CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

          Of the

COMMITTEE ON CONTRACTS

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HELD AT: Committee Room – City Hall

B E F O R E: Justin L. Brannon
                Chairperson

COUNCIL MEMBERS: Inez D. Barron
                 Bill Perkins
                 Helen K. Rosenthal

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

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2   [sound check]This is a microphone check.

3   Today's date is March 26, 2019, Committee on

4   Contracts, being recorded by John Biando, City Hall

5   Committee Room. [pause]

6   CHAIRPERSON BRANNAN: Good morning,

7   welcome to the Committee on Contracts, fiscal 2020

8   preliminary budget hearing. I'm Justin Brannan,

9   chair of the Contracts Committee. This morning we

10   will be reviewing the proposed FY 2020 budget for the

11   Mayor's Office of Contract Services, or MOCS. I want

12   to welcome Direct Daniel Simon of MOCS, and thank you

13   for testifying before the committee. Today we will

14   be assessing MOCS's programs and activities,

15   including their continued work in optimizing the

16   procurement process, reporting on the city's

17   procurement performance through the agency

18   procurement indicator's report and various other

19   responsibilities that maintain the integrity of

20   procurement throughout the City of New York. The

21   mayor's fiscal 2020 preliminary budget for MOCS is 29

22   million, which includes 17.5 million in personal

23   service funding to support 203 budgeted full-time

24   positions. This funding is primarily allocated

25   towards reporting on and evaluating the city's

procurement activity, as well as taking measures to

facilitate and optimize the procurement process

within the City of New York. In a few minutes we'll

hear more from MOCS on their specific goals for

fiscal year 2020. In our discussion with MOCS this

morning I hope to explore different areas of the

city's contract budget in order to gain a greater

clarity and understanding regarding where and how

money is being spent and capacity to the city's

procurement processes and evaluation. I look forward

to hearing more from MOCS regarding its achievement

in procurement reform, in particular the progress

related to past work over the past year and what we

can expect from past work over the next year.

Additionally, I would like to hear the office speak

to any citywide procurement trends related to cost

over-runs, M/WBE utilization, and cycle time.

Lastly, I'd like to begin a discussion today to

identify any challenges the agency is facing in

filling staff vacancies, as well as what more we can

expect from MOCS once the agency reaches full or

near-full staff capacity. After we hear from MOCS,

council members will have a chance to follow up with

questions for the director. Following that, members

of the public will have an opportunity to provide

testimony. I hope the director or members of his

staff will stay to hear the public testimonies, which

is often the most important part of the hearing.

Before we begin, I'd like to acknowledge my

colleagues, Councilwoman Helen Rosenthal, thank you.

Before I turn the floor over to the administration I

want thank my committee staff, policy analyst Casey

Addison, legislative counsel Alex Paulenoff,

financial analyst Andrew Wilbur, and finance unit

head John Russell, as well as my senior advisor,

Jonathan Yetin, for all their hard work in putting

this hearing together today, and I will turn it over

now to my legislative counsel, Alex, to swear you

guys in.

ALEX PAULENOFF: Would you all please

raise your right hands? Do you swear or affirm to

tell the truth, the whole truth, and nothing but the

truth in your testimony today, and to respond

honestly to council member questions? Thank you.

You may begin.

DAN SIMON: Good morning, Chair Brannan

and members of the contracts committee. My name is

Dan Simon. I'm the director of the Mayor's Office of

Contract Services and the city's chief procurement

officer. Thank you for inviting me to update you on

how MOCS is resourced to advanced New York City's

procurement priorities. As you know, MOCS is focused

on reducing frustrating administrative burdens

experienced today and establishing game-changing

technology and able processes to strengthen

collaboration, increase transparency, and speedy

procurement. MOCS drives adoption of new practices

to leverage best in class technology, so our service

offerings are necessarily hands on, tailored to

various audiences, and designed to be scaled for our

work force. The fiscal year 2020 preliminary budget

provides MOCS 29 million dollars, including 17.5

million for personal services to support 203 full-

time positions and 11.5 million in other than

personal services funding. Across the five-year plan

window the agency's budget peaks in fiscal year 2019n

levels off to a baseline of 24.3 million, while our

budgeted head count remains relatively flat. The

recent increase in MOCS's budget results from the

administrative transfer of the PASSport project

contract from the Department of Information

Technology telecommunications to MOCS. DOIT remains

a critical partner on all of our technology-related

initiatives. Over the past year we have continued

our progress towards ensuring fairness in the

procurement process. As part of these efforts, we

continue to grow and adjust our organization

framework at the same time. As of today there are

169 active employees across two office locations, a

17% increase from last year's 145 active employees.

And last fall we moved staff from our office in

downtown Brooklyn to a new space blocks away from our

headquarters in lower Manhattan. As we have grown,

we have implemented several internal workforce

development problems, such as a mentoring program and

a lunch and learn series. While we continue with our

traditional tasks and responsibilities, and

simultaneously transfer our major city business

process, it is critical that MOCS is an agency that

evolves with the changing dynamics of procurement as

a whole. These activists also shape our ongoing work

to deepen and enhance work force development

offerings for our agency clients. We are already

seeing results based on our double-pronged efforts

with our team capitalizing on every opportunity to

make improvements and build on promising practices.

Here are a few examples of recent progress, even with

the full transformation in development: Jointly

crafted and implemented a 25% advance policy, which

resulted in 1.3 billion dollars dispersed in fiscal

year 19, putting money in the hands of nonprofit

providers more quickly; Released the City of New York

Health and Human Services cost policies and

procedures manual that sets forth new claiming

procedures, standardized definitions, and established

updated indirect costs for eight policies, creating

clear guidance and increasing flexibility for

nonprofits; maintained a six-day review for invoices;

managed an HHS accelerator enabled by use of a

standardized budget format, streamlined work flow and

a shared digital workspace for agencies and vendors

to remedy issues; and codified a new PPB rule which

enables agencies a larger discrepancy purchasing

threshold for goods and services exclusively from

city-certified M/WBEs, resulting in over 60 million

dollars in purchases. These results move the needle

and were achieved through partnerships with vendors

and city agencies, but we know that significant

challenges remain, particularly in Human Services.

The investments made by this administration of

roughly 600 million dollars per year in the human

services sector has created a massive amount of

contract amendments. Due to diligent work by city

agencies and nonprofits, the vast majority of these

amendments are now registered. In collaboration with

Deputy Mayor Palacio's office, OMB, and MOCS agencies

are in the process of a surge on the remainder. The

city is focused on timely registration and we have

established new accountability structures to ensure

active monitoring of milestones towards submission of

registration packages to the comptroller's office.

Additionally, we implemented standardized project

management guidelines for agencies renewing or

extending contracts each year. We are always working

to capture actionable lessons from vendors in all

sectors. Our public-facing help disk has fielded

over 50,000 service tickets from vendors and agencies

since the launch of PASSport in August 2017. This

channel is vital for operations and essential to

documenting the experiences of vendors leading to the

creation of system enhancements and new policies for

agencies. Proactive vendor engagement remains a

critical priority as we develop PASSport Release 3.

We look forward to continuing our partnership with

sector leaders and building on the collaborative

models we have established. Our involvement in

PASSport has already helped speed processes and

relieve administrative burdens. Since going live,

11,489 vendors have completed the online disclosure

process in PASSport, transforming what was formerly a

paper-based Vendex process that could take some

vendors weeks, if not months, to complete. City

agencies have completed 11,337 responsibility

determinations in PASSport. A process that would

typically take six to seven weeks is now taking seven

days on average because PASSport allows agencies to

share information collected on vendors for

responsibility determinations. While we continue to

plan for and develop new system Releases, our office

constantly monitors the system's performance and

takes feedback from end users to prioritize

enhancements between major Releases. For example, we

built an integration with the Department of Finances'

internal tax check system, allowing PASSport to bring

back a vendor's tax status. We have also added a

one-year validity period to Department of Finances'

tax determination, removing the need for Department

of Finances to conduct a duplicative vendor review.

The decrease in cycle time for a key preregistration

agency activity provides a glimpse of what can be

achieved as we stand up new PASSport functionality.

Better management and oversight will also be

reinforced by real time status updates for user

tasks, transparent views of process work flows, and

use of system-generated performance reports. We will

build on the success of Release 1 in a few weeks by

launching Release 2 in partnership with the

Department of Citywide Administrative Services and

DOIT. This Release will make agency operations

easier and purchasing more strategic, helping roughly

3000 city staff streamline management of requests,

orders, receipts, and invoices for city requirements

contracts. Our office is committed to realizing our

vision of fair, responsible, and timely procurement,

and this will be achieved through standardization,

automation, and radical transparency. We remain

committed to collaborating with citywide and agency

policy makers to implement new strategies which ease

the administrative hardships faced by city vendors,

particularly nonprofits, small businesses, and

M/WBEs. We are excited with the progress we've made

thus far in the design of Release 3 of PASSport and

invite all members of this committee to actively

participate in this process. At this time we believe

that that we are appropriately resourced and have

great partners at the Office of Management and

Budget, who will ensure that we sufficiently

positioned to respond to any emerging needs. Thank

you for the opportunity to testify. I'm joined by

Jeremy Halbridge, deputy director of administration,

Victor Olds, general counsel, and Danielle Lewis,

associate director for finance and operations. We're

happy to take any questions that you have.

CHAIRPERSON BRANNAN: Thank you. I

definitely felt a palpable rumbling of excitement

this morning in the way into the city of people

excited for PASSport.

DAN SIMON: It's hard to contain.

CHAIRPERSON BRANNAN: Yeah, yeah, it

wasn't the R train. It was, um, phase 2, will it be

rolled out and fully operational before the end of

this month?

DAN SIMON: Before the end of March?

Likely not. We were on target for March, but we need

a few more weeks of testing.

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2   CHAIRPERSON BRANNAN: OK. Um, and has

3 MOCS determined the key performance indicators for

4 phase 2?

5   DAN SIMON: So there will be, there will

6 be lots of indicators of success around Release 2,

7 certainly around speed of ordering and receipts and

8 invoices, for sure. I'm happy to look into what

9 indicators you might want to see. There will be a

10 whole robust dataset. But again these are

11 requirements contracts that [inaudible] do it, not

12 related particularly to the procurement process, as

13 we spoke about before.

14   CHAIRPERSON BRANNAN: I want to

15 acknowledge my colleague Council Member Perkins has

16 joined us as well. Getting into the contract for

17 PASSport itself, the total is 45 million, of which we

18 are told a little more than 28 million has been spent

19 to date. I guess first question and concern is do we

20 anticipate completing the project within the

21 parameters of the 45 million?

22   DAN SIMON: The current scope? For sure.

23 Yes. So the original contract was for 30 million, we

24 had then an amendment for roughly 15, um, that added

25

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2 invoicing to the project as well as incorporating DOE

3 into all phases of the project.

4   CHAIRPERSON BRANNAN: And what, I mean,

5 why do we think it's so expensive? I mean, I was

6 like, I was doing some research until I, apps and

7 stuff, right, and I mean obviously I know PASSport is

8 not an app that I'm going to use on my phone,

9 although maybe it should be, but I know that what I

10 found was the average cost to make an app ranges from

11 about $80,000 to $250,000 depending on what type of

12 app you want to create. So a simple app would cost

13 about $80,000. Basic database apps cost between

14 $100,000 and $150,000. Advanced multi-feature apps

15 cost $150,000 to $250,000. Finally, more complex

16 apps would cost six figures, but can push up over 1.5

17 million. So let's add another 2 million for updates

18 and marketing and salaries and all that other stuff

19 and we're still a couple of galaxies away from 45

20 million. So why do we think it's so expensive?

21   DAN SIMON: I mean, I think that's a

22 little bit of an apples and oranges comparison.

23   CHAIRPERSON BRANNAN: OK.

24   DAN SIMON: Because...

25

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2   CHAIRPERSON BRANNAN: But there's still

3 an insane gap there.

4   DAN SIMON: Yeah, I would say that

5 PASSport's model of software is a service, so this is

6 not a, we're not building a system from scratch.

7 This is not custom code that we're building. We

8 purchased an e-procurement platform that is Ivalua,

9 that is what the...

10   CHAIRPERSON BRANNAN: But wouldn't that

11 make it cheaper?

12   DAN SIMON: Well, it makes it cheaper

13 than doing a custom application. I think the

14 procurement process is so complex in the City of New

15 York it doesn't lend itself to a simple app where

16 you're, you know, calling a specific dataset to bring

17 on to your phone the results that you want or do

18 some, you know, minor transactions that you might do

19 on an app. This is, you know, on a scale far larger

20 than anything that an app could handle. Could we in

21 the future have a mobile version of PASSport to be

22 able to look at reports or do some simple

23 transactional type tasks? Sure, we definitely could

24 look into that. But right now what we're focused on

25 is providing, as you know, a full end-to-end system

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2   that covers the entire procurement process and we

3   think that the price that we got for this system is

4   very competitive.

5   CHAIRPERSON BRANNAN: What is it,

6   competitive in comparison to what?

7   DAN SIMON: Well, to a custom

8   application, for one, having to code from scratch an

9   entire procurement system, you know, Accelerator was

10 a custom application, didn't even cover the entire

11 procurement process, and cost somewhere in the range,

12 I don't have the dollars on the cost of Accelerator,

13 but it was, you know, something analogous to what we

14 have doing the full end-to-end process.

15   CHAIRPERSON BRANNAN: So the bulk of the

16 money being paid to the contractor is purposed for

17 what?

18   DAN SIMON: So we're buying this

19 platform, right? The beauty of the platform is it's

20 highly configurable. And so it's got a strong code

21 base and an out-of-the-box functionality for e-

22 procurement, but New York City, as you know, has tons

23 of laws and regulations that any municipality has got

24 to, that has in play, and so we have to configure the

25 system to meet the city's needs, right?

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2   CHAIRPERSON BRANNAN: Right.

