC Council included GFPP in its “Growing Food Equity” legislative agenda**
- **NYC-GFPP issued a COVID-19 rapid response plan grounded in Good Food Purchasing Values** to protect frontline workers and increase access to fresh, nutritious food

Working in partnership with the Mayor’s Office of Food Policy and agency food service teams, we’ve tracked major shifts across many GFPP value areas since 2018:

IMPACTS SINCE 2018	ENVIRONMENTAL SUSTAINABILITY	➔ Reduced food-related GHG emissions by 67,000 tons of CO₂e—a 20% drop (from 330K → 263K tons)
	RACIAL EQUITY & INCLUSIVE ECONOMIES	➔ Quadrupled spending with NY-based Minority and Women-Owned Businesses (MWBs) (\$2.7M → \$11.2M / 1.3% → 3.4%)
	LOCAL & COMMUNITY-BASED ECONOMIES	➔ More than doubled local food purchasing (\$76M → \$193M / 38% → 59%)
	ANIMAL WELFARE	➔ Reduced total weight of animal products purchased by 7 million pounds (48M lbs. → 41M lbs.)

These shifts demonstrate that when NYC leverages its purchasing power it will create meaningful, far-reaching impacts across food systems—prioritizing local economies, protecting workers, and advancing greater equity and sustainability.

Good Food NY Bill (S.7638B / A.8091B)

Letter of Support

Dear Esteemed Members of the NYS Legislature and Governor Hochul,

As representatives of local municipalities, public institutions, unions, farms, food policy councils, organizations, and local businesses across New York State, we are expressing our support of the **Good Food NY Bill (S.7638B / A.8091B)**. The bill passed the NYS Legislature in June 2024 with bipartisan support. Once it is signed by Governor Hochul, the Good Food NY Bill would enable municipal public institutions across New York State to consider whether bidders for public food contracts meet values important to our local communities, a process referred to as ‘values-based’ food procurement. **These values reflect support for and positively impact our local and regional economies, the planet, our health, frontline food workers, farm animals, racial equity, and supply chain transparency.**

Public institutions across the country spend billions of dollars in public funds each year on food. In New York State, municipalities purchase enormous amounts of food to feed their residents through schools, hospitals, senior centers, shelters, child care centers, and carceral facilities. The choices surrounding how these taxpayer dollars are spent have major impacts on our local and regional food system.

By enabling municipalities to engage in values-based procurement, the Good Food NY bill promotes three outcomes:

1. Incentivizing the largest producers and suppliers to implement best practices within the value areas;
2. Expanding access to institutional contracting opportunities for values-aligned farmers, producers, and suppliers; and
3. Supporting Governor Hochul’s commitment to increasing food purchasing from NYS farmers and suppliers, as reflected in efforts such as Executive Order 32, the 30% initiative, and Nourish NY.

Passing this bill would be a critical first step towards opening pathways for BIPOC-owned businesses and farmers to access institutional contracts, furthering a racially just food system in NYS. We must ensure that our laws represent the choices and preferences of NYS residents to play a decision-making role in their local food system, as well as the aspirations and values of our government and local institutions. The Good Food NY Bill will ensure that local governments and municipalities have the freedom to invest in community values.

For questions on the Good Food NY Bill, please contact Ribka Getachew-McLean, Director of the NY Good Food Purchasing Program Campaign, at rgetachew@foodadvocates.org.

We urge the New York State legislature to pass the Good Food NY Bill S.7638B / A.8091B and urge Governor Hochul to prioritize signing it into law.

See the Attached List of Signatories:

Alianza Agrícola

Adirondack Food System Network
Adirondack North Country Association
Andrew Tedder, Hilltop Hanover Farm
Black Farmers United NYS
Bronx Health REACH
Broome County Food Council
Casa Visco
Center for Agricultural Development & Entrepreneurship (CADE)
Center for Science in the Public Interest (CSPI)
City Harvest
Coalition for Healthy School Food
Common Threads
Community Food Advocates
Courtney Klee, Farmer
Corbin Hill Food Project
CUNY Urban Food Policy Institute
Dutchess Outreach
DC37
Earthjustice
Elizabeth Henderson, Farmer
Equity Advocates
Eugene Thalmann, Farmer
Farm Sanctuary
Feast Kitchen, LLC
Feeding New York State
Feeding Westchester
Field & Fork Network
Finca Seremos
Food Bank for New York City
Food Bank of Central New York
Food Chain Workers Alliance
Food Policy Council of Buffalo & Erie County
Food for the Spirit
Glynwood Center for Regional Food & Farming
Good Food Buffalo Coalition
Headwater Food Hub
Health Care Without Harm
Healthy Kids Coalition
Hudson Valley Food Systems Coalition
Interfaith Public Health Network
Island Harvest Food Bank
Jasmine Gormley
Jeffrey Hunt, Stone Barns Center for Food and Agriculture
Jen Metzger, Ulster County Executive

Jerry Rivers, North American Climate, Conservation and Environment (NACCE)
Jori Wekin, Old Pharmacy Building
Kandis Paolone, Saratoga Life & Health Plans LLC
Kingston Emergency Food Collaborative
Laura-Anne Minkoff-Zern, Professor
Laura Cook, Cook Family Enterprises, LLC
Lawrence Dupre, Erie County
Lenox Hill Neighborhood House
Lindsay McDonnell, Farmer
Logan Yarbrough, Butchery plant manager
Long Island Cares, Inc. - The Harry Chapin Food Bank
Massachusetts Avenue Project (MAP)
Mayor Gary McCarthy (Mayor of Schenectady)
Mayor James P. Ryan (Mayor of the Village of Montour Falls)
Mayor Joseph Ferris (Mayor of Hudson)
Mayor Sean M. Ryan (Mayor of Buffalo)
Mayor Steven Noble (Mayor of the City of Kingston)
Michelle Ostrelich, Schenectady County Legislature
Natural Resources Defense Council (NRDC)
New York Sustainable Agriculture Working Group (NYSAWG)
Northeast NY Coalition for Occupational Safety and Health (NENYCOSH)
Northeast Organic Farming Association of New York (NOFA-NY)
Office of the Brooklyn Borough President (NYC) – Antonio Reynoso
Real Food Media
Rochester Food Policy Council
Schenectady County Food Council
Syracuse-Onondaga Food Systems Alliance
Teens for Food Justice
Terrapin Consulting
The Alliance for a Hunger Free New York
The American Society for the Prevention of Cruelty to Animals
The Common Market
The Retail, Wholesale and Department Store Union (RWDSU)
Tompkins Food Future
TOUCH-Together Our Unity Can Heal
VOICE Buffalo
West Valley Farms and Camp Sites
Worker Justice Center of New York (WJCNY)
World Animal Protection
Zachary Metzger, Laughing Earth Farm
518Foods, LLC

S.7638B / A.8091B

IN SUPPORT OF GOOD FOOD NY: Enabling Municipalities to Engage in Values-Based Food Procurement



PURCHASING
PROGRAM

NEW YORK STATE

LEAD SPONSORS: *Senator Michelle Hinchey, Chair of NYS Senate Agriculture Committee*
Assemblywoman Crystal D. Peoples-Stokes, Majority Leader, NYS Assembly

New York has lost nearly 9% of its farms in just five years, with only 30,650 farms remaining as of the 2022 Census of Agriculture. If we don't open every pathway to strengthen local markets and supply chains through institutional purchasing, we risk losing even more. There is enormous opportunity being left on the table — and the Good Food NY Bill offers a concrete solution to unlock local markets, meet ambitious local food goals, strengthen labor and worker protections, and drive public dollars back into our local farms and communities.

Municipalities across New York State purchase enormous amounts of food to feed their residents through schools, hospitals, senior centers, shelters, child care centers, and correctional facilities. **NYC alone serves 219 million meals annually**, and Buffalo serves approximately **10 million meals just in the Buffalo Public Schools each year**. This robust purchasing power can be leveraged to create a more equitable food system in NYS and the region.

By modernizing outdated procurement rules, the Good Food NY Bill opens up new pathways for small and midsize farms, including farmers and food businesses affected by federal funding cuts, to access institutional markets—helping to build a stronger, more resilient food system for all New Yorkers in the face of external supply chain disruptions and climate shocks.

The Good Food NY Bill offers critical tools municipalities need to prioritize local farmers and food businesses, align purchasing with community values, and reinvest public dollars into New York's own rural and urban economies.

➔ Good Food NY Strengthens Local Food Purchasing Efforts

Initiatives like Executive Order 32 and the 30% Initiative have set important goals, but current procurement laws often prevent public institutions from fully prioritizing local suppliers. Even with a strong agricultural sector to draw from, the state's public institutions still source only a small percentage of their food from local producers.

The Good Food NY Bill opens the door at a critical time. It would:

- ✔ **Modernize procurement rules** to allow cities, towns, and counties to legally consider local sourcing — instead of being locked into awarding contracts solely based on the lowest price.
- ✔ **Empower public institutions** including schools, hospitals, senior centers, veterans homes, and more — to support nearby farms and move closer to their local procurement goals.
- ✔ **Expand opportunities for small & midsize NY farmers and food businesses** especially those who may meet quality, sustainability, and labor standards, but cannot always underbid large industrial competitors.
- ✔ **Build the infrastructure for broader participation in local food initiatives** such as the 30% Initiative and Executive Order 32's 30% local procurement target for state agencies.
- ✔ **Create transparency and clear accountability tools** through frameworks like the Good Food Purchasing Program, so institutions can track and improve their local sourcing impact over time.
- ✔ **Build resilience by strengthening local farms and supply chains** making them less vulnerable to external disruptions, economic impacts of tariffs, and climate shocks.



Under current lowest bidder mandates, institutions have been locked in to buy apples from Washington State instead of supporting New York's own apple growers.

Without Good Food NY, public institutions remain constrained by “lowest responsible bidder” rules — leaving millions on the table every year that could strengthen New York's food system, urban and rural economies, worker protections, and build the resilience that will safeguard New York into the future.

The Good Food NY Bill isn't just about values—it's a policy key that unlocks a path for New York's cities, counties, and towns to move closer to their local food sourcing goals, strengthen regional farm economies, and build a more resilient, future-ready food system.

→ Why We Need This Legislation

New York State procurement laws are among the nation's most restrictive. In most circumstances, municipalities are allowed to contract from only the "lowest responsible bidder" in making purchasing decisions. To allow municipalities freedom to consider other factors when determining best value, Senator Michelle Hinchey and Assembly Majority Leader Crystal Peoples-Stokes introduced the Good Food NY Bill (#S.7638B/#A.8091B), which seeks to amend General Municipal Law 103 to permit municipalities to consider whether a business' practices support local farms and food businesses, fair wages and safe working conditions, environmental stewardship, animal welfare, healthy and culturally affirming food, racial equity, and honest, transparent supply chains.