3   DAN SIMON: Straight to the private

4 sector it does procurement very differently than the

5 public sector does, and so all of this time is spent

6 designing, building, testing the city's version of

7 Ivalua product. We want to stay as close as we

8 possibly can to what's straight out of the box, but

9 that's not always possible in a system as complex as

10 New York.

11   CHAIRPERSON BRANNAN: Would you be able

12 to provide the committee with an itemized breakdown

13 of the 28 million that's been spent so far?

14   DAN SIMON: Of course.

15   CHAIRPERSON BRANNAN: OK. I'd just be

16 interested to see where it all goes.

17   DAN SIMON: Sure.

18   CHAIRPERSON BRANNAN: So the citywide

19 savings program includes 90 million in savings from

20 procurement reform beginning FY19. How was the

21 figure, the cost savings figure determined?

22   DAN SIMON: So We are partnering with OMB

23 on those kinds of discussions. To be frank, though,

24 MOCS's focus is on delivering the system and the

25 implementation of the system. There are some obvious

benefits that the system will provide, for sure, but

we're not focused necessarily on dollar savings or

cost avoidance. I'm happy to, you know, talk more

about that, but, you know, OMB is focused on those,

ah, those particular savings.

CHAIRPERSON BRANNAN: Right.

DAN SIMON: We know there will be

savings, but we are laser focused on implementing the

system and providing all the tools and benefits that

it will bring.

CHAIRPERSON BRANNAN: So I guess one

thing I've been thinking about is I understand how

PASSport is going to hopefully, um, do, make great

strides in transparency and seeing the process and,

you know, maybe even vindicating the administration a

bit on delays and what-not, as you've mentioned. But

how, and is PASSport being designed, or how will

PASSport lead to cost savings? Like aside from

seeing dysfunction and pulling back the curtain, how

will it lead to saving money?

DAN SIMON: Well, again, I would go back

to these discussions are better had with us and OMB

together, um, perhaps offline in a separate meeting,

but some of them are clear, right? Like just removing

1

2 paper out of the procurement process is a savings on

3 both sides.

4   CHAIRPERSON BRANNAN: Right.

5   DAN SIMON: Right, that's just one

6 obvious savings. Time saves money, that the less

7 time you have spent on the procurement process

8 obviously saves, ah, the city some type of cost, so

9 that there's a variety of different places where we

10 could save time, that's the whole goal here, you

11 know, take a circuitous and complex process and make

12 it more streamlined, thereby going faster, that that

13 leads to obvious savings.

14   CHAIRPERSON BRANNAN: OK. Let me see. I

15 wanted to ask about some of the head count issues.

16 So as of February, correct me if I'm wrong, MOCS had

17 35, 34, ah, staff vacancies. So why did MOCS add 11

18 staff positions to its budget when it is currently

19 looking for 34 people?

20   DAN SIMON: So we have a variety of new

21 needs, one of which, um, the 11 that you're talking

22 about, are to resource MOCS's internal operations, so

23 over the last few years MOCS has gone from a very

24 small office before Accelerator and PASSport were

25 managed there and to, you know, a sort of very small

but sort of having its own discrete agency operations

and so we now need things like an IT help desk, um,

for our own internal staff. We need an HR

department. We need to be able to have a finance

shop to support, you know, a budget hearing. And so

it's those lines were dedicated to supporting the

administration of MOCS.

CHAIRPERSON BRANNAN: And how old is MOCS

now?

DAN SIMON: Well, MOCS was established

after the Board of Estimate was, ah, abolished back

in, I'll get the year...

CHAIRPERSON BRANNAN: Yeah.

DAN SIMON: ... wrong, but, you know,

it's been quite a long time now. But I think the

evolution of MOCS very recently is where the growth

happens when we, when MOCS and HSH Accelerator first

merged in 2016.

CHAIRPERSON BRANNAN: Right.

DAN SIMON: And then the PASSport project

was, ah, got its footing and is growing. But again,

so that's the evolution of where MOCS is today over

the past few years.

1

2   CHAIRPERSON BRANNAN: Yeah, the stuff you

3 mention certainly sounds critical, and I don't blame

4 you, but it's crazy that it's been around since the

5 demise of the Board of the Estimates and we're still

6 hiring some of those, looking for those positions.

7   DAN SIMON: But back then, um, MOCS was

8 more centrally, ah, connected to the mayor's office

9 and City Hall, right. Now we've spun off into an

10 agency, and so we now need those operations for the

11 first time, those 11 administrative heads.

12   CHAIRPERSON BRANNAN: Right.

13   DAN SIMON: That's a fairly new

14 development.

15   CHAIRPERSON BRANNAN: Let me see here.

16 Did your office space capacity play a role in the

17 inability to hire full capacity?

18   DAN SIMON: It hasn't been a major

19 impact, um, space is something that we're, you know,

20 unfortunately always focused on. But it hasn't

21 played a role in our ability to hire. The biggest

22 impact on our ability to hire is the fact that we

23 have a lot of technology positions, there's tons of

24 turnover in that space. It's hard for government to

25 compete with the private sector. And we're also

looking for a particular type of technology, ah,

staff person. It's not just, you know, someone who's

got good, that, you know, a strong ETL developer or

someone who knows Sequel. It's also someone who's

civic-minded, who gets what we're trying to do, who

is willing to take part in a citywide project that,

you know, frankly has you burning at, sometimes at

100% and sometimes 300% throughout the course of a

project. We're looking for those special kind of

people and, you know, it's been tough recruiting. We

have added close to 30 people in the past 12 months,

but particularly in technology it's a struggle to

recruit. Those are hard-to-recruit positions, but

we're, you know, we have all of our postings out, or

a good portion of our postings out, and we're

diligently recruiting.

CHAIRPERSON BRANNAN: OK. I'm going to

hand it over to my colleague for some questions. I

have to go take a vote in the other room. But,

Council Member Rosenthal?

DAN SIMON: Thank you.

COUNCIL MEMBER ROSENTHAL: Thank you so

much, Chair. Just along those lines, is MOCS under

the freeze that every other agency is others, under,

so if you have people who you want to hire are you

given the authority to hire them?

DAN SIMON: So we're under the same, ah,

guidelines from OMB that other agencies are, yes.

COUNCIL MEMBER ROSENTHAL: So that's a

no, you're not allowed to hire them?

DAN SIMON: Well, we work with OMB. We

have a clear peg target. There is a, there is a

hiring freeze that has been issued, and so we work

with OMB to raise our needs and we work with them on

a case-by-case basis to figure out what the, what the

next steps are.

COUNCIL MEMBER ROSENTHAL: Is the lack of

hiring causing any slowdown in roll out of PASSport?

DAN SIMON: Right now we have the

resources we need to get the project done.

COUNCIL MEMBER ROSENTHAL: OK. I'm

wondering if you, I'm going to go a different line of

questioning now. Have there been any slowdowns for

you in getting your contract for PASSport rolled out

in terms of getting it through the morass that is

bureaucracy or through the comptroller's office?

Have you been able to let your contracts, ah, get

implemented in time?

1

2   DAN SIMON: Well, so, the original

3   contract was let by DOIT and transferred over to

4   MOCS. But that went through a process that was

5   probably more painful than it should be, um, and with

6   all parties agreeing on the transfer, there are some

7   certain sort of tasks and system-related activity

8   that have to go on to do that. With, you know, when

9   you have an amendment, typically it is late, right?

10 An amendment is you've identified a condition in the

11 performance of that contract that needs to change in

12 some way, shape, or form. You're adding scope, or

13 the conditions that you expected to meet were

14 slightly different and so now we have to change the

15 scope of that contract. But those things tend to be

16 retractive because what you, you want to change the

17 condition of the performance on that contract

18 immediately, you don't have, you don't want to have

19 to wait for the procurement process to play out to

20 start. But to answer your question...

21 COUNCIL MEMBER ROSENTHAL: Which to say,

22 perhaps the vendor gets paid late because the change

23 is not registered...

24 DAN SIMON: Right.

25 COUNCIL MEMBER ROSENTHAL: OK.

1

2   DAN SIMON: That's right.

3   COUNCIL MEMBER ROSENTHAL: If you, I want

4 to talk about, it looks like you've made some

5 distance on page of your testimony, on page 5 of your

6 testimony you talk about the Department of Finances

7 internal text check system and it struck me that that

8 was an example of sort of unwinding the ball of

9 string that is the bureaucracy of procurement. Have

10 you found in going through building of PASSport that

11 you now can identify the actual steps that are

12 necessary to have procurement happen and have you

13 identified other areas where there are, um, steps

14 that are necessary that perhaps could happen at the

15 same time and don't have to be, um, sequential but in

16 fact could be happening at the same time?

17   DAN SIMON: Absolutely. So the

18 Department of Finances is one good example. It's not

19 something that we went live with Release 1, um, and

20 so it was a, sort of a swivel chair over to the

21 Department of Finances and bringing back that

22 information or a separate task that kept getting sent

23 to the Department of Finances. They're working in

24 their system instead of having the information

25 automated in ours and we recognize, all right, we

1

2 need to build an interface between our system and the

3 DOF system so that there isn't a swivel chair

4 activity, which does take time, um, and so, yeah,

5 that's a great example of what we're able to do on

6 the fly and, ah, in between major Releases. We

7 didn't have to wait for a Release 2 in order to

8 integrate that. We were able to do that within, ah,

9 called dot Releases, so 1.1, 1.2, 1.3.

10   COUNCIL MEMBER ROSENTHAL: One thing I

11 like to, when I'm trying to describe procurement and

12 help people keeps their eyes open, I mean, definitely

13 talk about a ball of string, but also that it's like

14 a game of chutes and ladders and that a lot of times

15 you're, what we're trying to do to fix procurement is

16 to create more chutes and more ladders and have the

17 chutes move the ball forward rather than, you know,

18 back, like in a game of Sorry. If I were to ask you

19 to lay out the steps of procurement, and this is why,

20 of course, it's so vast, but for every single agency,

21 and I'm sure it's different for different agencies,

22 sort of what the procurement steps are, could you do

23 that? Is that part of the manual of PASSport?

24   DAN SIMON: So it's definitely part of

25 the discovery work that we've been doing for a number

of years. We have it laid, um, happy to show that to

you.

COUNCIL MEMBER ROSENTHAL: I think that

would be great for the committee to see.

DAN SIMON: We'd love that.

COUNCIL MEMBER ROSENTHAL: And will

PASSport, or in doing the exercise that you've been

doing, has it allowed you to identify some agencies

that perhaps, for lack of a better term, do

procurement better than other agencies to do the

exact same work? For example, procurement in, you

know, the, Agency A is able to do, you know, getting

a wall fixed better than Agency B and perhaps we

should use the procurement mechanism that Agency A

uses for all other agencies.

DAN SIMON: So in general everyone

follows the same rule book. Everyone is following

the PPB rules. So there isn't too much variation

agency to agency, but at a very micro level, on a

best practice level, what we're trying to do, so we

have a steering committee made up of a dozen agencies

or so and we have at the staff level, at the senior

staff level we have a liaison group that we work with

on a very regular basis and we're constantly pulling

out the best practices at these agencies to ensure

that we're thinking about what they do well and

incorporate that into the PASSport design to the

extent that it makes sense. I don't know that

there's any one agency that does any large amount of

work...

COUNCIL MEMBER ROSENTHAL: No, no, no, I

meant micro.

DAN SIMON: ... better than others. But

at a micro level there are definitely best practices

that we've identified...

COUNCIL MEMBER ROSENTHAL: Great.

DAN SIMON: ... working with agencies.

COUNCIL MEMBER ROSENTHAL: One of the

things I looked at a number of years ago was how many

people were trained in Accelerator from the agency

perspective, and you had always, MOCS always knew,

well, there are these many workers and these many

workers have been trained and these many workers come

back and retrain, which is perfectly normal. How

would you say you're doing in terms of training

agency staff for being able to use PASSport?

DAN SIMON: So I, if you're looking for a

number I just don't happen to have that number on me

right now. I would say that training is, ah, I feel

good about where we are in terms of change management

and learning management, um, and that's, that is

another, that is a pillar of what we do. So, yes,

we're developing, we're maintaining Accelerator,

we're building, developing, and maintaining PASSport,

and that is a critical part of our work. Equally

important, if not more important, is ensuring that

the users of these systems know what to do when they

get there and that is not, you know, we don't have a

certificate program where you go through training and

then you're good, right, this is a constant

engagement with vendors, agencies, staff, executive

and mid-range, and the users of the system, and it's

also about timing that correctly. If we training

somebody today...

COUNCIL MEMBER ROSENTHAL: Sure.

DAN SIMON: ... and they don't use the

system for six months, they're going to forget what

we said, and so it's hitting those, those...

COUNCIL MEMBER ROSENTHAL: Do you have

manuals that you regularly update?

DAN SIMON: Without a doubt, yes, and in

different modalities. We have videos, we have job

1

2 aids for particular small amounts of work. There are

3 some uses that don't have, ah, you know, a full set

4 of tasks in the system, but one unique task, and so

5 we have particular guides on those various...

6   COUNCIL MEMBER ROSENTHAL: I'm sure the

7 committee staff will follow up with you on that. You

8 mentioned that you're incorporating DOE into

9 PASSport, and that was one of the change in scope

10 orders...

11   DAN SIMON: Yes.

12   COUNCIL MEMBER ROSENTHAL: That cost 15

13 million dollars?

14   DAN SIMON: Well, it was that and also

15 adding invoicing, which is a huge part of that.

16   COUNCIL MEMBER ROSENTHAL: Oh, yeah,

17 yeah, yet. Is there any thought to including NYCHA,

18 H&H, and the SCA?

19   DAN SIMON: Um, we have not. We have not

20 contemplated those things. Um, frankly, we have

21 plenty to do over the next, ah, 13 months to get

22 Release 3 live, um, and we've got a solid scope that

23 we're focused on. If the benefits are there and

24 other entities see those benefits, of course we'd

25

entertain them. But we haven't had any discussions

with those entities at this point.

COUNCIL MEMBER ROSENTHAL: Again, on page

5 you mention that you've uploaded about 11,500

vendors. How many more to go?

DAN SIMON: So that's, it's leveled off,

ah, since go live back in August of 2017. We were at

a really fast rate there for a while and it's leveled

off. It's tough to know what the ceiling is on the

number of vendors in New York City.

COUNCIL MEMBER ROSENTHAL: OK, all right,

good to know.

DAN SIMON: Ah, but we think that the

folks that do business with the city currently, um,

are there and doing the tasks they need to do, and

what we're focused is as we are lowering the sort of

administrative burden of doing business with the city

that we're making sure that we're getting out to

other vendor communities that aren't yet there.

COUNCIL MEMBER ROSENTHAL: Do you

coordinate with SBS to make sure all the certified

M/WBEs are in there?

DAN SIMON: Yes.

COUNCIL MEMBER ROSENTHAL: You do?

1

2   DAN SIMON: We talk with SBS all the time

3 and to the extent the they are in PASSport is a work

4 in progress, um, and so...

5   COUNCIL MEMBER ROSENTHAL: I think that

6 would be interesting to come back with, to the

7 committee, about number certified, which is around, I

8 forget, 9000, and how many are in, can work in

9 PASSport.

10   DAN SIMON: Yup.

11   COUNCIL MEMBER ROSENTHAL: I would think

12 we'd want to regularly know that. Um, how large is

13 the returnable grant fund?

14   DAN SIMON: Ah, right now it is, it is

15 roughly 70 million dollars.

16   COUNCIL MEMBER ROSENTHAL: Seven zero?

17   DAN SIMON: Seven zero.

18   COUNCIL MEMBER ROSENTHAL: And what

19 percent is on loan?

20   DAN SIMON: Is out right at this moment?

21   COUNCIL MEMBER ROSE: Um-hmm.

22   DAN SIMON: Um, I can get back to you

23 with an exact...

24   COUNCIL MEMBER ROSE: Or a number.

25

1

2   DAN SIMON: Ah, roughly, I think there's

3   about 50 loaned out and...

4   COUNCIL MEMBER ROSE: Fifty million

5   dollars worth of loans?

6   DAN SIMON: Out...

7   COUNCIL MEMBER ROSE: Out?

8   DAN SIMON: And 20 available.

9   COUNCIL MEMBER ROSENTHAL: And 20

10 available?

11   DAN SIMON: That's rough [inaudible]

12   COUNCIL MEMBER ROSE: That's fine. I'm

13 not going to hold you to it. How often does that

14 number get down to zero, in terms of amount

15 available?

16   DAN SIMON: To my knowledge it's never

17 been down to zero. Um, it has gone, it has gone down

18 further than it is now, ah, with the available

19 amount, but, and that's typically around the turn of

20 the fiscal year when we have lots and lots of

21 contracts being registered and we're trying to bridge

22 that gap for nonprofits, um, but it's never been down

23 to zero. There's never been no money available for

24 lending.

25

1

2   COUNCIL MEMBER ROSENTHAL: What? Say

3   that last sentence again?

4   DAN SIMON: There's never been no money

5   available for lending. It's never gone down to zero.

6   COUNCIL MEMBER ROSENTHAL: Ahuh. But

7   surely, I think it would be worth looking at that and

8   seeing whether or not, I've heard from providers that

9   they tried to access the Returnable Grant Fund and

10 they're told that money is not available. So perhaps

11 your, you know, you know, keeping a lot of balls in

12 the air and trying to make sure that there's always

13 money available for the most urgent requests, perhaps

14 not the most urgent requests for money from the

15 Returnable Grant Fund that's not going out.

16   DAN SIMON: Sure. So there are

17 situations where the funding available does not meet

18 the current need at that very particular moment.

19 Then we have to be careful that we may not grant a

20 full request to a vendor. If they're asking for 10

21 dollars we many only grant them seven and have them,

22 you know, come back for the other three in a few

23 weeks, right? Those things happen all the time.

24   COUNCIL MEMBER ROSENTHAL: A thousand

25 percent, and that's exactly what I'm getting out.

1

2 I'd like to, I think the committee would be very

3 interested in knowing the dollar value of that 3

4 million in all the situations because from my

5 perspective, you know, the human service contracts

6 are hanging on by a thread and they could use that

7 other three dollars. Is that possible?

8   DAN SIMON: To follow up with the

9 committee? Of course.

10   COUNCIL MEMBER ROSENTHAL: I mean is it

11 possible to figure out that math?

12   DAN SIMON: It would take some effort,

13 but we can look at the loan application versus what

14 was actually loaned out, sure.

15   COUNCIL MEMBER ROSENTHAL: Um, OK, and

16 um, the obvious follow-up question is I'd be

17 interested in knowing whether or not the

18 administration would be willing to increase the size

19 of the fund by that amount. Do you think that the

20 administration thinks about the fund as a timing

21 dollar value or does it think about it as extra money

22 the city has to pay?

23   DAN SIMON: Well, it's certainly not

24 extra money, right? Because the money would...

25

COUNCIL MEMBER ROSENTHAL: And so to that
extent do you think an argument could be made to
double the size because it's simply a timing issue?

DAN SIMON: Ah, we can come back and talk
more about whether or not that's a priority. But, as
I said, you know, there is a lot of funding available
right now for loans that would be issued. If you
have a particular case where someone feels like...

COUNCIL MEMBER ROSENTHAL: It's not a
matter...

DAN SIMON: ...they're being told the
wrong information, then I want to follow up on those
particular cases.

COUNCIL MEMBER ROSENTHAL: Sure. I
appreciate that. But it's not a, ah, it's not an
issue of a particular member knowing about a
particular nonprofit. It's a matter of culture and
messaging, and if the culture and messaging is not
available now, come back in three weeks, and you're
running a nonprofit and you have eight gabillion
things to do you don't come back in three weeks. You
end up having to take a loan out from a bank at 8%.
So, I, it's a matter, I have heard that answer for a
long time and it's really not sufficient, and I would

urge you to urge the administration since this is

only a timing issue to push hard to increase it by I

don't care what dollar value, because it's a timing

issue, right? It shouldn't, if people understand what

the Returnable Grant Fund is they should understand

that the money always comes back, and this is simply

a fund that allows timing to play out. Does that

make sense?

DAN SIMON: I understand what you're

saying, yes.

COUNCIL MEMBER ROSENTHAL: Do you think

the administration understands what I'm saying?

DAN SIMON: Well, I'd be happy...

COUNCIL MEMBER ROSENTHAL: Do you think

OMB understands it?

DAN SIMON: ... to take that back and talk

more about it.

COUNCIL MEMBER ROSENTHAL: OK. And then

I do, Chair, if I could beg your indulgence, I have a

few more questions. Um, you mentioned somewhere or

the chair mentioned that there's 90, nine zero, 90

million in the budget for procurement savings. Is

that accurate?

1

2   DAN SIMON: I don't have those numbers in

3 front of me, it's a targeted savings for procurement

4 reform citywide. It's a citywide target, not a MOCS

5 target.

6   COUNCIL MEMBER ROSENTHAL: Right. I

7 think what I'd be, I think the committee might be

8 interested in seeing, is over the last four years

9 what were the targeted savings in the budget every

10 year. You don't even have to come back with whether

11 or not they were achieved because I understand how

12 completely amorphous that number is. But just what

13 were the targeted savings every year, and the reason

14 this is important is because, um, in my, I forget,

15 second or third year, so I guess the question is

16 during the life of the de Blasio administration what

17 were the targeted savings put in the budget every

18 year. That's all. Does that make sense?

19   DAN SIMON: I understand the request. We

20 can go back to OMB and talk about it.

21   COUNCIL MEMBER ROSENTHAL: OMB, I mean,

22 it's just a matter of pulling up the preliminary

23 budget or November plan, whatever thing it was put

24 in.

25   DAN SIMON: OK. We'll follow up.

1

2   COUNCIL MEMBER ROSENTHAL: Right sizing

3 human services contracts, um, you know, we've put so

4 much money in the budget to right size and, um, I

5 think it's about 150 million in total, and of course

6 the issue is modifying the contracts to get that

7 money to the providers. Do you believe that all of

8 the modifications have gone out so that all, that

9 agencies have indeed received that cumulative, you

10 know, the, sorry, contracted nonprofits have received

11 the total number that's been put, the total amount of

12 money that's been put in the budget, has that now

13 fund to the nonprofit agencies doing the work?

14   DAN SIMON: So there will always be

15 amendments in the pipeline. That will never get to

16 zero, right? Because we're constantly amending

17 contracts. In particular, the ones you're talking

18 about where it's the raising the minimum, the cost of

19 living adjustments, the indirect rate and other

20 enhancements, the model budget exercises. So all of

21 those, all of those investments in the nonprofit

22 sector in human services contracts have all resulted

23 in contract amendments. And so I would say the large

24 majority, the vast majority, have been, have made

25 their way into vendors' contracts, the providers'

contracts, um, the mayor has recognized that this is

an issue for nonprofits, has committed to clearing

the backlog by mayor and we are focused on getting

the remainder of those amendments...

COUNCIL MEMBER ROSENTHAL: I had not

heard that.

DAN SIMON: ... out the door.

COUNCIL MEMBER ROSENTHAL: So that's good

information to know. So the mayor is committed,

which means you've suggested to the mayor that this

is a possibility to clear the backlog by May of 2019?

DAN SIMON: Um-hmm.

COUNCIL MEMBER ROSENTHAL: That all of

those amended contracts will have circulated through

the system and at least landed on the comptroller's

desk for registration.

DAN SIMON: That's the goal, yes. Again,

the number of amendments out there will never get to

zero, because there are always amendments in the

pipeline, but getting, getting, there's a last sort

of, not a last but a surge of getting those

retroactive amendments out the door and into, ah,

providers' hands through contract registration.

COUNCIL MEMBER ROSENTHAL: I understand the fray. I think we need to separate out two thoughts.

DAN SIMON: Sure.

COUNCIL MEMBER ROSENTHAL: Of course there will always be amendments because in life we're always changing scope. But I don't think it's true that these amendments will last forever. I do, I think you're just talking about two separate things. Is that possible?

DAN SIMON: Well...

COUNCIL MEMBER ROSENTHAL: Because if you're, there are four specific things that money has been put into the budget for. Minimum wage. Well, once that is put in it's baseline. You don't, unless you're saying you have to amendment the contract every year for minimum wage?

DAN SIMON: No. Yeah, so again it's, for contracts that, um, started back then we were able to amendment in a multi-year fashion, right. You're only doing it once, um, and then, and it's done. But based on timing there was raising the minimum wage. Then there were also, ah, COLA exercises. There

1

2   were, the investment and indirect, and so all I'm

3   saying...

4   COUNCIL MEMBER ROSENTHAL: I'm not

5   doubting it's complicated, but at some point it comes

6   to an end.

7   DAN SIMON: Well, yes, but there are model

8   budget discussions going on right now.

9   COUNCIL MEMBER ROSENTHAL: Good.

10   DAN SIMON: Right, and so we keep, we

11 keep adding to the number of amendments that need to

12 be worked on is all I'm saying.

13   COUNCIL MEMBER ROSENTHAL: But by the end

14 of May will even model budget increases be passed

15 through?

16   DAN SIMON: So the goal is to, is to get

17 that backlog cleared by May.

18   COUNCIL MEMBER ROSENTHAL: Including the

19 model budget?

20   DAN SIMON: Well there are, again, there

21 are model budget discussions going on with agencies

22 and vendors right now, um, and so to the extent that

23 those negotiations are ongoing it's a, just sort of a

24 combined responsibility to bring that to a close.

25

1

2   COUNCIL MEMBER ROSENTHAL: Is there

3 anyone tracking this, so could you actually provide

4 for the committee, um, and this is not makework. So

5 if it's makework don't do it. But, you know, we've

6 gone back and the committee has gone back and looked

7 at, um, all the right sizing money and what was put

8 into the budget for what years, um, which is why I

9 think the total is around 150 million for net/net,

10 all four things. Maybe the total is different. I'd

11 love to hear about that.

12   DAN SIMON: Sure.

13   COUNCIL MEMBER ROSENTHAL: And I'd love

14 to hear about what percentage, even if we could even

15 say in May, so by the time of adoption could we know

16 what has flowed through to agencies and how much

17 you've had to roll over in order to make sure it

18 happens next year.

19   DAN SIMON: So the number is...

20   COUNCIL MEMBER ROSENTHAL: Right, because

21 it doesn't go away. If it hasn't been modified the

22 number doesn't, the dollar value doesn't go away,

23 right? It's still going to get, again, just a timing

24 problem over the years.

25

DAN SIMON: So the investment in the

nonprofit sector in this administration is 600

million, roughly, um, and we are working on all of

the amendments to those contracts to push that month

into providers' budgets. The vast majority are

complete and there is a final set that we're looking

to push through and surge to the end of May.

COUNCIL MEMBER ROSENTHAL: So if we were

to take out the 40 million from model budgets and

only talk about indirect minimum wage and COLAs, do

you think we're done there?

DAN SIMON: Well, so it's difficult to

parse it out because, because amendments, you know,

aren't where we, they're not as fast as we'd like

them to be, right, we've all acknowledged...

COUNCIL MEMBER ROSENTHAL: Will PASSport

fix amendments?

DAN SIMON: So it will, it will manage

amending a contract in a far more efficient way.

COUNCIL MEMBER ROSENTHAL: How much time

do you think it will decrease, um, getting an

amendment through to a provider?

DAN SIMON: So...

1

2   COUNCIL MEMBER ROSENTHAL: Will it be a,

3   I've loved the way you've spoken about well, we've

4   gone from a matter of months to...

5   DAN SIMON: Yeah, totally fair.

6   COUNCIL MEMBER ROSENTHAL: ...to a matter

7   of weeks.

8   DAN SIMON: Yeah, it's tough, it's tough

9   to know what the exact, ah, day figure is now. I

10 mean, we're thinking a lot about what those cycle

11 times ought to be and what we should work towards.

12 We know that they will be faster because I think the

13 transparency that we have in Release 1 has played

14 itself out in those, in those figures that I've

15 already cited, right? You have a process that is well

16 laid out, is transparent to both sides, city and

17 vendors, right? Those things create speed, just, ah,

18 on their own.