The Good Food NY Bill reflects and builds on the values of the groundbreaking national efforts of the Good Food Purchasing Program (GFPP). The Program provides a comprehensive set of tools, technical support, and resources to support public institutions shifting to a values-based procurement model. It centers 6 food system values:

- local and community-based economies
- environmental sustainability
- worker well-being
- animal welfare
- community health and nutrition
- equity, accountability, and transparency

The Good Food Purchasing Program has become a national standard for values-driven food procurement. As of 2025, 72 institutions in 26 cities and counties are enrolled in the Program, collectively influencing over \$1.1 billion in annual food spend.

The Good Food NY Bill, once signed into law, will be groundbreaking for municipalities interested in advancing values-based food procurement practices. It will allow municipalities already implementing the Good Food Purchasing Program—such as NYC, Buffalo, and Kingston—to formally adopt GFPP and to maximize its impact, while opening pathways for other municipalities to participate in values-based food procurement.

→ Unlocking Markets for New York Farmers

While New York has a robust agricultural sector, there's still a lot of room to grow when it comes to getting more local food into local institutions. The Good Food NY Bill is a concrete solution to help expand opportunities for New York farmers and strengthen local food purchasing to:

- **Tap into New York's Farmland Potential:** New York State has over 6.5 million acres of farmland, with approximately 75% of its farms under 200 acres. Small and mid-size farmers would greatly benefit from the increased stability that access to local public institutional contracts would offer.
- **Help Institutions Meet Local Food Procurement Goals:** In 2023, NYS agencies and authorities purchased nearly 15% of their food from NY farmers and producers, surpassing the first-year goal of 5% set by **Executive Order 32**, which increases to 30% by the end of 2027. Lowest bidder mandates work against this goal. Good Food NY would remove barriers for regional producers to source to local schools, hospitals, and other public institutions in their communities and increase local food spend.
- **Increase Farm to School Program Participation:** Only 11.4% of School Food Authorities (SFAs) in New York State participate in the **30% Initiative**, which incentivizes schools to purchase at least 30% of their food from New York producers. Good Food NY is poised to strengthen and expand these efforts.



Because public dollars should be accountable to our communities, not just the lowest bidder.

The NYS Good Food Purchasing Program Coalition is composed of over 100 grassroots leaders, farmers, workers, and advocates working to improve public procurement policies.



NEW YORK STATE

To cosponsor the Good Food NY Bill or for questions, please contact Ribka Getachew, Community Food Advocates' Director of the NY Good Food Purchasing Program Campaign, at rgetachew@foodadvocates.org



Public institutions across the country spend billions of dollars of public money every year on food. In New York State, cities purchase enormous amounts of food to feed their residents through schools, hospitals, senior centers, shelters, child care centers, and criminal justice facilities. NYC alone spends half a billion dollars on institutional food and serves 230 million meals annually. In Buffalo, public schools serve 10 million meals and spend \$18 million dollars on school children and communities each year. These choices have a huge impact on everything from public health to local economies to animal welfare. But in most instances, food purchasing decisions are based on the cheapest bids—not the best ones. The **Good Food NY Bill** helps cities and school districts think differently about the power of their purchasing policies and puts six values at its core: strong local economies, protecting the environment, worker rights, animal welfare, nutrition, and equity.

IMPACT ON THE PUBLIC

New Yorkers are paying a lot of taxes to support these public food programs—and food prices are higher than ever right now. Won't changing the standards just make things more expensive for taxpayers?

- This bill will give municipalities new opportunities to make their own decisions about how to best spend their food budgets. It will allow towns and cities to contract with local farms and food businesses to ensure that our taxpayer dollars are staying in the state and being reinvested in our local and regional economies.
- Our current food procurement system uses a shortsighted approach that saddles taxpayers with hidden long-term costs. When we purchase the cheapest food from big corporations, we're fueling practices that pollute our air and water and contribute to environmental disasters. We're supporting companies that exploit and underpay workers, who must then turn to public programs to help make ends meet. It's time to get to the root of these issues. If NYC alone were to replace 15% of beef proteins with plant proteins, that would decrease annual CO2 emissions by about 21 million lbs. and decrease annual water use by 100 million gallons.

We need to address racial justice issues in New York, but is food procurement really the best way to do that? Shouldn't we be focusing more on education or job programs?

- Food and agriculture are two of the most racially inequitable sectors in New York state, and demand our attention just as much as any other sector. Most food chain workers are people of color, immigrants, and women (Food Chain Workers Alliance). Black ownership of farms has dwindled dramatically, a 98% decline between 1900 and 1997 (US Congressional Research Service). We must tackle racial justice issues from all fronts, and embed values of equity, justice and inclusion in all of our public decision-making.
- We have a real opportunity to boost farmers and business owners of color, while also improving the quality of the foods being delivered to our communities of color through school meals and other public programs.

SUPPLY CHAIN IMPACT

How does this bill change current labor laws?

- This bill does not legislate new labor laws. The bill simply allows municipalities to prioritize suppliers who follow fair labor practices when selecting their bids—for example, as evidenced by a labor peace agreement with their workforce—as currently permitted under state and federal labor laws.

How will this impact both rural and urban farmers?

- The bill offers preference to rural and urban farmers throughout the state, particularly small and BIPOC producers, who have not historically had the opportunity to secure contracts with public agencies. The bill affords public agencies the option to not be bound to the lowest cost bidder, but instead offers them the option to select vendors in alignment with their values.

SUPPLY CHAIN IMPACT

CONT.

How will this impact NYS farmers?

- This will positively impact NYS farmers by virtue of the 'local economies' value area. The bill language specifies that “preference shall be given to New York state or regional suppliers that are sourcing food products in which fifty-one percent or more of the raw agricultural materials have been grown, harvested, processed and manufactured from within the state or region (within one hundred miles for produce and two hundred miles for animal products)”. This includes NYS farmers.
- With that said, NYS farmers benefit simply by being growers within the state under the local definition. This means that any institution can choose to preference NYS growers and producers under this legislation.

Why is it important that the Good Food NY Bill require public institutions to request supply chain data from bidders?

- Understanding where food is being procured from will allow institutions, the public, and farmers to have a better understanding of how municipalities are purchasing food.

NYS LEGISLATURE

Why does the Good Food NY Bill live in GMU 103?

- GMU 103 is the place within NYS procurement law that guides municipal-level food purchasing decisions. This is the law that institutions are guided by when crafting solicitations and signing contracts with food producers. It is also the law that provides carve-outs for local, NYS-based food purchasing so it made sense to insert the Good Food NY bill into GMU 103.

Where does the 10% carveout come from?

- In drafting the bill language with our Legislative Sponsors, they suggested that it would be in line with the language in other NYS laws, including Minority and Women-Owned Business Enterprise Program (MWBE) language.

INSTITUTIONAL IMPACT

Is the Good Food NY Bill a mandate or can institutions choose to opt into values-based procurement?

- The Good Food NY Bill is NOT a mandate and has no budget implications for institutions. Institutions can choose to go with either the lowest responsible bidder or opt into values-based procurement. It gives them flexible options by allowing them to shift their procurement practices in a way that best suits the needs of those that benefit from the institution's services.

Would it be feasible for public institutions to purchase from vendors since there is a 10% carveout and therefore, a cost increase?

- We are hearing from institutions that they want this additional flexibility to purchase food from suppliers that are upholding values that are important to both those institutions and the NYS residents they are serving. The Good Food NY bill affords institutions more options on the types of suppliers they want to contract with, thereby democratizing local food purchasing decision-making. Should an institution be disinterested in these options that the Good Food NY bill opens up, they will still be allowed to purchase food under the current status quo model, which is selecting the lowest bidder.

The NY State and NYC Good Food Purchasing Program Coalitions and the Good Food Buffalo Coalition are composed of over 100 grassroots leaders, advocates, and organizations working to improve public procurement policies.

To cosponsor this bill or for questions, please contact Ribka Getachew, Community Food Advocates' Director of the NY Good Food Purchasing Program Campaign: rgetachew@foodadvocates.org

Updated 2/4/26

GOOD FOOD NY BILL: FAQs





*Testimony before the New York City Council
- Committee on Contracts -*

February 25, 2026

Marcus Jackson
Manager of Advocacy, Community, and Government Relations

Good morning/afternoon, Chair and members of the Committee, and thank you for the opportunity to testify. My name is Marcus Jackson, Manager of Advocacy, Community and Government Relations at Encore Community Services.

For nearly 50 years, Encore has partnered with the city to deliver meals, case management, housing support, and community programs that allow older New Yorkers to age with dignity and independence. We are proud of that partnership. But today, that partnership requires strengthening.

1. Timely payment remains a critical issue. At any given time we are owed hundreds of thousands of dollars, including currently still waiting for retroactive ICR funds. While the City has begun processing Indirect Cost Rate (ICR) adjustments, those funds have still not been paid. "In process" does not keep kitchens open or staff employed. Nonprofits cannot function as the City's safety net while operating as its bank.
2. NYC Aging contracts remain underfunded. If we are serious about building a fully functioning, efficient community care model, contracts must reflect the true cost of service delivery. Current funding levels strain our ability to meet growing demand, especially as older adults face rising food insecurity, housing instability, and social isolation. Infrastructure matters. Through initiatives like the LiveOn Age Strong Campaign, we know that Aging providers need appropriately funded contracts to make essential building repairs and improvements. Safe, modern facilities are not luxuries—they are the backbone of community care.
3. we must address human services workforce sustainability. The workforce caring for older adults is overwhelmed and underpaid. We urge this Committee to support annual COLAs, wage parity, a reliable and timely reimbursement system, renewed and expanded NICIP funding, and investment in career pathways. Through initiatives like the Human Services Council JUSTPAY Campaign, we have seen firsthand how committed this sector is. But commitment alone cannot close structural funding gaps.

We appreciate the Committee's leadership on Int 0441 and Int 0452. A fair contracting system and competitive wages are essential to stabilizing this sector.

Encore stands ready to continue delivering for older New Yorkers. We ask the City to be the reliable partner our communities deserve.

Thank you. I welcome your questions.



Leah Kabran Eden
Executive Director; Equity Advocates

**Written Testimony Submitted to the New York City Council
Meeting of the Committee on Contracts
Hearing on Wednesday, February 25th, 2026**

***In Support of Resolution 183**, calling on the New York State Legislature to pass, and the Governor to sign, the Good Food NY Bill (S.7638.B/A.8091.B), providing that certain purchase contracts to purchase food can be awarded to a qualified bidder who complies with certain standards when such bid is not more than 10% higher than the lowest responsible bidder.*

My name is Leah Kabran Eden, and I serve as the Executive Director at Equity Advocates. Equity Advocates builds the capacity of food justice leaders from across New York State to advocate collectively for a more sustainable, equitable food and farm system. We accomplish this through policy development, advocacy education and training, and coalition leadership. As a member of the NYC-Good Food Purchasing Program Coalition, I am offering my testimony **in support of Resolution 183**, which calls on the New York State Legislature and Governor to pass and sign the Good Food NY Bill (**S.7638.B/A.8091.B**).