19   COUNCIL MEMBER ROSENTHAL: That's the 90

20 million in procurement savings.

21   DAN SIMON: But, and so we're trying to,

22 we're trying our best to get these amendments pushed

23 through as quickly as we possibly can, but in terms,

24 so agencies will at times in an attempt to save time

25

and get the money out the door as quickly as possible

also combine things, right?

COUNCIL MEMBER ROSENTHAL: Sure.

DAN SIMON: They'll combine the indirect

with the COLA...

COUNCIL MEMBER ROSENTHAL: Sure. Great.

DAN SIMON: ...with the weight

adjustment, into one amendment and push it through.

So it's very difficult to parse out in the current

state of play with the systems that we currently have

to be able to parse out for you exactly what you're

asking, which is how much of this and how much of

that and how much of the other.

COUNCIL MEMBER ROSENTHAL: Have you found

that...

DAN SIMON: From a, from a...

COUNCIL MEMBER ROSENTHAL: ... those

things go through faster? Have you encouraged other

agencies to put them through in whole? You don't

have to answer it. But it just strikes me that I

hope through PASSport I think I hear you say, and

correct me if I'm wrong, that when you have full

implementation of PASSport that change orders will go

faster and amendments will go faster.

DAN SIMON: For sure.

COUNCIL MEMBER ROSENTHAL: OK, last just is a comment that, um, if you could just let Ryan Murray know that he was missed.

DAN SIMON: Oh, I'll let him know.

COUNCIL MEMBER ROSENTHAL: OK, thank you so much.

DAN SIMON: He would love to hear that.

UNIDENTIFIED: I'm sure he's watching at home.

COUNCIL MEMBER ROSENTHAL: Yeah, he's watching.

CHAIRPERSON BRANNAN: I wanted to keep digging into the late payment stuff. Um, during a recent hearing, I think our last hearing where we did an oversight hearing for PASSport, um, MOCS expressed that the comptroller had not shared data with MOCS use for the report on late payments to the human services providers and that many of the contracts used for the report may have been, ah, council discretionary contracts. Um, a couple of things. Number one, has MOCS received that data from the comptroller yet and if so has your opinion changed on the issue of late payments to human services

providers? If not, how can we help you in securing

this data request?

DAN SIMON: So, ah, our position has

never changed. We, we've always known and didn't

need the comptroller to tell us that there was a

problem in the procurement process in that nonprofits

experienced that as much as anyone in New York City

and we're focused on that. The data for that

original report, no, it never came through. But

we're really not interested in it, honestly. The

position that we acknowledged is that the procurement

process is broken. It requires a significant reform

effort, which is underway, and so frankly if we

focused on the way the comptroller counts, you know,

we could spin our wheels in that space, but we're

really not interested in doing that. We want to

implement PASSport and fix this problem.

CHAIRPERSON BRANNAN: For the COMPASS RFP

there was a, the Youth Services preliminary budget

hearing, I saw that Commissioner Chong told, ah,

Debbie Rose, Chair Rose, that MOCS has taken the lead

on negotiations with human services providers

regarding, ah, the rescinded COMPASS RFP, um, why was

the RFP rescinded and how is the process going, and

how do you plan on involving the council in that?

DAN SIMON: So, um, historically human

services are budgeted, and the DYCD in particular, on

standard rate and so what we don't have currently,

um, for COMPASS or Sonic are providers submitting

their own price, um, for the services that they would

provide. They're not competing on that price.

They're not, we're not interested in having them

compete on price and haven't been for a long time,

and so what we've come up with historically is a

standard rate by which we will pay them, and so you

have a hundred kids in your afterschool program, a

hundred kids times the rate is your annual budget,

essentially. While all of the investments in cost-

of-living adjustments and increasing the minimum

wage, right, those are now unique to each vendor, to

each contract. If you're staffed with five folks in

your program and another program is staffed with 10

folks, right, the cost-of-living adjustments and the

wage adjustments are going to impact those two

vendors differently, right, and so now what started

as a standard rate, um, but hearing feedback the

vendors, um, we decided that it required a bit more

conversation to make sure that they understood this

dynamic, um, and so we're in the process of doing

that. We've met with, um, vendors who were, you

know, expressed an impact, expressed the impact to us

on what the new COMPASS RFP model would be. We've

also met with a group of vendors who do not currently

have COMPASS and Sonic contracts and their reaction

to rescinding the RFP. Discussions are ongoing and

we're, you know, we don't have a final timeline on

when this new RFP will go out. But we've extended

the contracts, the current contracts, through the

following year to ensure continuity of services.

And, sorry, your final question, happy to involve the

council in discussions about the issues that we're

facing. This is not just this one RFP, right, we

have lots of programs that are based, that are

budgeted based on a rate, you know, raising the

minimum wage and COLAs has thrown all of those

standard rates into variables and we have to figure

out how to deal with that, um, it's not just a

problem unique to this one RFP.

CHAIRPERSON BRANNAN: Just jumping around

here to some of the other comptroller stuff. What

causes contract delays after, after a contract is

registered by the comptroller where are the pitfalls

there? What is it, what could delay it from there?

DAN SIMON: Well, once the contract is

registered, it's registered. I presume you're

talking about invoice and payment? If we're talking

strictly about human services and nonprofits, then we

are seeing a six-day median cycle time on invoice

approval, by and large. There isn't a lot of back-

and-forth having a standard budget and Accelerator

has lent itself to a fairly simple invoicing process.

You establish up front what your budgeted lines are

and an invoice essentially debiting off of those

lines. We understood that there were some issue

around budget modifications when you want to change

those lines and so we, ah, we put in a new policy

where up to 10% of the budget can be moded without

agency approval, right? And so we've given the

provide some freedom there to mod their budget. But

the invoicing process itself, ah, moves very quickly,

by and large.

CHAIRPERSON BRANNAN: Is there a step

along the way and vendors are contacted to discuss

the reason for contract delays?

1

2   DAN SIMON: Sorry, could you restate

3 that?

4   CHAIRPERSON BRANNAN: I'm trying to get,

5 I'm talking all about the, after a contract is

6 registered by the comptroller, when in the process

7 are vendors contacted to discuss the reason for the

8 delays, if there are delays?

9   DAN SIMON: So if...

10   CHAIRPERSON BRANNAN: Like is there

11 something that, you know, when it gets to this point

12 we gotta call these guys and let them know what's

13 going on?

14   DAN SIMON: So I would say that to the

15 extent, agencies and providers are in contact all the

16 time. Um, to the extent that they don't understand

17 what the delay is, we've encouraged them to reach out

18 directly to MOCS so that we can get answers for them.

19 But, again, the goal, one of the goals of PASSport is

20 to have a system where there is no mystery about

21 where something is, what step it's on, what's next,

22 and what to anticipate.

23   CHAIRPERSON BRANNAN: So are there things

24 outside, are there additional steps outside of

25 PASSport, um, whether it's through MOCS or the

procurement policy board, are there other ways to

expedite payments to small vendors? I mean, I know

you don't like saying PASSport is the panacea, but

what else are we doing?

DAN SIMON: So we're focused on a few

things. So one is for sure PASSport and having a

transparent process throughout. But there are, you

know, that doesn't have, it doesn't help a vendor who

has a late contract right now, um, that a year from

now that will have PASSport. Totally recognize that,

and so we are, we've created, ah, some mechanisms

where we are, ah, working with agencies to ensure

that things, so the backlog is one area where we're

pushing agencies. We also created a policy on how to

manage renewals and extensions. So a contract is

either going to be extended or renewed this coming

July 1st. Putting together a project management plan

for them so that there are certain milestones that

they must meet six and seven months out instead of,

you know, based on just the overwhelming amount of

work folks have, you know, not realizing that they

have a renewal two months before it's actually

renewed, just making sure that we're hitting those

milestones well in advance so that we can hit July

1st. Those are sort of the interim things that we're focused on.

CHAIRPERSON BRANNAN: Right.

DAN SIMON: But, you know, again, there ought to be a system that pings us six months out saying hey, this contract has a renewal term in it, are you going to renew, and then that, you know, that process can be kicked off. We need, we need to take some of the human element out of it and automate the things, based on the data that we have.

CHAIRPERSON BRANNAN: I guess, I'm just trying to sort of, as much as we don't like to say that PASSport is going to be the silver bullet, I'm worried that after we spend 45 million dollars if there, a lot of these problems still persist people are going, no matter what we, you say, even that it's not a panacea, people are going to say I thought this was going to fix everything and we're still having the same problems as we had before. So I think that's why now, before it's fully bait, we're to make sure, you know, that there are other things in place to mitigate this stuff.

DAN SIMON: Yeah, and so I would love to have a full briefing with the committee...

1

2   CHAIRPERSON BRANNAN: Yeah.

3   DAN SIMON: ... on where we're at.

4   CHAIRPERSON BRANNAN: OK.

5   DAN SIMON: Um, from a design point of

6   view and would love to hear more feedback that you

7   guys have. We're thinking about those things all the

8   time. It freaks us out, you know, I mean, we're a

9   paranoid group. We want this to be a success.

10   CHAIRPERSON BRANNAN: Like you said, I

11 don't want, I don't want that to happen.

12   DAN SIMON: Of course.

13   CHAIRPERSON BRANNAN: I want it work.

14   DAN SIMON: Of course, of course.

15   CHAIRPERSON BRANNAN: And everyone says

16 this is great, and everyone is, you know.

17   DAN SIMON: I mean, so the confidence

18 that we have is based on some of the little things

19 that we've seen improve with the pieces of the system

20 that are live, right?

21   CHAIRPERSON BRANNAN: Right.

22   DAN SIMON: And so even in Release 1

23 we've seen, you know, having the huge manual paper

24 Vendex process put online things are much easier now

25 for vendors to be able disclose their information and

maintain it over time. The responsibility

determinations, which is like a background check on a

vendor, has gone from, we think, six-seven weeks, but

it's now taking seven days. So those little things,

and there wasn't, we didn't have some, you know, hey,

we have to get to seven days on responsibility

determinations, this has happened organically.

Because the process is transparent we have agencies

sharing information on vendors, and so things are

able to move much quicker. And those principles are

what we're putting into every piece of the system

design. But, again, I would love the opportunity to

sit with you all and go through this in a more

detailed way.

CHAIRPERSON BRANNAN: I think that would

be helpful.

DAN SIMON: Great.

CHAIRPERSON BRANNAN: I have one other

thing and then I'm going to turn it back to my

colleagues. Does MOCS have a sense of how much the

preliminary 2020 budget is funded through federal,

state, and city dollars?

UNIDENTIFIED: Are you regular to MOCS's

budget or what?

CHAIRPERSON BRANNAN: Yeah.

UNIDENTIFIED: We have no federal...

CHAIRPERSON BRANNAN: Citywide. The citywide contract budget.

DAN SIMON: Yeah, we're not prepared with that information.

CHAIRPERSON BRANNAN: OK. I'd be very interested to know.

DAN SIMON: OK.

CHAIRPERSON BRANNAN: What? Well, yeah, I agree you should have that. I mean, in previous budget hearings I know MOCS has agreed to work with OMB to provide a funding breakdown, so that's something we'd definitely be interested in.

DAN SIMON: Sure, we can talk to OMB about a breakdown of citywide.

CHAIRPERSON BRANNAN: OK. Ah, Councilwoman.

COUNCIL MEMBER ROSENTHAL: Sorry, if I could just follow up on that, you know, what do I know. But what's the total size of the contracts, how much money in contracts goes through the city? What's the total size? By the end of the year?

DAN SIMON: So the last fiscal year, I believe, was 21.7 billion in procurement.

COUNCIL MEMBER ROSENTHAL: And so in the last fiscal year of 21.7 billion how much was funded through federal money?

DAN SIMON: Yeah, we can come back...

COUNCIL MEMBER ROSENTHAL: Or was it all city funds?

DAN SIMON: We can come back with that precise breakdown. I'm happy to do that.

COUNCIL MEMBER ROSENTHAL: I think the reason it's important is because, um, like one thing that I've talked about before is that it's challenging for the city for nonprofits. When the city includes increases for minimum wage or increases for COLAs and the state does not provide those increases, and I think that's part of what that question gets to. So if by the end of all our questioning your staff hasn't and you could mention it that would be great. I wanted to ask just a few questions, um, as part of the indirect costs is there a standard now for indirect costs for all the providers?

1

2   DAN SIMON: So we have a, the basic way

3   to think about it is we have a floor of 10% and the

4   new cost manual, ah, that we just issued...

5   COUNCIL MEMBER ROSENTHAL: Right.

6   DAN SIMON: ... provides vendors with

7   greater flexibility. So essentially if they have an

8   established federal indirect rate they can use that

9   rate, or they could have a CPA certify what their

10 indirect rate is, and then they can use that rate.

11   COUNCIL MEMBER ROSENTHAL: And when will

12 that guideline, or the manual, go into effect? Is it

13 in effect now?

14   DAN SIMON: So it's meant to be in effect

15 for fiscal year 20.

16   COUNCIL MEMBER ROSENTHAL: For fiscal

17 year 20?

18   DAN SIMON: For this coming July.

19   COUNCIL MEMBER ROSENTHAL: So it would

20 start this coming July, and nonprofits know that

21 they're, are they now working with their CPAs to...

22   DAN SIMON: To the extent that they don't

23 already have an established rate, yes, they can do

24 that.

25

1

2   COUNCIL MEMBER ROSENTHAL: Do you know

3   how many already have an established rate?

4   DAN SIMON: I'm sorry, say that again?

5   COUNCIL MEMBER ROSENTHAL: Do you know

6   how many already have an established rate?

7   DAN SIMON: The number of nonprofits that

8   have? We don't have, we haven't surveyed, ah,

9   providers to know, you know, who has one and who

10 doesn't. We don't have that information.

11   COUNCIL MEMBER ROSENTHAL: OK, what's the

12 total number of providers that you're dealing with?

13   DAN SIMON: Ah, so, it fluctuates, but

14 typically anywhere from eight to twelve hundred

15 vendors have contracts, this is not counting City

16 Council discretionary vendors.

17   COUNCIL MEMBER ROSENTHAL: Sure.

18   DAN SIMON: That number goes up. But the

19 typical competitive contracts, it's about anywhere

20 from eight to twelve hundred.