Every year, New York City's 11 public agencies serve over 220 million meals and snacks, with an annual institutional food spend of approximately \$500 million¹, making New York City the largest municipal purchaser of food across the entire state. Since March 2020, Equity Advocates has provided coalition leadership for the [NYC Food Policy Alliance](#), a multi-sector network of 60+ food system stakeholders from across New York City that engage collaboratively and intentionally across sectors to foster relationships, advance education, and advocate for policies that ensure equitable access to a healthy, just, resilient, and sustainable food system. Our membership includes emergency food providers, urban farmers and growers, community-based organizations, many of which are also members of the NYC-Good Food Purchasing Program Coalition. One of our current priorities is encouraging NYC to invest in local food system infrastructure to strengthen regional economies, build long-term resilience and expand opportunities for BIPOC, immigrants, and new food entrepreneurs. A core piece of this is to advocate for sustained public investment in community-owned and government-supported assets; grocery stores, restaurants, food cooperatives, cold storage, and processing and distribution hubs, as well as eliminating barriers that stand between public dollars and regional supply chains for food producers. Stronger local farm and food economies create pathways for small producers, growers and others along the food supply chain to access institutions and local

¹[NYC Mayor's Office of Food Policy | Good Food Purchasing](#)

markets. We know this will be more successful once the New York State Legislature passes, and the Governor signs the Good Food NY Bill (S.7638.B/A.8091.B).

Through our work, we see firsthand how public food procurement decisions shape health outcomes, economic opportunity, labor standards, animal welfare, and environmental sustainability. **With hundreds of millions of public taxpayers' dollars at stake, procurement decisions significantly shape institutional markets and food systems — and must be transformed to deliver measurable public benefit.**

Municipalities across NYS are currently mandated by our state's outdated and restrictive procurement law to buy food for our public schools, hospitals, senior centers, and shelters (and other public agencies) from the lowest responsible bidder. This incentivizes a race to the bottom and comes at a cost to our communities, our earth, and our animals – both in the short and long term. The **Good Food New York bill (S.7638.B/A.8091.B)** directly responds to this restrictive state law and, once codified, would give municipalities across New York State the option to utilize a uniform procurement framework to guide public food purchasing in accordance with defined standards, including local economic impact, environmental sustainability, workforce standards, animal welfare, nutrition, racial equity, and transparency.

By setting measurable criteria and requiring regular reporting on supply chain practices, the legislation would create clearer benchmarks for agency performance and contractor compliance. Standardized data collection and disclosure would improve visibility into supply chains and spending patterns, enabling agency leaders and policymakers to assess whether public dollars advance stated equity, labor, and economic development goals. In practice, this framework would better align procurement processes with New York State's commitments to fair labor standards, increasing local and MWBE purchasing, and building towards long-term regional food system resilience.

This is particularly relevant and timely for New York City's procurement processes. **State-level passage of this legislation complements a bill recently introduced in the NYC Council, ie. Int. 533² (Fariás), a Local Law to amend the administrative code of the city of New York, in relation to creating a Good Food Purchasing Program.** Connectedly, the Good Food NY bill would enable, reinforce, and expand NYC's engagement and implementation of the Good Food Purchasing Program, provide consistency across agencies and jurisdictions, strengthen procurement guidance for contractors, and allow the City to better leverage its significant purchasing power. Being that the Committee on Contracts oversees the processes that determine how public dollars are spent, Resolution 183 represents an important opportunity to align procurement practices with the City's commitments to equity, sustainability, and economic inclusion.

² [N.Y.C. Council, Int. 533 \(2026, Fariás\)](#)

The Good Food New York bill also advances racial and economic justice. As the members of the Committee on Contracts are well aware, historically, communities of color, immigrant communities, and small and mid-sized producers have faced significant systemic barriers to accessing public contracts. By requiring data collection and accountability measures, this legislation creates tools to evaluate purchasing patterns and expand access to contracting opportunities for historically underrepresented suppliers. Public procurement should serve as a vehicle for leveraging our massive public purchasing power and sourcing from providers that reflect the values of the communities our public agencies are serving, and this bill provides a pathway toward that goal.

I strongly urge the Committee on Contracts and, in turn, the full NYC Council to pass Resolution 183. Thank you for the opportunity to provide written testimony in support of this important and timely resolution, and please do not hesitate to reach out should you have any further questions about my testimony at Leah@nyequityadvocates.org.

With regards,
Leah Kabran Eden
Executive Director; Equity Advocates



February 25, 2026

New York City Council

Committee on Contracts
Hon. Lincoln Restler, Chair

**Testimony of Pilar Bernabe-Garcia, Vice President, Finance & Controller
Safe Horizon**

On Ensuring Timely Payments for Nonprofits and Human Services Providers

Good morning and thank you for the opportunity to provide testimony to the Committee on Contracts. My name is Pilar Bernabe-Garcia, and I am Vice President of Finance at Safe Horizon, the largest victim service organization in the country. Every year, 250,000 people seek safety through our services. Our mission is to stand with those who have experienced violence, abuse, and exploitation. We offer unwavering support and advocate for systemic change. We envision a world where safety is a universal human right.

We currently hold contracts with ACS, DOHMH, DYCD, HRA, and MOCJ.

Ensuring Timely Payments for Nonprofits and Human Services Providers

We are grateful to the City Council for understanding the systemic late contracting issues that impact the nonprofit human services sector. Late contracts have a detrimental effect on community-based organizations and the communities we all serve. Great progress has been made because of the Council's movement on these issues through legislation to provide advances on contracts (LL156 of 2025, LL11 of 2026). However, much more needs to be done to address the millions still owed to providers across the city.

Frequent government contract payment delays put providers at risk of eviction and worsen deficits by forcing organizations to borrow to pay rent and salaries. Safe Horizon has, on many occasions, been forced to borrow money to sustain service provision to survivors while waiting months or even years for a contract to be registered so that we could receive payment.

The City's delays cost providers real money and jeopardize quality of services by diverting funds away from programs to pay interest on lines of credit, for which we are not reimbursed.

In addition, when nonprofits are owed money, we cannot respond to emergencies effectively because of limited cash flow to meet urgent needs. For example, during the pandemic, we needed to purchase supplies, like masks and cleaning equipment, and were forced to utilize our credit line for that purpose because of the city's payment delays.

As of January 31, 2026, Safe Horizon is owed \$5.1M across 15 contracts through DYCD and DOHMH. Many but not all of these contracts are related to City Council funding. As the Council knows, these contracts are frequently registered long after the start date for services.

Int. 0452

We are grateful for the multi-year COLA investment, which was a major victory for the nonprofit human services sector. There are still challenges, in that the COLA funding is implemented by agencies in ways that are overly restrictive. That investment ends next year so now is the time to push for true wage equity, where nonprofit workers are not paid up to 30% less than their government counterparts. We enthusiastically support Intro 452, which would be a huge step forward.

Government is not just the predominant funder of human services but also the main driver of human services salaries. Government either directly sets salary rates on contracts or does so indirectly by establishing costs for a unit of service along with required staffing on a contract.

New York City has relied heavily on the nonprofit human services sector to house, shelter, safety plan, and provide other critical services for survivors of violence. However, our government partners too often ask our community of nonprofits and community-based organizations to do more with less and to accept the bare minimum. This means that many - too many - nonprofit human services workers, the majority of whom are women and people of color, are barely surviving on the wages paid by underfunded contracts. Because many survivors come into victim services work to help other survivors, government funding for the nonprofit victim services sector is an economic justice issue for survivors. To live up to our shared values of equity, equality, and supporting communities, New York must commit to funding contracts at appropriate levels to allow nonprofits and community-based organizations to offer competitive living wage salaries. Pay equity is a racial justice issue, a gender justice issue, and an economic justice issue.

The human services nonprofit sector is dealing with a sustainability crisis. Organizations across the sector continue to lose staff because wages are not comparable to wages in the government and private sectors. Hiring and staff retention continue to be major issues across the field. Vacancies and staff turnover directly impact our clients – survivors of domestic violence, runaway and homeless youth, and victims and survivors of violence and abuse across New York City. When staff leave for a better paying job in the private, for-profit sector, our programs must reassign cases, which is disruptive to the survivors coming to us seeking safety and healing.

Intro 452 is a significant step towards ensuring that human services workers receive equitable pay comparable to their City counterparts. By establishing a clear wage requirement system, this legislation promotes transparency in compensation, ensuring that every worker is paid solely based on their qualifications and experience.

When we invest in the safety, healing, and well-being of individual New Yorkers, we invest in the safety, healing, and well-being of New York as a whole. Our sector continues to lose quality, caring, dedicated human services workers who are exhausted and feel undervalued but can find less demanding and less emotionally draining work for more money. To ensure the continued viability of our sector and to treat our workforce fairly and equitably, New York City contracts must pay competitive and livable wages.



Food Chain Workers Alliance

3055 Wilshire Blvd. Suite 300, Los Angeles, CA 90010

213-700-8372* www.foodchainworkers.org * info@foodchainworkers.org

February 26, 2026

Written Testimony Submitted to the New York City Council Meeting of the Committee on Contracts Hearing on Wednesday, February 25th, 2026

***In Support of Resolution 183**, calling on the New York State Legislature to pass, and the Governor to sign, the Good Food NY Bill (S.7638.B/A.8091.B), providing that certain purchase contracts to purchase food can be awarded to a qualified bidder who complies with certain standards when such bid is not more than 10% higher than the lowest responsible bidder.*

My name is Christina Spach, and I serve as the Food Campaigns Director at Food Chain Workers Alliance. We're a coalition of worker-based organizations whose members plant, harvest, process, pack, transport, prepare, serve, and sell food, organizing to improve wages and working conditions for all workers along the food chain. Currently, FCWA has 33 members representing over 375,000 food workers in the US and Canada.

As a member of the NYC-Good Food Purchasing Program Coalition, I am offering my testimony **in support of Resolution 183**, which calls on the New York State Legislature and Governor to pass and sign the Good Food NY Bill **(S.7638.B/A.8091.B)**.

Every year, New York City's 11 public agencies serve over 220 million meals and snacks, with an annual institutional food spend of approximately \$500 million, making New York City the largest municipal purchaser of food across the entire state. Food Chain Workers Alliance members work with or are themselves frontline food workers across all sectors of our public supply chains. Through our work, we see firsthand how public food procurement decisions shape health outcomes, economic opportunity, labor standards, animal welfare, and environmental sustainability. **With hundreds of millions of public taxpayers' dollars at stake, procurement decisions significantly shape institutional markets and food systems – and must be transformed to deliver measurable public benefit.**

Municipalities across NYS are currently mandated by our state's outdated and restrictive procurement law to buy food for our public schools, hospitals, senior centers, and shelters (and other public agencies) from the lowest responsible bidder. This incentivizes a race to the bottom and comes at a cost to our communities, our earth, and our animals – both in the short and long term. The **Good Food New York bill (S.7638.B/A.8091.B)** directly responds to this restrictive state law and, once codified, would give municipalities across New York State the option to utilize a uniform procurement framework to guide public food purchasing in accordance with defined standards, including local economic impact, environmental sustainability, workforce standards, animal welfare, nutrition, racial equity, and transparency.

By setting measurable criteria and requiring regular reporting on supply chain practices, the legislation would create clearer benchmarks for agency performance and contractor compliance. Standardized data

collection and disclosure would improve visibility into supply chains and spending patterns, enabling agency leaders and policymakers to assess whether public dollars advance stated equity, labor, and economic development goals. In practice, this framework would better align procurement processes with New York State's commitments to fair labor standards, increasing local and MWBE purchasing, and building towards long-term regional food system resilience.

This is particularly relevant and timely for New York City's procurement processes. **State-level passage of this legislation complements a bill recently introduced in the NYC Council, ie. Int. 533 (Fariás), a Local Law to amend the administrative code of the city of New York, in relation to establishing a Good Food Purchasing Program.** Connectedly, the Good Food NY bill would enable, reinforce, and expand NYC's engagement and implementation of the Good Food Purchasing Program, provide consistency across agencies and jurisdictions, strengthen procurement guidance for contractors, and allow the City to better leverage its significant purchasing power. Being that the Committee on Contracts oversees the processes that determine how public dollars are spent, Resolution 183 represents an important opportunity to align procurement practices with the City's commitments to equity, sustainability, and economic inclusion.

The Good Food New York bill also advances racial and economic justice. As the members of the Committee on Contracts are well aware, historically, communities of color, immigrant communities, and small and mid-sized producers have faced significant systemic barriers to accessing public contracts. By requiring data collection and accountability measures, this legislation creates tools to evaluate purchasing patterns and expand access to contracting opportunities for historically underrepresented suppliers. Public procurement should serve as a vehicle for leveraging our massive public purchasing power and sourcing from providers that reflect the values of the communities our public agencies are serving, and this bill provides a pathway toward that goal.

I strongly urge the Committee on Contracts and, in turn, the full NYC Council to pass Resolution 183. Thank you for the opportunity to provide written testimony in support of this important and timely resolution, and please do not hesitate to reach out should you have any further questions about my testimony at christina@foodchainworkers.org.

Kind regards,



Christina Spach
Food Chain Workers Alliance

Members: Alianza Agrícola * Brandworkers International * Burgerville Workers Union * California Institute for Rural Studies * Cincinnati Interfaith Workers Center * Comité de Apoyo a los Trabajadores Agrícolas * Community to Community Development * Familias Unidas por La Justicia * Farmworker Association of Florida * Fair World Project * Fédération du Commerce * International Labor Rights Forum-Global Labor Justice * United for Respect
Justicia for Migrant Workers * Laundry Workers Center * Migrant Justice * Mississippi Workers Center for Human Rights * Pioneer Valley Workers Center
Restaurant Opportunities Centers United * Retail Wholesale Department Store Union * Rural Community Workers Alliance
Rural & Migrant Ministry * Street Vendors Association of Chicago * Street Vendors Project * Teamsters Joint Council No. 7
Teamsters Local 63 * Trabajadores Unidos por La Justicia * UNITE HERE Food Services Division * United Food & Commercial Workers Local 770 * Venceremos *
Warehouse Workers for Justice Warehouse Worker Resource Center * Workers Center of Central New York * Workers Justice Center of New York *

S.7638B / A.8091B

IN SUPPORT OF GOOD FOOD NY: Enabling Municipalities to Engage in Values-Based Food Procurement



PURCHASING
PROGRAM

NEW YORK STATE

LEAD SPONSORS: *Senator Michelle Hinchey, Chair of NYS Senate Agriculture Committee*
Assemblywoman Crystal D. Peoples-Stokes, Majority Leader, NYS Assembly

New York has lost nearly 9% of its farms in just five years, with only 30,650 farms remaining as of the 2022 Census of Agriculture. If we don't open every pathway to strengthen local markets and supply chains through institutional purchasing, we risk losing even more. There is enormous opportunity being left on the table — and the Good Food NY Bill offers a concrete solution to unlock local markets, meet ambitious local food goals, strengthen labor and worker protections, and drive public dollars back into our local farms and communities.

Municipalities across New York State purchase enormous amounts of food to feed their residents through schools, hospitals, senior centers, shelters, child care centers, and correctional facilities. **NYC alone serves 219 million meals annually**, and Buffalo serves approximately **10 million meals just in the Buffalo Public Schools each year**. This robust purchasing power can be leveraged to create a more equitable food system in NYS and the region.

By modernizing outdated procurement rules, the Good Food NY Bill opens up new pathways for small and midsize farms, including farmers and food businesses affected by federal funding cuts, to access institutional markets—helping to build a stronger, more resilient food system for all New Yorkers in the face of external supply chain disruptions and climate shocks.

The Good Food NY Bill offers critical tools municipalities need to prioritize local farmers and food businesses, align purchasing with community values, and reinvest public dollars into New York's own rural and urban economies.

➔ Good Food NY Strengthens Local Food Purchasing Efforts

Initiatives like Executive Order 32 and the 30% Initiative have set important goals, but current procurement laws often prevent public institutions from fully prioritizing local suppliers. Even with a strong agricultural sector to draw from, the state's public institutions still source only a small percentage of their food from local producers.

The Good Food NY Bill opens the door at a critical time. It would:

- ✔ **Modernize procurement rules** to allow cities, towns, and counties to legally consider local sourcing — instead of being locked into awarding contracts solely based on the lowest price.
- ✔ **Empower public institutions** including schools, hospitals, senior centers, veterans homes, and more — to support nearby farms and move closer to their local procurement goals.
- ✔ **Expand opportunities for small & midsize NY farmers and food businesses** especially those who may meet quality, sustainability, and labor standards, but cannot always underbid large industrial competitors.
- ✔ **Build the infrastructure for broader participation in local food initiatives** such as the 30% Initiative and Executive Order 32's 30% local procurement target for state agencies.
- ✔ **Create transparency and clear accountability tools** through frameworks like the Good Food Purchasing Program, so institutions can track and improve their local sourcing impact over time.
- ✔ **Build resilience by strengthening local farms and supply chains** making them less vulnerable to external disruptions, economic impacts of tariffs, and climate shocks.



Under current lowest bidder mandates, institutions have been locked in to buy apples from Washington State instead of supporting New York's own apple growers.

Without Good Food NY, public institutions remain constrained by “lowest responsible bidder” rules — leaving millions on the table every year that could strengthen New York's food system, urban and rural economies, worker protections, and build the resilience that will safeguard New York into the future.

The Good Food NY Bill isn't just about values—it's a policy key that unlocks a path for New York's cities, counties, and towns to move closer to their local food sourcing goals, strengthen regional farm economies, and build a more resilient, future-ready food system.

→ Why We Need This Legislation

New York State procurement laws are among the nation's most restrictive. In most circumstances, municipalities are allowed to contract from only the "lowest responsible bidder" in making purchasing decisions. To allow municipalities freedom to consider other factors when determining best value, Senator Michelle Hinchey and Assembly Majority Leader Crystal Peoples-Stokes introduced the Good Food NY Bill (#S.7638B/#A.8091B), which seeks to amend General Municipal Law 103 to permit municipalities to consider whether a business' practices support local farms and food businesses, fair wages and safe working conditions, environmental stewardship, animal welfare, healthy and culturally affirming food, racial equity, and honest, transparent supply chains.

The Good Food NY Bill reflects and builds on the values of the groundbreaking national efforts of the Good Food Purchasing Program (GFPP). The Program provides a comprehensive set of tools, technical support, and resources to support public institutions shifting to a values-based procurement model. It centers 6 food system values:

- local and community-based economies
- environmental sustainability
- worker well-being
- animal welfare
- community health and nutrition
- equity, accountability, and transparency

The Good Food Purchasing Program has become a national standard for values-driven food procurement. As of 2025, 72 institutions in 26 cities and counties are enrolled in the Program, collectively influencing over \$1.1 billion in annual food spend.

The Good Food NY Bill, once signed into law, will be groundbreaking for municipalities interested in advancing values-based food procurement practices. It will allow municipalities already implementing the Good Food Purchasing Program—such as NYC, Buffalo, and Kingston—to formally adopt GFPP and to maximize its impact, while opening pathways for other municipalities to participate in values-based food procurement.

→ Unlocking Markets for New York Farmers

While New York has a robust agricultural sector, there's still a lot of room to grow when it comes to getting more local food into local institutions. The Good Food NY Bill is a concrete solution to help expand opportunities for New York farmers and strengthen local food purchasing to:

- **Tap into New York's Farmland Potential:** New York State has over 6.5 million acres of farmland, with approximately 75% of its farms under 200 acres. Small and mid-size farmers would greatly benefit from the increased stability that access to local public institutional contracts would offer.
- **Help Institutions Meet Local Food Procurement Goals:** In 2023, NYS agencies and authorities purchased nearly 15% of their food from NY farmers and producers, surpassing the first-year goal of 5% set by **Executive Order 32**, which increases to 30% by the end of 2027. Lowest bidder mandates work against this goal. Good Food NY would remove barriers for regional producers to source to local schools, hospitals, and other public institutions in their communities and increase local food spend.
- **Increase Farm to School Program Participation:** Only 11.4% of School Food Authorities (SFAs) in New York State participate in the **30% Initiative**, which incentivizes schools to purchase at least 30% of their food from New York producers. Good Food NY is poised to strengthen and expand these efforts.



Because public dollars should be accountable to our communities, not just the lowest bidder.

The NYS Good Food Purchasing Program Coalition is composed of over 100 grassroots leaders, farmers, workers, and advocates working to improve public procurement policies.



PURCHASING PROGRAM

NEW YORK STATE

To cosponsor the Good Food NY Bill or for questions, please contact Ribka Getachew, Community Food Advocates' Director of the NY Good Food Purchasing Program Campaign, at rgetachew@foodadvocates.org



Public institutions across the country spend billions of dollars of public money every year on food. In New York State, cities purchase enormous amounts of food to feed their residents through schools, hospitals, senior centers, shelters, child care centers, and criminal justice facilities. NYC alone spends half a billion dollars on institutional food and serves 230 million meals annually. In Buffalo, public schools serve 10 million meals and spend \$18 million dollars on school children and communities each year. These choices have a huge impact on everything from public health to local economies to animal welfare. But in most instances, food purchasing decisions are based on the cheapest bids—not the best ones. The **Good Food NY Bill** helps cities and school districts think differently about the power of their purchasing policies and puts six values at its core: strong local economies, protecting the environment, worker rights, animal welfare, nutrition, and equity.

IMPACT ON THE PUBLIC

New Yorkers are paying a lot of taxes to support these public food programs—and food prices are higher than ever right now. Won't changing the standards just make things more expensive for taxpayers?

- This bill will give municipalities new opportunities to make their own decisions about how to best spend their food budgets. It will allow towns and cities to contract with local farms and food businesses to ensure that our taxpayer dollars are staying in the state and being reinvested in our local and regional economies.
- Our current food procurement system uses a shortsighted approach that saddles taxpayers with hidden long-term costs. When we purchase the cheapest food from big corporations, we're fueling practices that pollute our air and water and contribute to environmental disasters. We're supporting companies that exploit and underpay workers, who must then turn to public programs to help make ends meet. It's time to get to the root of these issues. If NYC alone were to replace 15% of beef proteins with plant proteins, that would decrease annual CO2 emissions by about 21 million lbs. and decrease annual water use by 100 million gallons.