21   COUNCIL MEMBER ROSENTHAL: Eight to

22 twelve hundred. And, um, so does the budget

23 contemplate the cost of the difference between the

24 CPA certified indirect and the baseline of 10%?

25

DAN SIMON: So the cost, the goal for MOCS and the Nonprofit Resiliency Committee was to issue a cost manual that gives, ah, nonprofits great flexibility in how they use their indirect rate, their established indirect rate.

COUNCIL MEMBER ROSENTHAL: How they use it?

DAN SIMON: So the rate that they have they are able to use. What we're providing is greater flexibility to use an established indirect rate that they may have. So either their federal rate, a CPA established rate, or a floor of 10%.

COUNCIL MEMBER ROSENTHAL: Oh, so does that mean that currently if they have a 10% rate, and I'm totally making this up. Let's say the federal indirect rate is 17% and let's say the CPA rate is 15%. What happens now that you have the indirect manual?

DAN SIMON: So we wouldn't contemplate that entire scenario, right? So if they have an established federal indirect rate of 17% then they can apply a 17% indirect rate on their contracts. If they don't have a federally established indirect rate they can...

1

2   COUNCIL MEMBER ROSENTHAL: Oh, oh, so...

3   DAN SIMON: Like they don't have a rate

4   established at all they can go to a CPA firm, have

5   them certify what their indirect rate is...

6   COUNCIL MEMBER ROSENTHAL: Got it. So

7   let me say it a different way. I think I'm, I'm

8   getting there. So let's say the current rate is 10%.

9   And let's say a CPA says the right number is 20%. If

10   that's the case, is the next step you look at their

11   contract and the contract includes an indirect rate

12   of 10% and if you leave the staffing and the OTPS as

13   it is currently because that's the contract size

14   we've established that is the right sized number, but

15   now we're gonna apply the CPA-identified 20%, that

16   would therefore show that they can't fund the right-

17   sized contract, right? You have 20 workers and you

18   have 20 dollars in OTPS and that equals a hundred

19   dollars. It used to be that the contract would pay

20   for a hundred and ten dollars because it was agreed

21   that 10% is the right indirect and now we know the

22   indirect is, the proper indirect is 20%, so where

23   does that ten dollars happen? Does that me you cut

24   it out of services by ten dollars? Because now the

25   agency can use that twenty dollars for the indirect?

1

2 Or does it mean that therefore in order not to lose

3 services the services makes up that additional ten

4 dollars? Does that make English sense?

5   DAN SIMON: I do, I understand what

6 you're saying. The investment that the city made was

7 bringing folks up to a floor of 10%, um, and in

8 addition this cost manual gives them greater

9 flexibility within their budgeted lines to

10 accommodate an established indirect rate.

11   COUNCIL MEMBER ROSENTHAL: Well, wouldn't

12 that by definition cut services?

13   DAN SIMON: Not necessarily. I

14 understand, I'm not ignorant to nonprofits' position

15 on this issue, but our focus with the cost manual was

16 to give providers greater flexibility in their

17 budgeting and allow them use an established indirect

18 rate.

19   COUNCIL MEMBER ROSENTHAL: Because

20 before, let's not keep talking, but just in, for the

21 purpose of planning, I would, I'm not ignorant to

22 what you're saying, either, so I really understand

23 the notion of flexibility. It would strike me that,

24 um, ah, a budget would want to contemplate the impact

25 of that. What are the ramifications of allowing that

flexibility? Perhaps bringing that up for another

budget, but if, if your folks in talking to City Hall

about the outcome of this hearing could mention that

the City Council has now flagged that the obvious

next step to that is an increase in money to the

nonprofit providers.

DAN SIMON: Happy to bring that back.

COUNCIL MEMBER ROSENTHAL: Thank you. I

appreciate that. You mentioned modifications, sorry,

now I'm just going to jump all over the place.

DAN SIMON: OK.

COUNCIL MEMBER ROSENTHAL: These were

questions raised from your conversations with the

chair. You mention opportunities for modifications

without approval. Could you just explain that a

little bit more?

DAN SIMON: Sure. So traditionally, um,

a vendor, a provider would establish their line item

budget with an agency. And in order to change those

line items, so from PS to OTPS...

COUNCIL MEMBER ROSENTHAL: Oh, I see.

DAN SIMON: Pencils depends...

COUNCIL MEMBER ROSENTHAL: Fine, so not a

change in dollar amount, just a change in a use?

1

2   DAN SIMON: Not changing, a modification

3 with a net [inaudible]

4   COUNCIL MEMBER ROSENTHAL: Yikes, that

5 used to have to go through like the CP approval

6 process.

7   DAN SIMON: No, I mean, this is expense,

8 ah, expense funding by and large.

9   COUNCIL MEMBER ROSENTHAL: OK. Got it.

10 I'm wondering about requirements contracts. Getting

11 back to the issue of different agencies do different

12 micro things better, um, if you are able to identify

13 if requirements contracts, for example, go better at

14 some agencies could you use those same requirements

15 contracts for other agencies?

16   DAN SIMON: So requirements contracts

17 generally do go quicker because you've established...

18   COUNCIL MEMBER ROSENTHAL: A list.

19   DAN SIMON: ... a contract, ah, and you

20 say that when the city needs a particular thing it's

21 going to that vendor on that contract to make that

22 purchase. So those things certainly move quicker.

23 It had its own challenges, um, which is why Release 2

24 of PASSport is meant to tackle a lot of that with

25 DCAS and DOIT and managing those requirements

contracts so that we could make purchases off of

those contracts much more efficiently.

COUNCIL MEMBER ROSENTHAL: And so for

requirements contracts, are those a hundred percent

supplies and consultants, or could you also have like

an M/WBE electrician?

DAN SIMON: So by and large they're goods

contracts. Um, if we're talking breast professional

services, um, M/WBEs for sure are, you know, raising

the discretionary threshold to 150,000 has been a

huge, ah, benefit to the agency's ability to be, to

move the needle on M/WBEs in particular. As you may

know, the mayor came out last week and, ah, made a

proposal that that dollar amount get raised to a

million dollars, and we'd love the council's support

in having the state make that change.

COUNCIL MEMBER ROSENTHAL: That's

happening in Albany right now?

DAN SIMON: Yes.

COUNCIL MEMBER ROSENTHAL: And is that

part of the budget negotiation or would it be

independent of that?

DAN SIMON: Ah, so, that's a better

question for...

1

2   COUNCIL MEMBER ROSENTHAL: Sorry about

3   that.

4   DAN SIMON: ... City Hall and OMB, but,

5   um, you know, the proposal to raise that to a million

6   dollars would have a huge impact on our ability to

7   close the disparity on, for M/WBEs.

8   COUNCIL MEMBER ROSENTHAL: Yeah. Can I

9   ask you, could you refresh, um, the public's memory

10 of what the M/WBE goal is for the mayor?

11   DAN SIMON: So there's two goals. One is

12 the, are utilization...

13   COUNCIL MEMBER ROSENTHAL: The dollar

14 amount.

15   DAN SIMON: ...goal of 30%. Ah, the

16 dollar amount is One NYC goal and that is 20 billion

17 by 2025.

18   COUNCIL MEMBER ROSENTHAL: And does that

19 include the non-mayoral agencies?

20   DAN SIMON: I'm sorry?

21   COUNCIL MEMBER ROSENTHAL: Does that

22 include the non-mayoral agencies?

23   DAN SIMON: The One NYC does, yes. Local

24 Law 1 applies to only mayoral agencies...

25   COUNCIL MEMBER ROSENTHAL: Yes.

1

2   DAN SIMON: ...and those under Local Law 1

3 the One NYC is a dataset that we collect on not only

4 mayorals but non-mayoral agencies as well.

5   COUNCIL MEMBER ROSENTHAL: So you're able

6 to collect the data for M/WBE contracts in the non-

7 mayorals?

8   DAN SIMON: Yes.

9   COUNCIL MEMBER ROSENTHAL: Could we use

10 that as a door to walk through for not putting non-

11 mayorals into PASSport?

12   DAN SIMON: So I don't see a direct

13 connection there, but, again, we're happy to talk to

14 anyone that would benefit from an e-procurement

15 system. I would just caution that, you know, taking

16 on, ah, the breadth of something like NYCHA or SCA in

17 the procurement process when we have already got

18 established scope and plenty to do in order to go

19 live with Release 3, we need to bite off what we can

20 chew at this very moment.

21   COUNCIL MEMBER ROSENTHAL: I don't

22 disagree. It strikes me that some of the non-

23 mayorals would have the capacity to figure it out

24 themselves so that they could address your capacity

25 issue. I'm thinking of EDC.

DAN SIMON: So EDC is, is a unique
example. They're, ah, you know, funded through a
contract with SBS, as you know, and so they are to
some degree included in PASSport. They use PASSport
Release 1 now. In some instances they are users of
the system and so they are...

COUNCIL MEMBER ROSENTHAL: Oh.

DAN SIMON: ...incorporated into, into
what we do. Whether or not we tackle every piece of
their procurement process remains to be seen, but we
meet with SBS and EDC on some of these matters fairly
regularly.

COUNCIL MEMBER ROSENTHAL: And so a
yellow flag if you're still using the flag system,
which I hope you are, from EDC could be used for DDC
and vice versa.

DAN SIMON: On a, you mean a flag on a
vendor?

COUNCIL MEMBER ROSENTHAL: Yeah.

DAN SIMON: Yes, absolutely, yeah.

COUNCIL MEMBER ROSENTHAL: How's that
going, the flag system?

DAN SIMON: It's, it's, well that's, so
that's the seven weeks down to seven days, um, that

1

2 responsibility determination. Part of that is

3 gathering that information about vendors and

4 highlighting for agencies across agencies. Everyone

5 is looking at the same information, based on what we

6 collect and any cautions that arise, and so we think

7 the process is going fairly well.

8   COUNCIL MEMBER ROSENTHAL: OK. Thank you

9 so much, appreciate it. Thank you for your time,

10 Chair, and your time.

11   CHAIRPERSON BRANNAN: Councilman Perkins,

12 do you have any? OK. Just a couple of last things.

13 On construction contract compliance with ADA, what

14 requirements are included in the construction

15 contracts related to ADA? Are there things baked in,

16 I hope, assume?

17   DAN SIMON: I'd have to go back in and

18 look at that for you. I can come back with more

19 results.

20   CHAIRPERSON BRANNAN: Because I'd like,

21 I mean, I need to know how MOCS is making sure that

22 all construction contracts are in compliance with ADA

23 and that there's, you know, how do agencies monitor

24 and make sure that projects comply? Is there a punch

25 list, that kind of thing? Very important.

1

2   DAN SIMON: OK. We can come back with

3 more details, then.

4   CHAIRPERSON BRANNAN: Otherwise, I think

5 we're good. Good, yeah, right on. Thank you, guys,

6 thank you. OK, I'm going to hear from our first

7 panel. Beth Goldman, Michelle Jackson, and Dana from

8 Good Shepherd, and Andrea from Live On. Please.

9 [pause] I just want to, for the record, say that we

10 are joined as well by Councilwoman Inez Barron. I've

11 got the dream team here. Ah, cool, whenever you guys

12 are ready. Whatever order you want to go in.

13 [pause]

14   MICHELLE JACKSON: [laughs] I'll kick

15 things off. [laughs] Good morning. My name is

16 Michelle Jackson. I'm the deputy executive director

17 for the Human Services Council. Thank you so much

18 for providing me for this opportunity to testimony,

19 um, and for holding this hearing today on contracts,

20 a really important issue for the nonprofit sector.

21 Agency is a membership organization. We represent

22 about 170 human services organizations in New York

23 City and procurement is one of our, ah, focus area.

24 So this is a sexy topic for us [laughs], as you know

25 [laughs]. So I only had a couple of issues that the

nonprofit sector is experiencing. I could probably

write the same testimony for the last number of

years, um, but I tried to give it a little bit of

different flavor this year. So the first thing, the

sector is united across coalitions and providers this

year in asking for an increase in, for the council to

include in their response to the mayor and ask for

250 million dollars for the implementation of the

indirect manual. The Nonprofit Resiliency Committee

has spent a considerable amount of time developing

the indirect manual. We think it's an important step

in standardizing rates across agencies, um, and there

is opportunity here for providers to be able to

actually put their real costs into some of these

contracts. Unfortunately without any way of

increased funding and the manual says you can't

decrease services and more funding may not be

available. To be honest, it's like rearranging deck

chairs on the Titanic. Um, we are often asked to

take on unfunded mandates, whether it's the exempt

employee overtime issue or just increased service

deliverables. There are no cost escalators in our

contracts and so being able to say I now have a 16%

indirect rate instead of a 10%, but there's no space

for me to claim it. Yes, it does allow flexibility

if you have some money left over at the end of the

year, if you have a staff vacancy, but we really need

to be paying the full costs of these contracts and

that requires an infusion of cash, and the city

should be paying the full cost of the services that

they want nonprofits to provide. So that is a big

area for us to focus on this year. The second around

contracting delays, the ever-increasing contract

delays. Ah, we are happy that the Nonprofit

Resiliency Committee has undertaken, um, renewals and

extensions, trying to push those through earlier, so

we think there is, we're very optimistic about that

process this year and can come back here next year to

say if my optimism was warranted [laughs], but we do

think that there has been a dedicated amount of

resources from MOCS and from the city agencies to

clear up some of the backlog, um, at least in the

renewal and, um, place, but I mean I'm sure you'll

hear from a lot of providers after this about the

money that they're still owed from contract delays

and contract registration, or amendment delays, that

are currently going on. I mean, of course, because

of this while we think PASSport will help I kind of,

you know, being able to see where everything is

great, but who is pushing it along is really

important, and so we support Council Member Brannan,

your bills around interest and, and accountability

around the contracting process. And then finally in

the area of RFPs, we think the Nonprofit Resiliency

Committee has done, of course, incredible work around

the collaborative program design and over the last

couple of years RFPs have been focused in MOCS, like

they have been kind of taking over some

responsibility for insuring RFPs are coming out

consistently. Unfortunately, we're not seeing some

of the values that are being purported in the NRC in

those RFPs. RFPs are still coming out with very

short time delay, ah, time turn-arounds, like four to

six weeks, which does not allow providers a real

opportunity to respond. We're also seeing RFPs, like

the COMPASS and Sonic RFP when it came out that had

rates that were pre-COLA and pre-indirect, um, and

did not, even without that, did not cover the real

costs of those programs, so there is still not that

collaboration. So we'd like to see MOCS have

dedicated resources to be able to really make sure

that when RFPs coming out, are coming out, that this

agencies have worked with people who hold those

contracts so that the real costs and real

deliverables are put in the RFP and we don't have to

do our advocacy around getting those pulled and

delayed, which doesn't help communities and it

doesn't help the city agencies get the work done that

they need to get done. So I'll stop. I'm happy to

answer any questions, now or after the panel.

[pause]

BETH GOLDMAN: Good morning, Chair

Brannan and council members. My name is Beth

Goldman. I'm the president of the New York Legal

Associate Group. I'm going to put aside my written

testimony, which you can review, and I really want to

focus on delays. I have testified before this

committee in the fall. I've been to the Charter

Revision Commission, and as the president of an

organization I've devoted a lot of time to this

issue, because for us delays in payment really are,

um, ah, a key problem for us as an organization and a

major factor in thinking about city contracting. So

when I testified in the fall for the Contracts

Committee we had 3% of our FY19 contracts registered

and that was almost at the end of the first quarter

of FY19. Now we're almost three-quarters through and

we have 55% of our contracts. And that, by the way,

accelerated a little bit. The last few months have

been moving and we're happy about that. But that's

the reality and that's been that way, you know, every

year. And what I would say is we have very good

relationships with people at the agencies we work

with who try to help us through the process, who are

getting, we get our invoices ready before the

registration because they will say to us we're

hearing, it's going to move, get it ready, get it to

us that day, we'll get it processed, and they do

process it very quickly. So the issue isn't, not the

payment at the back end, um, and it's not the

relationship with the agencies, who seem to be

trying. They're certainly willing to share with us

the information that they do have. It's the delay in

the registration. And what's, continues to be

mystifying about it is that we have many, many

contracts with many agencies over many years, but

we're a known quantity, right? So what is happening

through all that time? There are amendments. There

are other things that need to get worked out between

the parties to the contract, but most of that happens

early on and then we're waiting in this, um, little

bit of a black hole, and one of the issues that I

talked about a lot is transparency. And maybe the

PASSport system is going to allow for that. But the

reality is we don't know anything when we're sitting

and waiting for registration. We can call some of

our contacts in the city. What are you hearing?

What do you know? Do you know where it is?

Sometimes they can figure it. Some agencies are

better than others. But why we don't know where it

is, what the holdup is, and it's usually nothing,

right? It's not something that's held up the

contract, it's just processing. So, you know, cash

is a huge deal for nonprofits. Nonprofits have gone

out of business because they didn't have cash. Cash

is the issue that my board worries about, that I

worry about, and so we are really excited about some

of the proposals that Council Member Brannan and

Levine have put together. But I just want to say

that if they don't get them registered, getting paid

the interest that we have to borrow is great, but the

reality is we can't make payroll, right? It's much

more important for them to pay us on time to get

reimbursed for the interest.

1

2   UNIDENTIFIED: [inaudible] You have a

3 question? [pause]

4   UNIDENTIFIED: Thank you.

5   CHAIRPERSON BRANNAN: [laughter]

6   UNIDENTIFIED: It won't turn on.

7   CHAIRPERSON BRANNAN: OK.

8   UNIDENTIFIED: I know the feeling.

9   CHAIRPERSON BRANNAN: Thank you, Beth.

10   DANA ALTNEU: My name is Dana Altneu.

11 I'm the assistant director of government contracts at

12 Good Shepherd Services and I want to thank you all

13 for holding this hearing this morning on a very

14 important topic facing the nonprofit sector. So I

15 want to start off by first talking about a topic

16 covered in, um, in delay in registration. I'm happy

17 to report that we just got our final contract in FY17

18 registered, so that was an exciting, ah, top piece,

19 and we very much hope that the new PASSport system in

20 version 3 will be transparent and help us

21 understanding the contracting process and delays.

22 Ah, some other issues I want to focus on are

23 insufficient funding. So as Michelle had mentioned,

24 the new indirect manual, um, in which we will be able

25 to use our indirect rate, there are no increases to

our contract and so we are struggling at this point

as we start to build our FY20 budgets how to build

them with our new indirect rate. It's really hard

when we are already doing the, you know, cutting

corners, cutting, you know, OTPS and trips and all

these other pieces to then say like, OK, now at a

high school, in a high school program, you can't go

on any colleague trips because we need to pay, um,

our indirect rate. So these are real conversations

we're having at the agency level. The other piece I

want to touch on is, um, the implementation of COLA

in the indirect. Um, we have many contracts with the

Department of Education who have yet to implement the

COLA indirect. And so this year alone in FY19 we

stand to lose $150,000, if that is not implemented.

Those are programs, so we have community school

programs during the day at some of our schools and in

the after-school, um, we have contracts with DYCD,

whose all their staff members get COLA increases.

And so it would really not behoove us to have, um,

some staff get COLA increases and not others, and so

we're left paying those increases, and so while the

mayor has control of the DOE at the moment we have

yet to, um, receive any of those increases. Um, so

that's the majority of what I wanted to say. So

thank you so much for listening. [pause]

CHAIRPERSON BRANNAN: The councilwoman

allegedly has a question. [laughter] I've been down

this road before, and I believe you.

COUNCIL MEMBER ROSENTHAL: Thank you.

Um, I'm not understanding something your saying. If

the contract, if the modification doesn't go through

because it's delayed it is my understanding that as

soon as it does go through and is registered you

would get the full amount. It's simply a timing

problem. Are you indicating that if it doesn't go

through, say between this fiscal year and next fiscal

year that you lose the money?

DANA ALTNEU: No, we would receive the

money if we actually got an amendment. So far we

have yet to receive from, are you talking about the

DOE contracts? So for fiscal year 18 we never

received COLA in indirect amendments and there has

been no guarantee that we will.

UNIDENTIFIED: There hasn't been a

decision through DOE that they will actually being

doing the COLA.

COUNCIL MEMBER ROSENTHAL: Sorry?

1

2   UNIDENTIFIED: DOE has not affirmed that

3   they will be doing the COLA, and they did this, yeah.

4   COUNCIL MEMBER ROSENTHAL: Is this DO,

5   Education or Health?

6   UNIDENTIFIED: Yeah, Department of

7   Education.

8   UNIDENTIFIED: But they did do the COLA in

9   2016. And so there's an assumption that they should

10   do it again, um, and obviously as the mayoral control

11   over those schools, like that's, I think that there

12   are providers who did get that COLA in 2016 but are

13   not getting this phase-in of the three-year COLA, are

14   waiting to find out and if they don't get it they

15   have workers that they're going to have to give the

16   increase to anyway, and because they work right next

17   to someone who does the same programs through ACS, or

18   something similar.

19   COUNCIL MEMBER ROSENTHAL: So the mayor

20   has not announced that the COLA increase for other

21   agencies, and he's not put it in the budget?

22   UNIDENTIFIED: No.

23   DANA ALTNEU: [inaudible] have a contract

24   with DOE and at this point we have not received

25   confirmation that the COLA will happen.

1

2   COUNCIL MEMBER ROSENTHAL: I'm sorry,

3 which, you're with what organization?

4   DANA ALTNEU: Oh, Good Shepherd.

5   COUNCIL MEMBER ROSENTHAL: Do you have

6 testimony?

7   DANA ALTNEU: I do, I can submit it

8 afterwards, there's a minor error, so.

9   COUNCIL MEMBER ROSENTHAL: Good Shepherd,

10 and, I'm sorry, what do you do for education?

11   DANA ALTNEU: We do a lot. We do LTW

12 programs, Learning to Work programs. We have

13 community school programs. So we do a whole variety

14 of programs.

15   COUNCIL MEMBER ROSENTHAL: Holy moly.

16 [laughter]

17   DANA ALTNEU: Multi-millions in

18 contracts, um, and we need to pay the increase in

19 COLA.

20   COUNCIL MEMBER ROSENTHAL: OK. I'd be

21 interested in your testimony. I'd really be

22 interested in your testimony and just to see how much

23 money we're talking about also.

24

25

1

2   DANA ALTNEU: Sure. So for fiscal year

3 19 it's around $150,000 that we would have to cover

4 ourselves. Just on COLA.

5   COUNCIL MEMBER ROSENTHAL: OK. And was,

6 did the city mandate that you put in the COLA? I

7 mean, does this...

8   DANA ALTNEU: They don't, but we, so we

9 have workers, right, sitting next to, um, [inaudible]

10 so for example in some of our community schools we

11 have a community school portion and an after-school

12 portion, and so they are paid for partly on, some of

13 them on DOE budgets and some of them on DYCD budgets.

14   COUNCIL MEMBER ROSENTHAL: I see.

15   DANA ALTNEU: So it would be really hard

16 to give worker A a COLA and not worker B.

17   COUNCIL MEMBER ROSENTHAL: Got you, got

18 you. [pause] By the way, do you have a different

19 contract with DYCD than you do with DOE, and it's the

20 exact same service?

21   DANA ALTNEU: It's for different

22 services, but at the same sit.

23   COUNCIL MEMBER ROSENTHAL: Got you.

24   DANA ALTNEU: So people are working next

25 to each other.

1

2   COUNCIL MEMBER ROSENTHAL: Yeah, yeah,

3 yeah, OK. Thank you, Chair.

4   CHAIRPERSON BRANNAN: All right. Thank

5 you.

6   ANDREA CIANFRANI: Good morning. I'm

7 Andrea Cianfrani. I'm from Live On New York. Live

8 On New York is a membership organization. We have

9 about a hundred members in our community-based

10 organization nonprofits in your districts that serve

11 seniors through senior centers, NORTs, home-delivered

12 meals, senior services across the board, many

13 contracted through the Department for the Aging.

14 Thank you having us here today. I wanted to say

15 something out loud that everybody in this room and

16 everyone watching at home knows, but, um, the issue

17 with city contracting and procurement is critically

18 important, both to nonprofits as individual

19 nonprofits, but to the sector as a hole. And I just

20 really want to say that because I think the work that

21 this committee has done at City Council as well as

22 the work through the Nonprofit Resiliency Committee

23 is really, um, began to bring these issues forward

24 and make, um, some of these changes that will support

25 the system because, um, you know, the system needs to

be sustainable for, for the work, for the nonprofits

that they are going to be in the community to

continue. So I just wanted to say that and

acknowledge that. There's a lot of technical changes

that have come through and, you know, they're not

always as exciting, at least maybe not to Michelle

[laughs] or to Michelle only, but they're really

important, you know, and so we just wanted to

acknowledge that here and thank you for your work. I

wanted to focus my testimony today in a couple

different area. First, Live On is a member of the

Human Services Strategy Advancement Group. Um, as

Michelle talked about the budget ask this year to

support the indirect manual and the indirect

increases. We fully support that and echo all the

concerns raised by my colleagues at the table, um, to

support the nonprofit infrastructure here in the

city. Um, you know, we know that as a city through

all the contracts in the human services sector we

greatly value the expertise that nonprofits in our

communities offer on the front lines. These

nonprofits very often have served their communities,

built their communities over the past decades, um,

and we're asking them to do really critical,

important work through contracts and, you know, but, you know, shouldn't we, you know, Council Member Rosenthal, you said something really important. I think you said life changes, scope changes, and we need to be able to do that and don't we want nonprofits to be able to do that through the work they're doing? I think we do. I mean, I think in the senior, um, aspect we're talking about, you know, the largest increase in demographics in the next couple decades and, you know, senior service providers really want to be focusing our time on how they're going to serve several generations of seniors through their work and instead they're looking at how to take out loans to meet payroll, um, and how to, you know, shift budget lines around. And that's not where, you know, their expertise should be spent. So we really support these asks and support infrastructure for the service system. Um, the second, I just really want to focus quickly on the entire DFTA service system. We talked about model budgets. First was the model budget. There was 20 million dollars total promised for the senior center model budgets. Ten million of that went to providers last year. There's a second ten that is promised by

FY21. So that is not out yet and that is not put

into budgets, and we don't know when it will be. We

are strongly advocating that go out this fiscal year,

but we don't know when that will be. Um, that

funding is directed only towards staff and programs.

I'll finish up quickly. A big part was missing and

that was to fund food and food costs and other senior

service, senior center, um, food costs, so we have an

ask this year to fund those food costs with a 20

million dollar ask for the entire DFTA system for

congregate meals. And just to close up, it's really

important in the procurement sense, there's two very

large citywide RFPs that are coming down, um, the

road in the next two years. One is for, ah,

neighborhood senior centers and one is for home-

delivered meals. So I just want to say that the

sense of urgency is well past because this will shape

how we serve seniors for decades, um, and so I just

really thank you for paying close attention to the

technical aspects, um, and the big aspects of this

issues. So thank you.

CHAIRPERSON BRANNAN: Thank you.

Councilwoman.

1

2   COUNCIL MEMBER ROSENTHAL: Thank you.

3 Um, are you, if I'm adding the number correctly from

4 Live On, you're saying that the total cost, the need,

5 is 51 million dollars, I just add it up, all the

6 numbers.

7   ANDREA CIANFRANI: OK. So you're adding,

8 so the 20 million was from model budgets last year.

9   COUNCIL MEMBER ROSENTHAL: No, no, no.

10   ANDREA CIANFRANI: Oh, you're adding, oh,

11 for on our one-pager.

12   COUNCIL MEMBER ROSENTHAL: Well, so

13 invest 20 million in senior center meals and kitchen

14 staff.

15   ANDREA CIANFRANI: Yes.

16   COUNCIL MEMBER ROSENTHAL: That's one

17 thing that's not funded.