We need to address racial justice issues in New York, but is food procurement really the best way to do that? Shouldn't we be focusing more on education or job programs?

- Food and agriculture are two of the most racially inequitable sectors in New York state, and demand our attention just as much as any other sector. Most food chain workers are people of color, immigrants, and women (Food Chain Workers Alliance). Black ownership of farms has dwindled dramatically, a 98% decline between 1900 and 1997 (US Congressional Research Service). We must tackle racial justice issues from all fronts, and embed values of equity, justice and inclusion in all of our public decision-making.
- We have a real opportunity to boost farmers and business owners of color, while also improving the quality of the foods being delivered to our communities of color through school meals and other public programs.

SUPPLY CHAIN IMPACT

How does this bill change current labor laws?

- This bill does not legislate new labor laws. The bill simply allows municipalities to prioritize suppliers who follow fair labor practices when selecting their bids—for example, as evidenced by a labor peace agreement with their workforce—as currently permitted under state and federal labor laws.

How will this impact both rural and urban farmers?

- The bill offers preference to rural and urban farmers throughout the state, particularly small and BIPOC producers, who have not historically had the opportunity to secure contracts with public agencies. The bill affords public agencies the option to not be bound to the lowest cost bidder, but instead offers them the option to select vendors in alignment with their values.

SUPPLY CHAIN IMPACT

CONT.

How will this impact NYS farmers?

- This will positively impact NYS farmers by virtue of the 'local economies' value area. The bill language specifies that “preference shall be given to New York state or regional suppliers that are sourcing food products in which fifty-one percent or more of the raw agricultural materials have been grown, harvested, processed and manufactured from within the state or region (within one hundred miles for produce and two hundred miles for animal products)”. This includes NYS farmers.
- With that said, NYS farmers benefit simply by being growers within the state under the local definition. This means that any institution can choose to preference NYS growers and producers under this legislation.

Why is it important that the Good Food NY Bill require public institutions to request supply chain data from bidders?

- Understanding where food is being procured from will allow institutions, the public, and farmers to have a better understanding of how municipalities are purchasing food.

NYS LEGISLATURE

Why does the Good Food NY Bill live in GMU 103?

- GMU 103 is the place within NYS procurement law that guides municipal-level food purchasing decisions. This is the law that institutions are guided by when crafting solicitations and signing contracts with food producers. It is also the law that provides carve-outs for local, NYS-based food purchasing so it made sense to insert the Good Food NY bill into GMU 103.

Where does the 10% carveout come from?

- In drafting the bill language with our Legislative Sponsors, they suggested that it would be in line with the language in other NYS laws, including Minority and Women-Owned Business Enterprise Program (MWBE) language.

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The NY State and NYC Good Food Purchasing Program Coalitions and the Good Food Buffalo Coalition are composed of over 100 grassroots leaders, advocates, and organizations working to improve public procurement policies.

To cosponsor this bill or for questions, please contact Ribka Getachew, Community Food Advocates' Director of the NY Good Food Purchasing Program Campaign: rgetachew@foodadvocates.org

Updated 2/4/26

GOOD FOOD NY BILL: FAQs



Good Food NY Bill (S.7638B / A.8091B)

Letter of Support

Dear Esteemed Members of the NYS Legislature and Governor Hochul,

As representatives of local municipalities, public institutions, unions, farms, food policy councils, organizations, and local businesses across New York State, we are expressing our support of the **Good Food NY Bill (S.7638B / A.8091B)**. The bill passed the NYS Legislature in June 2024 with bipartisan support. Once it is signed by Governor Hochul, the Good Food NY Bill would enable municipal public institutions across New York State to consider whether bidders for public food contracts meet values important to our local communities, a process referred to as ‘values-based’ food procurement. **These values reflect support for and positively impact our local and regional economies, the planet, our health, frontline food workers, farm animals, racial equity, and supply chain transparency.**

Public institutions across the country spend billions of dollars in public funds each year on food. In New York State, municipalities purchase enormous amounts of food to feed their residents through schools, hospitals, senior centers, shelters, child care centers, and carceral facilities. The choices surrounding how these taxpayer dollars are spent have major impacts on our local and regional food system.

By enabling municipalities to engage in values-based procurement, the Good Food NY bill promotes three outcomes:

1. Incentivizing the largest producers and suppliers to implement best practices within the value areas;
2. Expanding access to institutional contracting opportunities for values-aligned farmers, producers, and suppliers; and
3. Supporting Governor Hochul’s commitment to increasing food purchasing from NYS farmers and suppliers, as reflected in efforts such as Executive Order 32, the 30% initiative, and Nourish NY.

Passing this bill would be a critical first step towards opening pathways for BIPOC-owned businesses and farmers to access institutional contracts, furthering a racially just food system in NYS. We must ensure that our laws represent the choices and preferences of NYS residents to play a decision-making role in their local food system, as well as the aspirations and values of our government and local institutions. The Good Food NY Bill will ensure that local governments and municipalities have the freedom to invest in community values.

For questions on the Good Food NY Bill, please contact Ribka Getachew-McLean, Director of the NY Good Food Purchasing Program Campaign, at rgetachew@foodadvocates.org.

We urge the New York State legislature to pass the Good Food NY Bill S.7638B / A.8091B and urge Governor Hochul to prioritize signing it into law.

See the Attached List of Signatories:

Alianza Agrícola

Adirondack Food System Network
Adirondack North Country Association
Andrew Tedder, Hilltop Hanover Farm
Black Farmers United NYS
Bronx Health REACH
Broome County Food Council
Casa Visco
Center for Agricultural Development & Entrepreneurship (CADE)
Center for Science in the Public Interest (CSPI)
City Harvest
Coalition for Healthy School Food
Common Threads
Community Food Advocates
Courtney Klee, Farmer
Corbin Hill Food Project
CUNY Urban Food Policy Institute
Dutchess Outreach
DC37
Earthjustice
Elizabeth Henderson, Farmer
Equity Advocates
Eugene Thalmann, Farmer
Farm Sanctuary
Feast Kitchen, LLC
Feeding New York State
Feeding Westchester
Field & Fork Network
Finca Seremos
Food Bank for New York City
Food Bank of Central New York
Food Chain Workers Alliance
Food Policy Council of Buffalo & Erie County
Food for the Spirit
Glynwood Center for Regional Food & Farming
Good Food Buffalo Coalition
Headwater Food Hub
Health Care Without Harm
Healthy Kids Coalition
Hudson Valley Food Systems Coalition
Interfaith Public Health Network
Island Harvest Food Bank
Jasmine Gormley
Jeffrey Hunt, Stone Barns Center for Food and Agriculture
Jen Metzger, Ulster County Executive

Jerry Rivers, North American Climate, Conservation and Environment (NACCE)
Jori Wekin, Old Pharmacy Building
Kandis Paolone, Saratoga Life & Health Plans LLC
Kingston Emergency Food Collaborative
Laura-Anne Minkoff-Zern, Professor
Laura Cook, Cook Family Enterprises, LLC
Lawrence Dupre, Erie County
Lenox Hill Neighborhood House
Lindsay McDonnell, Farmer
Logan Yarbrough, Butchery plant manager
Long Island Cares, Inc. - The Harry Chapin Food Bank
Massachusetts Avenue Project (MAP)
Mayor Gary McCarthy (Mayor of Schenectady)
Mayor James P. Ryan (Mayor of the Village of Montour Falls)
Mayor Joseph Ferris (Mayor of Hudson)
Mayor Sean M. Ryan (Mayor of Buffalo)
Mayor Steven Noble (Mayor of the City of Kingston)
Michelle Ostrelich, Schenectady County Legislature
Natural Resources Defense Council (NRDC)
New York Sustainable Agriculture Working Group (NYSAWG)
Northeast NY Coalition for Occupational Safety and Health (NENYCOSH)
Northeast Organic Farming Association of New York (NOFA-NY)
Office of the Brooklyn Borough President (NYC) – Antonio Reynoso
Real Food Media
Rochester Food Policy Council
Schenectady County Food Council
Syracuse-Onondaga Food Systems Alliance
Teens for Food Justice
Terrapin Consulting
The Alliance for a Hunger Free New York
The American Society for the Prevention of Cruelty to Animals
The Common Market
The Retail, Wholesale and Department Store Union (RWDSU)
Tompkins Food Future
TOUCH-Together Our Unity Can Heal
VOICE Buffalo
West Valley Farms and Camp Sites
Worker Justice Center of New York (WJCNY)
World Animal Protection
Zachary Metzger, Laughing Earth Farm
518Foods, LLC



FUND FOR THE CITY OF NEW YORK

**Testimony for the City Council Committee on Contracts
Lincoln Restler, Chair**

February 24, 2026

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, Aldrin Bonilla, Executive Vice President, and Jill Borrero, Chief Operating Officer.

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 are central to how this City functions and how our neighborhoods remain strong.

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

The Fund understands this challenge from two perspectives.

First, we experience it ourselves. Through our Partner Projects Program, we currently work with 33 projects that hold government contracts — ranging from small City Council discretionary awards to multi-million-dollar agency agreements. In the past year alone, because of delayed registrations and payments, the Fund has had to advance between \$2 million and over \$4 million in any given month to cover reimbursable expenses that had not yet been paid by government agencies.

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

Last year, we made 396 loans totaling \$115 million to 250 organizations. These nonprofits held contracts across 15 City agencies and numerous State and Federal entities. The demand for bridge financing has been constant.

When contract delays became more pronounced in the early 1990s — particularly affecting youth employment programs — we worked with the Dinkins Administration and City agencies to create the Returnable Grant Fund (RGF) in 1992. It began as a \$4 million pool to advance funds to nonprofits before their contracts were registered. Today, that pool stands at \$94 million. Since inception, RGF alone has provided approximately \$1.43 billion in no-cost advances to nonprofit providers.

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

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

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

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

With that in mind, we respectfully offer our support as the City advances new Mayoral and Council initiatives. The Fund is ready to mobilize quickly to help organizations manage cash flow as they launch and scale services. We have the capacity and bandwidth to expand lending to both new and existing

providers—and with our rapid processing time, we can help hundreds of vendors get up and running to meet the City's most urgent needs with innovative, community-rooted solutions.

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

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

In closing, our commitment to the City is unwavering. For decades, we have stood beside nonprofit providers to ensure they can meet payroll, pay rent, retain staff, and continue serving communities — even when payments are delayed. We will continue to do so.

But together, we can build a system where nonprofits spend less time managing cash flow crises and more time delivering the services that New Yorkers depend on. We look forward to working with the Council, City agencies, and MOCS to strengthen the contracting and payment process so that our nonprofit partners — and the communities they serve — can thrive.