18   ANDREA CIANFRANI: Correct, currently not

19 funded.

20   COUNCIL MEMBER ROSENTHAL: Not from the

21 model budgeting. I'm going to blip over the next

22 one.

23   ANDREA CIANFRANI: Sure.

24   COUNCIL MEMBER ROSENTHAL: Which is 10

25 million for promised, that's just timing.

1

2   ANDREA CIANFRANI: Perfect.

3   COUNCIL MEMBER ROSENTHAL: So I'm going

4   to blip over it.

5   ANDREA CIANFRANI: Yes.

6   COUNCIL MEMBER ROSENTHAL: Then plus 15.

7   ANDREA CIANFRANI: For home deliveries.

8   COUNCIL MEMBER ROSENTHAL: So that gets

9   us to 35. Plus 10 for repairs.

10   ANDREA CIANFRANI: Yes.

11   COUNCIL MEMBER ROSENTHAL: That gets us

12 to 45. Five for service coordinators?

13   ANDREA CIANFRANI: And that would be a

14 new ask, yes.

15   COUNCIL MEMBER ROSENTHAL: Fifteen?

16   ANDREA CIANFRANI: Um-hmm.

17   COUNCIL MEMBER ROSENTHAL: And then one

18 for case management.

19   ANDREA CIANFRANI: Correct.

20   COUNCIL MEMBER ROSENTHAL: So that's 51.

21   ANDREA CIANFRANI: Yes.

22   COUNCIL MEMBER ROSENTHAL: So you're

23 saying that the 40 million that was put in the budget

24 for model budgeting really could have been 91?

25

1

2   ANDREA CIANFRANI: Actually, there was

3 only 20 million...

4   COUNCIL MEMBER ROSENTHAL: Oh, sorry.

5   ANDREA CIANFRANI: ...so far put towards

6 model budgeting and that was put in last year. The

7 first 10 million went out last year.

8   COUNCIL MEMBER ROSENTHAL: What happened

9 to the other 20? Wasn't it 40 put in for model

10 budgeting?

11   UNIDENTIFIED: I think...

12   COUNCIL MEMBER ROSENTHAL: Maybe it went

13 to HSF.

14   UNIDENTIFIED: Yes, ACS was, I think ACS

15 was 40 million.

16   COUNCIL MEMBER ROSENTHAL: Homeless

17 Services.

18   UNIDENTIFIED: Because ACS had us set,

19 and I think that was like 35 or 40.

20   COUNCIL MEMBER ROSENTHAL: Got it, got

21 it. All right. So it's 51 plus 21, 20. So the

22 right number for model budgeting would have been 71

23 million.

24   ANDREA CIANFRANI: So point of

25 clarification, um, for model budgeting. The model

budget process that began last year in the DFTA

system was focused on model senior center budgets.

So the model budget funding that went, it took us a

while [laughs]

COUNCIL MEMBER ROSENTHAL: [inaudible]

for, it's a game of semantics.

ANDREA CIANFRANI: Yes.

COUNCIL MEMBER ROSENTHAL: The accurate

increase for DFTA should have been 71 million and it

was 20.

ANDREA CIANFRANI: Well, I think we would

actually probably argue it would be more. I think in

the model senior center, specifically taking out of a

piece of the DFTA system, one piece of that of one

contract, one procurement is through neighborhood

senior centers. So that is what the model budget

process that started last year was focused on.

COUNCIL MEMBER ROSENTHAL: Right.

ANDREA CIANFRANI: So 20 million was

promised for senior centers in DFTA. Ten million of

that went out to providers, which again, very

appreciative, great first step, a lot left to be

done. That second 10 million is promised by FY21.

So that 20 million that's gone out, or that's

1

2 promised so far from model budgeting is strictly for

3 senior centers.

4   COUNCIL MEMBER ROSENTHAL: Right.

5   ANDREA CIANFRANI: So there's a lot of

6 other work to do within the DFTA system that hasn't

7 been addressed through model budgets.

8   COUNCIL MEMBER ROSENTHAL: Fifty-one

9 million.

10   ANDREA CIANFRANI: I think, um, I think

11 with the DFTA and OMB are currently going through,

12 which we're very appreciative of, is the, um, steps

13 in looking at the food system within, um, senior

14 centers. So they're kind of looking that as a phase

15 2, almost a model budget process for the food in

16 senior centers.

17   COUNCIL MEMBER ROSENTHAL: Right, but

18 you're saying that's 20?

19   ANDREA CIANFRANI: Yes, that's the ask

20 that we are pushing that we believe is, um, will

21 support the congregate meals as part of senior

22 centers. So if you look at it as a whole, that would

23 be 20 million for senior center program and staffing,

24 plus 20 million more for food, and so let's put 40

25 million dollars for the senior centers.

1

2   COUNCIL MEMBER ROSENTHAL: Right, but if

3 you would add 15 million for home delivery meals.

4   ANDREA CIANFRANI: Yes.

5   COUNCIL MEMBER ROSENTHAL: That's now a

6 35 million dollar ask.

7   ANDREA CIANFRANI: Yes, yes.

8   COUNCIL MEMBER ROSENTHAL: OK.

9   ANDREA CIANFRANI: And that's outside the

10 model budget process. Because they're really looking

11 through the model budget process.

12   COUNCIL MEMBER ROSENTHAL: Get rid of the

13 word model.

14   ANDREA CIANFRANI: That's fine.

15   MICHELLE JACKSON: I was just going to

16 say, the model budget is a little bit of a misnomer,

17 ah, in the sense that, I mean, there were five or six

18 and they were all run very differently, um, I would

19 say the ACS one is probably the closest to an act

20 model budget process and even then, like in some of

21 these cases they backed into a number. They said,

22 here's 20 million, how would you spend it? Or here's

23 10 million...

24   COUNCIL MEMBER ROSENTHAL: Sure, sure.

25

1

2   MICHELLE JACKSON: And so they did not in

3   any way right size these contracts. None of them.

4   COUNCIL MEMBER ROSENTHAL: Right size is

5   a better way. So if we were right sizing DFTA we

6   would add 51 million additional. Some of that goes

7   to NYCHA for senior centers, but blurring over that.

8   MICHELLE JACKSON: And probably more than

9   that.

10   ANDREA CIANFRANI: And probably more than

11   that. [laughter]

12   COUNCIL MEMBER ROSENTHAL: Well, the only

13   reason I say it is because in our big ask to the city

14   this year, you know, my goal is that that big ask is

15   to right size our human service contracts, so now

16   you're telling me 51 million would get there. If the

17   number is bigger you got, now's the time to say it's

18   big, what is that dollar amount? But then, you know,

19   in looking at all the other agencies, I mean, the

20   sense I've gotten to is that in total it's about 250

21   million. So I'm going to take out 50 for aging and

22   that leaves 200 million to right size all of the

23   other eight nonprofits and that might include

24   indirect costs, it might include, you know, COLAs,

25   um, so I when I think about the City Council big ask

1

2 to City Hall I think it's 250 million to right size

3 and these are all component parts. Is that a fair?

4   MICHELLE JACKSON: I think the number is

5 low, unfortunately. I mean, I think when we looked

6 at just the indirect rate part, which is totally

7 advocacy math, because only OMB, I mean, all these

8 contracts are very different, like that alone is 250

9 million dollars, just to...

10   COUNCIL MEMBER ROSENTHAL: For indirect

11 costs?

12   MICHELLE JACKSON: Yeah, just if you were

13 going to assume that most nonprofits have around a

14 15% indirect and some have higher, some have lower,

15 you know, so if we took what, the 100 million that

16 was a 2% increase that the city, you know, OMB had

17 decided a couple of years ago, just taking that

18 number and assuming people were averaging about 5%

19 more...

20   COUNCIL MEMBER ROSENTHAL: Yeah, yeah.

21   MICHELLE JACKSON: That's 250 million.

22   COUNCIL MEMBER ROSENTHAL: Because, and

23 so it would have been three...

24   MICHELLE JACKSON: That's just the

25 indirect side.

1

2   COUNCIL MEMBER ROSENTHAL: Hang on. It

3 would have been 350, but they funded 100 million of

4 it. So the right number more for indirect is another

5 250, plus 250 for indirect and then plus 50 million

6 to get aging up, right?

7   ANDREA CIANFRANI: And I can explain the

8 advocacy math on that as well. Where we [inaudible],

9 you know, it's really...

10   COUNCIL MEMBER ROSENTHAL: OK.

11   ANDREA CIANFRANI: But it's really

12 focused on your tier point of fully funding the

13 contract. So for the congregate meals, for example,

14 senior center meals, ah, the current reimbursement

15 rate is 20% below the national average. So that

16 means the city is funding four out of every five

17 meals that a senior center is serving. So what is

18 the senior center doing? They're still going to

19 serve the meals because that is what we do, but, um,

20 they're picking up the cost and they're losing money.

21 So that is where that, those numbers for the 50

22 million for both, and that's the same, um, with home-

23 delivered meals as well. So that's where that money

24 comes up to.

25

1

2   COUNCIL MEMBER ROSENTHAL: And I guess

3   what I'm asking Good Shepherd and for all of you is

4   to say OK, so that gets us to 300 million. If we

5   wanted to right size all of the human services

6   contracts in the city what would that number be?

7   MICHELLE JACKSON: Yeah, I think we, a,

8   we can ask the different coalitions what their asks

9   are and, I mean, we have them and we can put that

10   together. I think the other, you know, it's a good

11   problem to have because we're having this

12   conversation and this isn't a conversation we've had,

13   is that all these contracts are uniquely under-funded

14   and they've been under-funded for decades, and so I

15   would say that [inaudible] is also inaccurate because

16   these nonprofits, like they have, ah, austerity

17   mentality. It's like hunger games out there. You

18   know, they don't even know their real costs, and

19   they're like how much could we potentially get for a

20   adult literacy or senior centers or home-delivered

21   meals that like gets us the bare minimum, ah, to

22   really actually right size is I think, ah, it doesn't

23   necessarily mean it's like, you know, billions of

24   dollars, but there's also, you know, I think how

25

nonprofits like to spend money differently and things

like that within programs.

COUNCIL MEMBER ROSENTHAL: Correct.

MICHELLE JACKSON: And so I think there's

two ways to do it. We can absolutely say what are

the asks across the sector and get a number, and then

I think there's a larger conversation around how do

we engage with the city in a real model budget

process to sit down with providers and say this is

what it really costs, and so, and from HFC's

perspective that's RFPs going forward. It's really

hard to reset the past and like what's in process

now, but the idea that there are a number of big RFPs

coming up, like Preventive Services, um, in the

senior, in the DFTA world, like there's all of these

really big procurements coming up and the city should

be engaging with providers now to say what does it

really cost to run these programs and they are not

doing that. There's not, ah, a survey, a real

extensive survey of providers that says this is what

is what it costs and here are the outcomes we really

see and let's design a procurement that way. So

instead of trying to backfill 500 million dollars,

like can we start with indirect funding, that's

something we know. Can we make sure cost-of-living

adjustments are something that are just baked into

the contract, as well as cost escalators, and going

forward let's make sure these RFPs don't continue the

same like under-funded, like sure $2500 per child,

how did we arrive at that rate? I don't know. We

don't. And when you break down the math, none of our

providers can do it. That's the COMPASS Sonically,

you know, a piece of it. So. That's a longer

answer. [laughs]

COUNCIL MEMBER ROSENTHAL: No, it's the

right, um, answer. What I've, I'm frustrated with

is, you know, I think we've been asking this question

since I was chair and what's frustrating to me is

just that the Resiliency Committee and all these

different things that were set up why are we still

feeling that we're on ground zero when figuring that

number?

MICHELLE JACKSON: We share that

frustration.

COUNCIL MEMBER ROSENTHAL: Right.

[pause] Thank you.

CHAIRPERSON BRANNAN: Thanks guys,

appreciate it.

1

2   COUNCIL MEMBER ROSENTHAL: Sorry, I

3 remembered my question. [laughter] That's how long

4 it takes, the middle-age muddle for women.

5 [laughter]

6   UNIDENTIFIED: And we're back [laughs].

7   COUNCIL MEMBER ROSENTHAL: So, and I also

8 forgot to ask MOCS about this, but one thing, one

9 charter change that I think could be important is to

10 award a portion, that upon award of a contract, so we

11 know it's going to you, solid, we just don't, we

12 haven't finalized scope, price, indirect, whatever it

13 is, right now there's, well, a couple things. First

14 of all, do you have access to the Returnable Grant

15 Fund? Is there a, um, culture of, oh, we can just

16 get money from the Returnable Program Fund? That was

17 what, ah, Dan implied. Is that true?

18   MICHELLE JACKSON: Yes, nonprofits

19 absolutely have access to the Returnable Grant Fund.

20 A number of our providers have used it over the

21 years. I think in terms of it being a loan process

22 is relatively simple, um, you know, in terms of easy

23 paperwork, I think the Returnable Grant staff are

24 really helpful. Um, it doesn't cover all costs, um,

25 and so it really only covers payroll and a couple of

other things, so you can't get like the full value of

the money that you're owed in that Returnable Grant

Fund. And then we've seen, I mean, I have a provider

who's owed 40 million dollars. The Returnable Grant

Fund isn't that big. Um, so, it has absolutely been

tapped out. Um, nonprofits are not told no, but

then, but they're also told like not right now, or

you can have a portion of it, um, and so while they

have access to that grant fund I would say it's a

Band-Aid that's now not even big enough to cover the

gaping wounds, um,[laughs], some of these, you know,

how much money is owed to nonprofits and then also

it's like not the fix, right? It's...

COUNCIL MEMBER ROSENTHAL: Oh,

absolutely.

MICHELLE JACKSON: Yeah, and so I think

it's, because, again, it's another piece of paperwork

for nonprofits to have to go through to access the

Returnable Grant Fund.

COUNCIL MEMBER ROSENTHAL: And that's a

really good point, that if the Returnable Grant Fund

says here's the value of your contract, we're going

to give you three-quarters stat value as a loan for a

quarter of the year, that doesn't do it?