HELP USA Testimony Intros 0441-2026 & 0452-2026
NYC Council Contracts Committee Hearing 2-25-26

Good afternoon. I am Dan Lehman, President and CEO of HELP USA. We provide homelessness prevention, transitional shelter and supportive housing. We have over 1,200 staff on City contracts, most of whom live in New York City.

HELP's workforce is 54% female and 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 one-third earn less than \$40,000.

Each year these staff help thousands of households avoid homelessness. Each night they help ensure safe shelter for over 1 in every 100 New Yorkers. They help people find new homes – then make sure they don't become homeless again.

Intro 0441 is important. In a crisis, the City government seems to forget that trusted nonprofits exist. Yet they are often the best partners the City can turn to.

That said, I will focus on Intro 0452, and the wage inequity for nonprofit human services workers, mainly women and people of color.

These staff are paid almost 30% less than City workers doing same or similar jobs. Without nonprofit providers and these staff, the City would do these functions with its own staff, at higher cost – as it has many times in the past.

When SNAP benefits aka food stamps were frozen last year, we offered all staff on SNAP an emergency one-time payment. And we learned that over 1 in 10 depended on SNAP to feed themselves and their families.

You cannot preach equity and affordability while paying poverty wages. You are not a government for all New Yorkers if you leave the workers the City depends on behind.

Higher wages for low-paid workers means more economic activity and tax revenue. They shop and pay taxes locally. Turnover drops, productivity goes up, rent get paid.

Intro 0452 is a moral imperative and good business and economic sense. It is the biggest thing the City can do for our sector; and it should be done with all due haste.



TESTIMONY

New York City Council Committee on Contracts

February 25, 2026

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

Introduction

Good morning, Chair Restler, and members of the Council Committee on Contracts. My name is Michelle Jackson, and I am the Executive Director at the Human Services Council (HSC), a membership organization representing 180 human services providers in New York. HSC serves our membership as a coordinating body, advocate, and intermediary between the human services sector and government. We take on this work so that our members can focus on running their organizations and providing critical direct support to New Yorkers. These are the nonprofits that support our city's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

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

Procurement Issues

Last year, the City made great progress in procurement reform through the passage of LL156 of 2025, LL11 of 2026, which provided advances to certain human services contracts. However, advances are only a band-aid fix because nonprofits continue to incur substantial costs for service delivery before they are paid. Although the contract registration process has improved, providers take enormous fiscal risks providing services as they put off paying vendors, take out

lines of credit that they must pay interest on or utilize the loan fund, because of delayed payments.

Payment delays are not just at contract registration, and advances do not fully solve the problem. Invoice delays along with budget modifications and amendments pile up, and providers can be owed YEARS of retroactive budget additions, like the COLA and indirect cost rates. MOCS and MONS focused on clearing some of the backlog and ensuring contracts were registered on time in this fiscal year to ensure advances went out. This relieved some of the pressure the sector was facing, but more must be done to reform the procurement system, so this problem doesn't occur again, and it has to be treated with real urgency.

Late payments to providers are not an accounting hiccup. When reimbursement lags by months or even years, providers cannot surge staff, extend hours, or respond to crises with the speed emergencies demand. We become reactive instead of ready. We saw the consequences when SNAP benefits were delayed. Families who rely on food assistance faced empty cupboards and crowded pantries overnight. Caseworkers worked late, outreach teams improvised, and community kitchens stretched portions thinner than dignity allows. But goodwill does not pay overtime, and these delays ripple outward. As providers take on debt to meet needs, staff burn out and programs close. The people who feel it first are New Yorkers already living close to the edge. When the City's payments arrive late, emergencies arrive early.

We are happy to see the reappointment of Director Kim Yu as she ushered in procurement policies to get the sector paid faster and will continue to work with MOCS and MONS to ensure continuous progress. However, we need commitment from the City to guarantee timely payments as the sector has already experienced multiple administrations without a clear resolve to fix these critical issues.

Support Int.0452-2026

Nonprofit workers make 30% less than government workers for the same job. With a City COLA secured for three years, we were able to pivot to fight for systemic policy change to tackle this wage disparity in the long-term. This bill introduces a comprehensive new wage requirement system for human services workers, aimed at ensuring equitable compensation in line with civil service titles. HSC supports this legislation because it is a significant step towards ensuring that human services workers receive equitable pay comparable to their City counterparts, recognizing the critical role they play in delivering vital services to our communities. By establishing a clear wage requirement system, this legislation promotes transparency in compensation, ensuring that every worker is paid solely on their qualifications and experience. By guaranteeing just wages and benefits, the sector will continue to attract but, most importantly, retain skilled human services workers, contributing to a more stable and effective workforce that can better serve our communities.

Lack of equitable wages is the number one issue faced by nonprofits in terms of recruitment and retention, making it more difficult to deliver quality services. It is also an equity issue, as nonprofits want to and do everything they can with limited resources to paying living wages to staff providing essential services. When the City contracts with providers and sets rates with offensively low salaries for professional positions, or for thousands of dollars less than they pay

for the exact same or similar positions, they create an unaffordable City not just for nonprofit workers, but for those who rely on critical human services in their communities.

Conclusion

Although the City has taken on reform efforts to address the procurement challenges that nonprofits face, there are still compounding delays in the contracting process that force providers to undertake costly borrowing to make payroll and rents, often accruing interest not covered by government contracts. Over the years the sector has also seen real progress in contracting only for it to unravel in future years. We thank the City Council for their commitment to procurement reform and understanding the chronically delayed procurement process considering the circumstances that all New Yorkers have been facing.

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

Michelle Jackson
Human Services Council of NY
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Jihoon Kim, LMSW, CRPA-P
President & CEO, InUnity Alliance
Testimony Before the
Committee on Contracts

February 25, 2026

Oversight: Ensuring Timely Payments for Nonprofits and Human Services Providers

Chair Restler and distinguished members of the Council. Thank you for the opportunity to testify about the importance of ensuring timely payments for nonprofits and human services providers.

My name is Jihoon Kim. I serve as President and CEO of InUnity Alliance. I am also a social worker and peer professional by training, and a person in long-term recovery.

It's an honor to be here today representing nearly 150 substance use disorder (SUD) and mental health (MH) community-based organizations. Beyond advocacy, we provide training and serve as the exclusive certifying body for peer recovery credentialing in New York State.

Our members established InUnity Alliance to strengthen coordinated, person-centered care for people living with SUD and MH conditions, while preserving access to the specialized expertise and necessary, unique approaches of each service system.

Substance use disorders and mental health conditions remain leading contributors to disability and preventable death. They are also closely tied to housing instability, child welfare involvement, and legal system contact.

Structural pressures are reducing capacity and delaying access to care when early intervention is most protective and cost-effective. Rates do not cover the actual cost of delivering services, and unpredictable grant payments make it difficult for programs to plan and operate with stability.

In a survey of our members last year, organizations reported an average of \$20 million in outstanding receivables. Many incurred unreimbursed interest, averaging \$90,000, after taking out short-term loans to sustain operations. These pressures led to hiring freezes, staff reductions, and reductions in client services.

New York cannot reduce crises without addressing the structural conditions that undermine the community-based services designed to prevent it.



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We appreciate the progress made with timeliness of contracts and payments under the leadership of the Mayor's Office of Contract Services and the Mayor's Office of Nonprofit Services. We are also grateful for the City Council's leadership in advancing critical legislation to address these issues.

However, there is more work to do.

We urge the City to ensure prompt payment for services rendered, complete the implementation of the 50 percent contract advance and quarterly advance payments established by law, and establish defined procurement timelines with transparent compliance reporting.



**Testimony before
New York City Council Committee on Contracts
Oversight Hearing:
Ensuring Timely Payments for Nonprofits and
Human Service Providers.
Intro 0441 and Intro 0452
February 25, 2026**

Thank you, members of the Committee, for the opportunity to speak here today on the critical importance of supporting the nonprofit sector. My name is Edward Ubiera, Senior Director of Community Engagement for Nonprofit Finance Fund. I am submitting this written testimony on behalf of Nonprofit Finance Fund (NFF).

About Nonprofit Finance Fund (NFF)

NFF is a nonprofit lender, consultant, and advocate. Since 1980, NFF has helped nonprofit organizations access the capital and supportive resources they need to realize their communities' aspirations. Alongside others, NFF is working to build community wealth and well-being and put affordable housing, essential services, quality jobs, and excellent education within reach of more people.

As a federally certified Community Development Financial Institution (CDFI), NFF manages a portfolio of \$350 million. Since 1980, NFF has provided over \$1.7 billion in financing and access to additional capital in support of over \$6.3 billion in projects for thousands of organizations nationwide. In New York City, this translates to \$400 million in lending to New York City-based borrowers, supporting over \$2 billion in total projects. Further, and since 2023, we have provided over 2400 hours of financial management consulting services to New York City-based nonprofits.

Equitable Funding Starts with Understanding Full Cost

At NFF, we believe in paying nonprofits for the full cost of what it takes to do their work every day. Full cost funding includes what is in the budget and on the balance sheet, like salaries and benefits for staff doing the important work in communities, and vital infrastructure costs like accounting, compliance, and human resources. It also includes things that don't show up in the balance sheet or budget but should - like money needed to make repairs or replacements in an emergency, money to pay staff a fair, living wage, and reserves to invest in the organization and its ability to serve communities into the future.

Paying nonprofits full cost is how we prevent crises and interrupted services for communities and allow leadership to stay focused on mission and outcomes. Anyone who has worked in a cash-constrained nonprofit knows that when a cash-flow crisis hits, mission stops, strategy stops, and all the energies of management and of the board are diverted to delaying payments to vendors and securing cash however they can. Appropriate working capital and timely payments by government contract partners prevent program disruption caused by cash flow shortfalls.

Full cost funding for nonprofits should be the goal of governmental procurement and contracting practices.

What NFF's 2025 State of the Nonprofit Sector Survey Reveals About Challenges Faced by the Nonprofit Community

The State of the Nonprofit Sector Survey is a vital look into the financial and operational realities nonprofits face. By listening to nonprofit leaders nationwide, we surface the challenges, trends, and opportunities shaping the sector. NFF has conducted the State of the Nonprofit Sector Survey ten times since 2009, garnering thousands of responses from nonprofits of all sizes across sectors and geographies. This collective dataset is used to advocate for meaningful actions philanthropy, government partners, and other community leaders can take to support nonprofits now and in the future. Findings provide a powerful picture of all that nonprofits do for communities, and what they need from their supporters to keep serving.

We received responses from 133 organizations in New York City in our 2025 Survey. These nonprofits represented a range of budget sizes, sector, and leadership demographics. Survey respondents indicated (i) increased demand for services (ii) inflationary pressures on costs, and (iii) significant delays in payment from federal, state, and local government, **with only 19% of New York City nonprofits receiving government funding report being paid on time.** Nearly one-quarter (24%) of NYC respondents had one month or less cash on hand, and 40% reported operating with a budget deficit in 2024. The deficit rate reported was higher than we've seen in our survey data since 2009.

For the many local nonprofits with government funding, payment delays are hindering their ability to operate, adapt, and provide critical services to NYC communities.

We support Intro 0441 and Intro 0452

We support Intro 0441-2026 to establish a task force to examine disparities in contracting. This task force should have a wide remit to: (i) update citywide cost and procurement assumptions to pay what it truly takes for nonprofits to deliver critical services, keeping up with inflation and local cost of living. (ii) streamline and standardize forms, contracting processes, and online payment systems; (iii) clear backlogs in contract registration; (iv) reduce delays in invoice and payment processing; (v) ensure procuring agencies have sufficient staff resources to ensure a

positive contracting experience for nonprofit and can provide in-depth technical support to nonprofits navigating the government procurement process.

Finally, we support Intro 0452-2026 that will establish wage requirements for city-contracted human services workers. The nonprofit workforce reflects the city itself: predominantly women, 56% are people of color and 34% are foreign-born. Many earn 30% less than their government agency counterparts. When the city pays their organizations late, their rent is late, they can't buy groceries and they defer student loan payments.

We welcome serving as a thought partner to the City Council on these matters. Thank you for the opportunity to testify.

February 25,2026

Contact: Edward Ubiera, Senior Director, Community Engagement, NFF, eubiera@nff.org



Joint Testimony of NYC Legal Services Providers

Presented on February 25, 2026 by:

- Lauren Siciliano, Chief Operating Officer, Legal Aid Society
- Emily Ward, Director, Institutional Giving & Government Relations, NYLAG
- Greg Klemm, Chief Financial Officer, Legal Services NYC
- Keriann Pauls, Interim Executive Director, TakeRoot Justice

Submitted to:

**The New York City Council Committee on Contracts
Oversight Hearing on Ensuring Timely Payments for Nonprofits and Human Service Providers**

Introduction

As New York City’s public defenders, we serve hundreds of thousands of low-income people, overwhelmingly Black and brown New Yorkers, each year. We employ thousands of dedicated lawyers, social workers, investigators, paralegals, advocates, organizers, and administrative professionals who provide essential services to support our communities. We are a lifeline for low-income New Yorkers in need.

The services we provide are supported by City initiatives and funding. The City funds we receive are essential for us to continue to deliver these vital services for vulnerable New Yorkers. Without timely access to these contracted funds, we are not able to hire and retain the

attorneys, paralegals, investigators, social workers, and other staff critical to meeting that commitment. Chronic underfunding and mounting contract and payment delays jeopardize our ability to provide essential services for the New Yorkers who need us most, hire and retain staff, and respond to the ever-increasing need in the community.

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

City agencies start the year with their funding and routinely receive additional allocations for new collective bargaining agreements, healthcare cost increases, and utility and space cost increases. Non-profits like us do not. We are constantly waiting for our funding to be confirmed or for payment for work that has been completed. And we are often left to self-fund rising costs out of contract budgets that do not receive automatic increases at the same level as City agencies.

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

Late and uncertain payments exacerbate these fundamental issues and wreak havoc on nonprofits and the communities we serve. When non-profits are not paid on time, we make what is in effect an interest-free loan to the City. This is not sustainable. We are grateful for the City Council's focus on this issue and the bills under consideration today.

Overview of Late Payment Issues

Legal services providers continue to face significant challenges related to timely payments for our contracts. Today we are here to share examples of the critical late payment issues that endanger our ability to make payroll, to pay rent, and to continue to provide the services so urgently needed by our communities. Late payments effectively cut our grants, as we incur costs related to loans and banking fees in order to stay afloat. These issues are especially dire for smaller non-profits in our coalition and the non-profits that we subcontract with to deliver essential services.

We believe that additional steps must be taken to mitigate the challenges that lead to payments being late in the first place. Tracking late payments cannot begin solely from the date the invoice is received and accepted by the agency. Delays create major issues for non-profits much earlier in the process – late contract registration, as well as unnecessarily cumbersome and changing processes for budget approvals and modifications, and invoice submission and review, all cause payment delays long before an invoice is accepted by the funding agency. Without resolving each of these challenges, delays will continue to cause major issues for non-profits.

Registration

Even once a contract award has been made or a contract extension has been approved, it can take months to get the contract action issued and registered, creating disruption, confusion, and uncertainty. This creates a gap in funding that we are forced to try to fill using other limited dollars or high-interest loans so we can make payroll. . If we can't fill that gap, these delays amount to a covert cut in funding – nonprofits must often leave money on the table because they cannot front funding in anticipation of City disbursements. The City must ensure contracts are registered on time, and issue extensions when new awards have not been made well in advance of the start of the new fiscal year.

In particular, we also wanted to raise that awards for the new Immigrant Opportunities Initiative (IOI) RFP have not yet been made for the period beginning FY27. Given the time required to make awards, negotiate and execute contracts, and get new awards registered, we are requesting that HRA issue immediate extensions of the FY26 IOI contract for all providers, so that these extensions can be registered by the start of FY27 on July 1st.

Late Funding Confirmation and Budget Approval

This year, for the second year in a row, despite timely contract registration, the Human Resources Administration (HRA) had still not approved budget amounts for baseline housing and immigration contracts more than 6 months in the fiscal year. This issue has prevented invoice submission and payment for work completed, and devastates our cash flow. As an example, at Legal Services NYC (LSNYC), we have only 4 out of 8 budgets approved for the Fiscal Year 2026 contracts. For the final FY25 budget modifications, only 3 out of 8 have been approved. This means that between the two Fiscal Years, we are currently able to invoice on only 7 of 16 total contracts. As we sit here today, across the coalition of legal services providers, many FY26 budgets are still not approved, and for the invoices that we have been able to submit, most are not yet paid. For example, of the more than 30 invoices the Legal Aid Society has submitted, only 1 has been paid, and more than \$15M remains outstanding.

Similarly, for smaller sized legal services providers, the delays and harmful impacts are the same. The Urban Justice Center (UJC) is the lead contractor, subcontracting to over a dozen LSPs from the LEAP and CILEC coalitions for the Anti-Harassment Tenant Protection (AHTP) and Immigrant Opportunities Initiative (IOI) programs, all contracted through HRA. For FY26, HRA still has only issued one IOI payment and hasn't even completed budget review for AHTP, despite UJC's timely submission of documents.

In FY25, HRA increased initial advances to 30%, and in FY26, HRA increased initial advances to 50%. But delays continue to far exceed the advance period. In FY25 and FY26, non-profits received inaccurate grant award amounts, and it took months for the City to resolve the errors, which caused delays in budget submission and invoicing as budgets cannot be finalized until we know the grant award amount. Once award amounts were finally confirmed, the budget approval process was delayed by requests for multiple revisions. Budgets would be submitted, the agency would request changes, the changes would be completed and re-submitted by the provider, and then the cycle would be repeated multiple times before the final budget.

The situation is even more dire since organizations are also waiting on final payments from prior fiscal years during this period. In addition to the \$15M owed in FY26, the Legal Aid Society is waiting on a \$16M payment from FY25. LSNYC is waiting on over \$7M from the same time period and over \$21M for the current FY26.

And, when we then push for additional advances, we meet steep resistance, even though some providers are at risk of not making payroll or forced to take out high interest loans. It bears repeating that all of these payment delays are happening on contracts that are already registered.

Invoice review

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

Further, in general, there are often delays in the processing of invoices. Invoices will sometimes sit for several weeks without being touched. At some agencies – in our case HRA – there appears to not be enough staff to keep up with all the work. Our understanding is that there are only two contract managers at the Office of Civil Justice to administer the contracts for all legal service providers across the City. All these items place a severe strain on our cash position, which is needed to meet payroll and maintain operations.

For example, at LSNYC, in 2025, we incurred approximately \$475,000 of interest expenses in borrowing on our line of credit. In the first two months of 2026 alone, we have incurred \$160K, or about \$80K per month. Since all resources are finite, this is money that could have been used to hire more staff to serve more New Yorkers. At LSNYC, this translates into about 6 additional attorneys and take on an additional 400 cases to provide services to our clients. For the Legal Aid Society, of the 30 invoices currently pending. HRA has told us that they are only able to approve 5 invoices a week, which means the backlog will take at least an additional six weeks to clear. This is completely unacceptable.

Recommendations:

Immediate actions needed include:

- Approval of outstanding FY26 contract budgets
- Expedited payment for all pending invoices and subsequent FY26 invoice submissions
- Payment of outstanding FY25 closeout invoices

To fix this issue moving forward, HRA must:

- Provide early and accurate grant award amounts.
- Increase agency staffing – HRA has repeatedly told us their delays are partly due to not having sufficient staffing levels to support the work.

- Provide transparent, clear instructions on budget submission and processes that do not change.
- Provide an estimated timeline at the start of the process for budget and invoice approvals, which will allow us to predict cash flow.
- Provide additional advances, both at the start of the year, and in the event budgets are not approved. For any contract where budgets are not approved as of the end of October, HRA should immediately prepare additional 25% advances to bridge the gap.

Citywide, our recommendations include:

- Reimbursing organizations for interest expense incurred from borrowing on lines of credit or other loans.
- Creating clear, standardized invoicing guidelines across all agencies and not change the requirements mid-year
- Ensuring that contracting agencies are fully funded for all contractual commitments and appropriately and efficiently account for those expenses via appropriate encumbrances. Adding indirect cost rate and COLA funding added in the FY27 Preliminary budget was an important step toward the goal of ensuring all contractual obligations are fully funded.

Conclusion

When non-profit legal services organizations take on City contracts (often in the millions of dollars), we are committing to providing high-quality services on a large scale, supporting marginalized individuals and communities. The greater the size of the contract, the more staff salaries and expenses we must cover while waiting for payment for work completed. We need additional action now to ensure timely payments for the work we do on behalf of the communities we serve. While substantial additional funding is needed for this sector, fixing these contracts and payment issues does not cost any money. It simply means paying providers the money that has already been allocated to them, on time.

We thank you for today's hearing, which puts a spotlight on the enormous challenges that late payments create for non-profits.



**UNITED
NEIGHBORHOOD
HOUSES**

45 Broadway, 22nd Floor, New York, NY 10006

212-967-0322 | www.unhny.org

**Testimony of United Neighborhood Houses
Before the New York City Council Committee on Contracts
Council Member Lincoln Restler, Chair**

Oversight: Ensuring Timely Payments for Nonprofits and Human Service Providers

**Submitted by Kate Connolly, Senior Policy Analyst
February 25, 2026**

Thank you, Chair Restler and members of the New York City Council, for the opportunity to testify. My name is Kate Connolly, and I am Senior Policy Analyst at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing neighborhood settlement houses that reach over 840,000 New Yorkers from all walks of life. A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

Background

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

A recent report from the NYC Comptroller found that 80% of nonprofit contracts were registered late (after service had already begun) in FY24; and the percentage of late registered human services contracts rose from 88.5% in FY23 to 90.7% in FY24¹. Further - nearly 40% of human services contracts were registered over a year late, due to late submissions by agencies.