1

2   MICHELLE JACKSON: Right.

3   COUNCIL MEMBER ROSENTHAL: OK. And then

4   secondly would you have a sense of, could you think

5   about, ah, the timing between award of contract,

6   start date of doing the work, and registration. Are

7   you ever awarded the contract after you've started

8   the work? No, that wouldn't be possible. Right? You

9   would have to be awarded. [inaudible] [laughter]

10   ANDREA CIANFRANI: We've certainly had

11 contracts that were awarded technically sort of after

12 the start date, but then you work with the agency to

13 kind of figure out how the money works because you

14 haven't actually started on July 1, but it's a

15 contract that runs from July 1, technically.

16   COUNCIL MEMBER ROSENTHAL: And you don't

17 get the award until August 1?

18   ANDREA CIANFRANI: It's happened.

19   COUNCIL MEMBER ROSENTHAL: Ouch. So one

20 of the things I've been thinking about, although

21 you're freaking me out, is that upon award you would

22 get a quarter value, full value advanced because at

23 that point it's simply a matter of timing. Is that

24 fair?

25

1

2   MICHELLE JACKSON: Either the award date

3 or the start date, I mean, you could, whichever one

4 is, right?

5   ANDREA CIANFRANI: Earlier, because it's

6 at the start date that you need to pay, so that's

7 what we care about.

8   COUNCIL MEMBER ROSENTHAL: Are there ever

9 times, you mentioned that there is an abyss pre-

10 registration when you know that you solved all the

11 issues of, um, all the paperwork is in, blah, blah,

12 blah, but then there's abyss between that and

13 registration. Do you know whether or not it's gone

14 to the comptroller?

15   ANDREA CIANFRANI: Um, we're usually

16 pretty sure it hasn't gone to the comptroller.

17   COUNCIL MEMBER ROSENTHAL: Has not?

18   ANDREA CIANFRANI: Right. Meaning the,

19 the abyss means it's pre-comptroller.

20   COUNCIL MEMBER ROSENTHAL: OK. Thank you

21 very much for your testimony, appreciate you. Thank

22 you.

23   ANDREA CIANFRANI: Sure.

24

25

1

2   CHAIRPERSON BRANNAN: OK. We'll go

3 further into the abyss now with Maria Lizardo, Chris

4 Hanway, Tara Klein, and Carlyn.

5   MARIA LIZARDO: Let me start.

6   CHAIRPERSON BRANNAN: Yeah, whoever wants

7 to start. Thank you.

8   MARIA LIZARDO: Good morning, and thank

9 you so much for this opportunity. I am Maria

10 Lizardo, the executive director for Settlement

11 House, called Northern Manhattan Improvement

12 Corporation, or NMIC. We serve approximately 14,000

13 community members that reside in upper Manhattan and

14 in the Bronx. So this is like beating a drum over

15 and over again. We are constantly under, um, a lot

16 of stress and really under duress because of late

17 contract registration, and I just want to give you a

18 little snapshot. We still have 10 unregistered

19 contracts, one from fiscal year 17, four from fiscal

20 year 18, and five from fiscal year 19. The city owes

21 us right now $997,202. That would cover three

22 payrolls and one month's of rent. We are currently

23 behind two months in our rent and about to be three

24 months as we enter April. Yes. It got so bad at one

25 point that we were behind six months on our rent and

we got an eviction notice. Had we been evicted it

would have been the most embarrassing thing because

we were founded to prevent evictions and yet we

cannot prevent our own eviction. Not because we

don't have our documents in place, but because the

city agencies delay the contract registration

process. We keep submitting paperwork. Workers'

Comp expires, another certificate, and on and on and

on. So instead of spending our time thinking

strategically about how do we move the organization

forward, how do we improve the quality of our

services, we are spending our time spinning our

wheels, contacting agencies daily, where is our

contract, because unless we contact them they do not

reach to us to let us know where things stand. And

over and over this is the cycle. And we're at a

point this is a crisis in the nonprofit sector.

Agencies have closed. I can think of one

specifically in Washington Center Heights,

[inaudible] that closed years ago because of this

issue and if we don't something to fix it many others

will close. We have not missed payroll. We have

been fortunate. But I know that I am, we are one of

the few select that have not missed payroll. I know

of other colleagues that have missed payroll. And we

cannot continue to function like this. Our staff

dedicate their hearts and souls to serving the New

Yorkers that are the most vulnerable and they need to

get paid on time. We need to pay our bills on time.

Thank you.

CHAIRPERSON BRANNAN: Thank you very

much.

COUNCIL MEMBER ROSENTHAL: Can I just

ask, is anyone from the administration here? Or from

MOCS?

CHAIRPERSON BRANNAN: No.

COUNCIL MEMBER ROSENTHAL: From MOCS?

CHAIRPERSON BRANNAN: Yes.

COUNCIL MEMBER ROSENTHAL: But no one

from City Hall? Thank you.

TARA KLEIN: Hi, how are you? Thank you

for convening today's hearing. My name is Tara

Klein. I'm a policy analyst with United Neighborhood

Houses. We are a policy and social change

organization representing 40 neighborhood settlement

houses in New York City, as well as two in upstate

New York. Actually all of my colleagues at the table

are members of UNH. So thank you again to Chair

Brannan, Council Member Rosenthal, for your attention

to these issues impacting the nonprofit human

services sector. It's really essential that in this

year in the budget that the city recognize and

address this large scale underfunding of city

contracts across the sector, which is calling into

question the solvency of nonprofits and their ability

to provide services to the most vulnerable New

Yorkers. I think it's important to mention from many

of our programs' perspectives their historical

calculation with these contracts has been, even

though they're under-funded they will find a way to

make it work because they need to provide the

services, but there's a growing recognition that

there is increased risk with these contracts, ah, and

organizations are seriously considering whether they

are going to continue bidding on many of these

government contracts and it's a very serious issue,

the sustainability of the sector. So even though

government contracts make up the majority of most of

the nonprofits' budgets and in their contracts,

contracts only pay 80 cents on the dollar or less of

the true cost of implementation of those programs. I

want to echo a lot of what we've heard already from

my colleagues in the last panel. We support the

recommendations of the indirect manual as well as the

250 million dollar add needed to fully cover its

recommendations. Um, I want to briefly mention

overtime exemption rules. As you know, at the

beginning of this year the state raised the overtime

exemption salary threshold from about 50 thousand to

58 thousand dollars for businesses in New York City

employing more than 11 people. And the intention was

to make sure that employees are fairly compensated

for their labor. But it really amounts to an

unfunded mandate, because we haven't seen any funding

from the state for this. So we really urge the city

to take action on this issue. Next, I again want to

mention cost-of-living adjustments. Staff salaries

in contracted nonprofit programs are chronically low,

which is leading to low staff morale and ultimately

high turnover that destabilizes programs. We're very

grateful to the city that they have agreed to invest

in COLAs, but unfortunately those COLAs are on top of

historically stagnant, ah, salaries, so it really

only works to recapture a small amount of what was

lost to inflation over the years, and doesn't allow

salaries to be set at competitive rates. This is

especially well illustrated in the salary disparities

in early childhood education programs. Teachers and

staff in those, ah, community-based early childhood

education programs are paid significantly less than

their similarly qualified counterparts in public

schools. These disparities lead to high turnover in

those community-based programs. This turnover

reduces program quality as it interrupts the

consistent connection between a child and an adult

that is essential to social emotional development,

and it has also forced many programs to close

classrooms and serve fewer children. I also briefly

want to mention the wage compression issue, which is

that we're grateful the city increased funding to

bring employees up to the minimum wage at the end of

last year. The city hasn't addressed wage

compression, which is the need of organizations to

increase the salaries of staff that are just above

the 15 dollar an hour level, which contributes to low

staff morale and high turnover again. And finally I

just want to echo again what we've heard about timely

contract registration. We're glad to hear that the

council and MOCS are focused on this. It's a really

urgent issue. And, again, as Live On mentioned, the

senior center model budget issue is a very serious

one and we would really like to see that promised 10

million dollars this year. So thank you for your

time [inaudible] my testimony.

CHAIRPERSON BRANNAN: Thank you very

much.

CARLYN COWEN: Good afternoon. My name

is Carlyn Cowen. I'm the chief policy and public

affairs office of the Chinese American Planning

Council, CAPC. Thanks for the opportunity to

testimony today. CAPC is the nation's largest Asian

American social services agency, working with over

60,000 Asian American immigrant and low-income New

Yorkers in all five boroughs of New York City. We

are proud members of UNH, HSC, and Live On, and want

to support all of their asks today. I'm going to

tell you about a few of the programs that we do at

CAPC because we do a lot of them. We have an adult

literacy program, where we work to help people learn

the English language and feel comfortable navigating

schools, jobs, and public life. We have a great

senior services program, where we provide mental

health, provide meals, and other important ones. And

we have a program that is maybe a little less well

known, but it's a pretty big program of ours and

that's subsidizing the city to carry out the services

that they are mandated to provide. Now, since you

might not know about this program let me tell you

about a few of the different activities that we do in

this very important program of ours. We subsidize

the gap between what the indirect rate of our

contracts is paid out and what it should be, at about

a million dollars every year. We wait for late

payments for the city while waiting for our contracts

to be registered. Right now the city owes us about a

million dollars in late payments. It's another

important activity. In this program we also take out

lines of credit while we're waiting for our contracts

to be registered and paid out. This past year we

spent $157,000 in interest on those lines of credit,

which the city won't reimburse with us. In this

program we also get paid actually less than 80 cents

on the dollar to do our work. When I went to our

chief program officer he said hah, 80 cents on the

dollar would be great. It's more like 60. In this

program we also provide additional services beyond

that which we're actually contracted to provide.

When we have seniors coming into our senior centers

and that's their only guaranteed meal of the day,

we're not looking at how many meals we're contracted

for. We're providing those meals. And, of course,

external factors complicate this program for

organizations like CPC and other Asian American

organizations because despite the fact that Asian

Americans represent 15% of the city's population we

receive less than 1.5% of the city's contract

dollars. Now, while this program is expensive and

large I'm sad to report that the outcomes of it,

unlike a lot of our other programs, have not been

very successful. In fact, they've really hurt our

staff, our stability, and, most importantly, the

communities we serve. Thanks for the opportunity to

testify today.

CHRIS HANWAY: Good afternoon,

Chairperson Brannan and other members and staff of

the committee. My name is Chris Hanway and I

represent Jacob A. Riis Neighborhood Settlement, a

129-year-old community-based organization serving the

children, youth, seniors, and families of western

Queens, many of whom are low income and/or

immigrants, and the majority of whom are residents of

public housing. I am here today to reiterate and

support two key requires made by my colleagues in the

human services sector that the council a) allow no

cuts to human services programs and indeed shore up

our sector with an additional investment of 250

million dollars for indirect, and 2) mandate that the

city clean up the backlog of all contract

registrations and payments and ensure a transparent

and timely registration system going forward. That's

where I'm going to leave the prepared remarks. You

have the rest. Ah, Council Member Brannan, you may

remember that I and Maria here stood with you and the

city comptroller at a press conference, where I laid

out, ah, a situation we were facing because of

extremely late payments from the Mayor's Office of

Criminal Justice on one of our Cure Violence programs

that didn't even allow a, that a) caused us to come

this close to missing payroll for the first time and

didn't even allow us to purchase uniforms for the

Cure Violence staff who were out in the street in

mediating conflicts, which made them hard to identify

and made them susceptible to being shot, either by

perpetrators or accidentally by law enforcement. Um,

because of the stink that we made we got some funds

from [inaudible]. But that was a short-term problem.

That was to pay back, that was to cover things that

we had laid out cash for months and months ago. So

we're back at the same situation. We seem to come

closer and closer to missing payroll every single

time, um, and I don't know if folks really understand

how serious it is. People say to me, well, don't you

have a line of credit? Well, we're one of the ones

who don't and we're working on it. It's a long

process, um, and one of the challenges, one of the

sticking points to us getting a line of credit is

that we can't do an actual real cost and cash flow

analysis because we get payments so late and in such

a haphazard way that it's very, very hard to forecast

that. Um, it's different every year, based on where

the city and state are. So that's another problem.

I have stacks of bills, my fiscal team, this high.

Deciding who to pay and who not to pay. We've lost

three trusted consultants and subcontractors over the

past two years, a beloved art teacher, a graphic

artist who had been with us for years, and our

martial arts teacher/DJ. All things that you do a

lot of in a community center. And the reason they

left is they say I love you, but I can't do this

anymore. I have bills to pay. The folks on payroll

fortunately, although we've come close, they get paid

twice a month. These folks get stuck at the bottom

of the list because insurance has to be paid, bills

that would cause us to close down have to be paid,

and these folks are made to wait. How long can they

wait? They finally say I got to go somewhere where

they can pay me on time. So that's just an example

about how this affects our ability to provide

services. It affects the safety of our community and

it affects our fiscal health and the fiscal health of

many of our colleagues. So thank you for listening.

I know you've heard this before, but I'm trying to

give some real-life examples.

CHAIRPERSON BRANNAN: I appreciate it. I

mean, I think, I certainly share your frustration. I

mean, I know how long this entire sector has been

dealing with this. Long before I even became an

elected official. Um, I do feel like we're getting a

little traction now, at least they're paying

attention. It's just a matter now of what they're

going to do about it. It's nice to have people who

sympathize or empathize, but we need action, um, so

you guys are partners in this, and I think we've done

a good job so far in the short time we've been

working together, but we need to really, ah, keep

banging the drum on this and all this stuff is very

helpful, as we head to the final...

CHRIS HANWAY: And Council Member I just

want to quickly join you in acknowledging the work

that has been done by MOCS and the team. I didn't

mean to, ah, not acknowledge it. The problem is it's

like a race against time. Is it fast enough and are

the recommendations going to be turned into a)

actionable policy and b) funds to back it up, because

some of us are drowning. Thank you.

CHAIRPERSON BRANNAN: Thank you guys very

much. Thank you. OK. And we that we are adjourned.

[gavel]

<u>C E R T I F I C A T E</u>

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

Date   May 4, 2019