¹ Annual Summary Contracts Report for the City of New York Fiscal Year 2024, <https://comptroller.nyc.gov/reports/annual-summary-contracts-report-for-the-city-of-new-york-fiscal-year-2024/>

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

A Manhattan settlement house executive director shared:

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

A Bronx settlement house finance director said:

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

A Manhattan settlement house finance director shared:

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

A Manhattan settlement house finance director said:

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

After recently checking in with our settlement house members, we were heartened to find that many providers report more timely payments in recent months and less money owed by the city for FY26. This is likely due to improvements on the agency side as well as the stronger role that the Mayor's Office of Nonprofit Services has taken, providers who have been successful in seeing a reduction in payment delays report to have taken a "squeaky wheel approach" and dedicated significant staff resources to contract registration and invoicing. One settlement house explained, "As far as impact, while the outstanding balances this year have been improved, the amount of time our team had to dedicate to acquiring those funds was burdensome given the small size of our team."

One outstanding area where several providers pointed to significant delays occurs whenever an amendment is required to add funding to a contract. This happens most often when COLA, Indirect Cost Rate Initiative, or Workforce Enhancement Initiative (WEI) funds are added to contracts. Although these funds are vital to ensure human service workers receive pay increases, providers do not receive these funds in a timely manner. One settlement house described that "...the outstanding FY25 ACS COLA funds are delaying our audits, and at this point, may require multiple audit submissions as we may not make all our deadlines."

Issues with PASSPort

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

Some of the PASSPort issues our members have encountered are:

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

New York City Public Schools

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

This process is delayed by a rigid workflow: budget approval must come first, followed by enrollment adjustments, attendance certification, and invoicing, which then requires an

additional two weeks for payment processing. Many organizations have struggled to correct enrollment discrepancies, with issues like students leaving or enrolling mid-year, and have had to persistently follow up with NYCPS staff to get these changes made before the payment process can proceed.

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

Recommendations

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

Intro 452 (Stevens) - Establishing wage requirements for city-contracted human services workers
UNH supports Intro 441 (sponsored by Council Member Stevens) to establish wage requirements for City-contracted human service workers, which would require City agencies to include sufficient funding to cover those wages in contracts, and track implementation of those wages by human service contractors.

While developing a system of human services worker titles and corresponding civil service titles will be arduous and will require careful analysis, we cannot continue to ignore the need. For years, the government at every level has asked nonprofit partners to "do more with less." This dynamic has pushed our sector to a real breaking point, and our workforce has suffered the consequences. It's time for us to look beyond stopgap measures and towards efforts that would have a long-lasting impact on the human service sector.

One potential problem to note is that the bill creates potential staffing complications for settlement houses and other community-based organizations that blend funds from city, state, federal, and private sources. Unless other funding sources agree to increase budgets for New York City contractors to match New York City's funding-levels, providers with blended-budgets will struggle with internal wage differentials for similar positions (i.e. a human service worker on a state contract with similar responsibilities to one on a city contract may be paid less than prevailing wage unless the state agrees to adjust contract budgets to match the city's prevailing wage schedule). The City should lobby New York State to engage in a similar process for human service contracts

UNH urges the Council to pass this legislation and ensure that sufficient funding is included to limit major disruptions to programs.

In addition to the bills being discussed during today's hearing, we would like to comment on two bills introduced in previous sessions:

Intro 514-2024 - Interest to be paid on late contract payments to non-profit contractors

This bill, which was introduced in 2023 but not yet reintroduced in this session, would require interest to be paid on late payments under City contracts with nonprofit organizations. Due to late payments, many providers have been forced to take out loans and lines of credit, which

incur interest, all because of the City's delayed payments. In other words, nonprofits are effectively floating the City money. Intro 982 sends a clear message to the Administration to address the backlog and cover any costs incurred in the future. Short of guaranteeing that the City would register contracts and make payments on time every time, this bill is the next best thing, because it ensures that the consequences of late payments are not borne by nonprofits when delays are often out of their control. UNH strongly supports this bill and appreciates the sponsors for their support.

Intro 482-2024: Public procurement database

UNH supports transparency initiatives, and therefore supports the formerly introduced Intro 482-2024, which would establish a searchable, online database containing information from all stages of the contracting process for every mayoral agency procurement that exceeds the small purchase limits. Should the public procurement database become law, UNH urges City agencies to leverage existing proposals and reporting from contractors to update and maintain the database, given that providers already report on the data called out in the bill. City agencies should not pass the reporting burden on to contractors by requiring additional paperwork above and beyond what is already required of them as current reporting is more than sufficient to comply with the law.

Ensure Agencies follow the Indirect Cost Rate (ICR)

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

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



February 27, 2026

Committee on Contracts

Testimony In Support of Reso 183 (Farías)

My name is Allie Taylor and I am the president of Voters For Animal Rights (VFAR) in Brooklyn. I am also the mother of two small children who will be attending public schools.

VFAR supports Reso 183, calling on the State Legislature and Governor Hochul to pass and sign the Good Food NY Bill (S.7638B/A.8091.B). This legislation would allow municipalities to consider ethical standards when awarding food contracts, provided that the selected bid does not exceed the lowest responsible bidder by more than 10 percent.

New York City alone serves more than 220 million publicly funded meals annually and spends over \$500 million each year on food procurement, making the largest public food system in the state. These public dollars have tremendous influence over our food system, animal welfare practices, local economies, labor standards, and environmental outcomes.

Under current law, municipalities are largely restricted to awarding contracts to the lowest responsible bidder. While fiscal responsibility is important, this rigid standard often prevents institutions from prioritizing higher animal welfare standards. The Good Food NY Bill modernizes procurement rules by allowing municipalities the flexibility to consider additional factors such as animal welfare when making food purchasing decisions.

This legislation provides a legally sound pathway for municipalities that wish to align procurement decisions with stated public values and long-term policy goals. It also enhances transparency by requiring supply chain data, enabling better tracking of how public dollars are spent and whether procurement practices reflect New York's commitments to equity, economic development, environmental resilience, and improved animal welfare standards.

Public procurement should not be a race to the lowest upfront price when that price may carry hidden long-term costs to animals, communities, workers, and the environment. The provides municipalities with the tools to build a more resilient, equitable, and humane food system while maintaining fiscal responsibility.

For these reasons, Voters For Animal Rights respectfully urges passage of the Reso 183.

Respectfully submitted,

Allie Taylor
President, Voters For Animal Rights
Brooklyn, NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Catherine Trapani

Address: _____

I represent: Volunteers of America

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Emily Ward

Address: _____

I represent: NYLAG - New York Legal Assistance Group

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Eric Rosenbaum

Address: _____

I represent: Project Renewal

Address: _____

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THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 2/25/2026

(PLEASE PRINT)

Name: Kate Connolly
Address: 45 Broadway
I represent: United Neighborhood Houses
Address: 45 Broadway, NYC

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

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

Date: 2/25/2026

(PLEASE PRINT)

on a panel with Legal Services organizations

Name: Kerriann Pauls
Address: 123 William St.
I represent: Take Root Justice
Address: same as above

THE COUNCIL
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. 452 Res. No. _____
 in favor in opposition

Date: _____

Name: Pilar Bernabe Garcia
Address: 2 Lafayette St, 3rd Fl, NY NY 10007
I represent: Safe Horizon, Inc
Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: 2/25/26

(PLEASE PRINT)

Name: Greg Klenin
Address: [REDACTED] BKLN, NY 11220
I represent: Legal Services NYC (panel testimony)
Address: 40 Worth St, NY, NY 10013

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 0452 Res. No. _____

in favor in opposition

Date: 2/25/26

(PLEASE PRINT)

Name: Faith Behum
Address: 130 E. 59th Street
I represent: UJA-Federation of NY
Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: 2/25/2026

(PLEASE PRINT)

Name: Eric Rosenbaum
Address: _____
I represent: Project Renewal Inc
Address: 200 Varick St

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THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: 2/27/26

(PLEASE PRINT)

Name: Lauren Siciliano

Address: 199 Water St.

I represent: Legal Aid Society (legal services panel)

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 0452 Res. No. _____

in favor in opposition

Date: 2-25-26

(PLEASE PRINT)

Name: Dan Lehman 350 Lincoln Pl

Address: Brooklyn NY 11259

I represent: HELPOUSA

Address: 115 E 13th St NY NY 10003

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Appearance Card

I intend to appear and speak on Int. No. 452 Res. No. _____

in favor in opposition

Date: 2/25/26

(PLEASE PRINT)

Name: GREGORY J MORRIS

Address: 121 6th AVE NYC 10013

I represent: NEW YORK CITY EMPLOYMENT AND

Address: 1216th AVE TRAINING COALITION

NYC 10013 (NYCETC)

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 452 Res. No. _____

in favor in opposition

Date: 2/25/26

(PLEASE PRINT)

Name: Kristin Miller

Address: [Redacted] Bkn NY 11209

I represent: HSU

Address: 5 Hanover St. NY, NY 10004

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THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Paola Marley

Address: [Redacted]

I represent: Catholic Charities

Address: 488 Madison

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THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Michael Serillo

Address: _____

I represent: MONS

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Kim Yu

Address: _____

I represent: MOC

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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I intend to appear and speak on Int. No. 0441/0552 Res. No. _____

in favor in opposition

Date: _____

(PLEASE PRINT)

Name: EDUARDO CUBIERA

Address: 5 HANOVER SQUARE, 9TH FLOOR

I represent: NONPROFIT FINANCE FUND

Address: 5 HANOVER SQUARE, 9TH FLOOR, NY, NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

[]

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

in favor in opposition

Date: 2/25/2020

(PLEASE PRINT)

Name: Marcus Jackson

Address: _____

I represent: Encore Community Services

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: 2/25/26

(PLEASE PRINT)

Name: Andrew WALTON, Jill Borrero, Aldin Bonilla

Address: _____

I represent: FUND for the City of New York

Address: 121 6th Ave N.Y.C. 10013

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

in favor in opposition

Date: 2.25.26

(PLEASE PRINT)

Name: Margy Brown

Address: _____

I represent: UHA

Address: 120 Wall St, 20th Fl, NY NY 10005

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. T2026-1156 Res. No. _____

in favor in opposition

Date: 2/25/26

(PLEASE PRINT)

Name: Brandon Loud

Address: 205 E 42nd Street, NY 10017

I represent: Urban Resource Institute

Address: _____

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

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THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 452 Res. No. _____
 in favor in opposition

Date: 2/25/76

(PLEASE PRINT)

Name: Michelle Jackson

Address: [Redacted] Astoria, NY 11105

I represent: Human Services Council

Address: 130 East 57th St, NY, NY 10025

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 452 Res. No. _____
 in favor in opposition

Date: _____

(PLEASE PRINT)

Name: Christopher Hanway

Address: [Redacted]

I represent: Jack A. Riss Neighborhood Settlement

Address: 10-25 41st Avenue, LIC, NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

Date: _____

(PLEASE PRINT)

Name: Paula Magnus

Address: _____

I represent: Northside Center

Address: _____

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