

Testimony of Lisa M. Flores, MOCS Director
Before the New York City Council Committee on Contracts
MOCS Preliminary Budget Hearing
March 24, 2025

Good afternoon, Chair Won and members of the Contracts Committee. Thank you for the opportunity to discuss Mayor Adams' Fiscal Year 2026 Preliminary Budget for the Mayor's Office of Contract Services (MOCS). With this being my final budget hearing before transitioning, I am honored to reflect on the accomplishments of this administration and outline a vision for the future. I'm joined by MOCS's Chief Financial Officer Helga Nyanffor.

As an oversight agency, MOCS has the Charter mandated role to ensure that NYC procurement is consistent with applicable rules and regulations. At the start of this administration, we challenged this traditional approach of ivory tower oversight and reset our purpose with a vision of creating an equitable procurement system through transparency, accountability and efficiency. The three pillars of this vision are People, Procurement Reform and Technology. Over three years later, our priorities remain consistent and believe that this investment has disrupted historical barriers, increased access for our M/WBE and small business communities, and ushered many of the City's archaic procurement practices into the 21st century. I am

proud of the immense accomplishments that MOCS has achieved towards this vision.

New York City's procurement system not only facilitates our ability to deliver vital services to New Yorkers but acts like an economic engine to our NYC communities. In FY24, NYC awarded over \$34 billion in City contracts for goods, services, and construction—representing a 16% decrease in comparison to the previous fiscal year where the City awarded over \$41 billion contracts. Of that \$34 billion, Human Services accounted for 58% at nearly \$20 billion, representing a 5% increase in comparison to the previous fiscal year where the Human Services sector accounted for \$18.9 billion, representing 46% of total procurement spending. Human Services remains the cornerstone of the City's procurement system increasing 147% since the pandemic. Our nonprofit partners are of essential to the delivery of critical services to thousands of New Yorkers.

Nonprofit organizations are the lifeblood of New York City's human services network. From providing shelter to the homeless and meals to families, to supporting older adults and caring for our youngest residents, these groups transform lives daily. Yet, they face a persistent and fundamental challenge: getting paid promptly for their vital services. This Administration continues to prioritize our investment in the sector.

As the Director of MOCS, I deeply understand these concerns. Bureaucracies are often seen as faceless systems, but they are composed of people working within complex frameworks of policies and procedures. When these frameworks become misaligned, it's the human service workers who bear the burden, often at great personal cost. These individuals consistently rise to meet the needs of New Yorkers.

Rightsizing this massive ship has been a priority since day one and we remain focused on the mission. Mayor Eric Adams has announced reforms to streamline processes and support the nonprofit sector:

1. The City boosted pay for 80,000 human service workers with a \$741 million **cost-of-living adjustment (COLA)**. With the human service workforce overwhelmingly female at 66 percent and 46 percent women of color, this investment represented a critical step towards delivering pay equity across race and gender for this workforce.
2. **Multi-year Discretionary Contracting Reforms:** These reforms enable providers to access funds nearly a year earlier than before.
3. **Joint Task Force Recommendations:** Progress includes expanding access to interest-free loans through the Returnable Grant Fund, adding allowance

clauses to reduce amendments for routine changes, and simplifying document management.

4. On the legislative front, the City advocated successfully for changes to public hearings, shaving approximately 20 days off the procurement process for most City contracts. These efforts allow nonprofits to focus more on delivering essential services and less on keeping their operations afloat.
5. Allowance clause to reduce the burden of amendments.

Structural Solutions for Long-Term Impact

Collaboration and accountability are at the heart of our efforts. In December, the administration launched Nonprofit FOCUS (Facilitating On-Time Contracting and Urgent Solutions), a working group chaired by Deputy Mayor Ana Almanzar and in partnership with the Mayor's Office of Nonprofit Services (MONS). This group convenes senior City Hall officials weekly to strategize, review data, and allocate resources effectively.

Additionally, Mayor Adams has finalized an executive order requiring all contracting and oversight agencies to appoint a Chief Nonprofit Officer. These officers will serve as the primary point of contact for nonprofits navigating City contracting and payment processes, ensuring a direct connection to agency

leadership and City Hall. This executive order is a critical step in addressing the systemic misalignment that has long strained relationships between the City and its nonprofit partners. By implementing these policies, we are not only empowering nonprofits to advocate for their needs but also fostering greater accountability within City government.

A Unified Approach to Change

The partnership between MOCS and the Mayor's Office of Nonprofit Services (MONS) is central to these reforms. By working in lockstep, our offices are adopting a unified approach to address the challenges facing the sector. Our immediate goal is clear: cut through bureaucracy to ensure providers get paid on time. But this work is about more than systems. It is a commitment to honor the nonprofit sector's invaluable contributions and guarantee they have the resources needed to continue serving New Yorkers. Together we launched multi-phase backlog initiative focused on both aged invoices and unregistered contracts. Our human service agencies disbursed over \$1.3 billion from 7,600 invoices at the end of last year. We are just about winding down an eight week contract backlog sprint focused on submitting a portfolio of contracts over to the Comptroller. The most recent data shows that we sent over \$730 million worth of contracts for registration.

To the providers who deliver critical services every day: we see you, we value you, and we are committed to easing your burden. The reforms we've outlined are just the beginning, and we look forward to building on this momentum together. With smarter alignment, stronger collaboration, and ongoing innovation, we can ensure New York City remains a place where those who serve others thrive.

This work expands on the efforts that started with the Joint Taskforce to Get Nonprofits Paid on Time, that laid the foundation for many of the City's reform efforts, with MOCS leading implementation for a number of recommendations. Our progress began with the "clear the backlog" initiative, clearing over \$6 billion in payments owed to nonprofits. MOCS doubled down on this progress by supporting agencies to achieve timely submissions to the Comptroller by July 1st. Our FY25 Timeliness efforts led to the submission of 91% of contracts for registration by the end of August. For FY24, by September 2023, 99% were submitted for registration. Once again, we are working with agencies to build on this work in FY26 through our all-hands-on-deck approach—increasing engagement, refining performance management efforts, and ensuring clear escalation pathways.

Our mission to build trustworthy partnerships and minimize the potential for service disruption to our provider partners has remained at the front of mind, prompting many reforms to underlying policy and regulatory structure that will

ensure the spirit of this work lives on in the years to come. Recent advancements include:

- The passing of Local Law 85 of 2024, which amends Local Law 63, a collaborative achievement with the City, Council and Labor, which increased the threshold of proposed contracts requiring review from \$200,000 to \$1 million. This reform also reduced the 60-day wait period to 10 days before an agency can proceed with contracting actions—thus mitigating delays for various projects and vendor payments.
- The launch of Challenge-Based Procurement represents an opportunity for us to shift the culture and transform how we partner with the changemakers of our future to provide innovative solutions to critical public needs. This reform creates a space for more small and diverse vendors to compete and enhances the City's capacity for innovation.
- Public hearing reforms to the City's contract public hearings process, transitioning to a 10-day period of online comment that will help remove approximately 20 days of the previous procurement process for most City contracts.
- An increase in the Financial Control Board's thresholds for contract reviews, which included an increase to \$50 million for City contracts.

- The expansion and development of a centralized mentorship program designed to offer support tools for minorities and small businesses and expand opportunities for growth. Leveraging prior success and incorporating lessons learned, the City recommitted to its efforts to help M/WBEs grow by preparing them to compete for open market contracts with the goal of increasing their financial capacity.

Alongside and in support of these successes, MOCS has worked diligently to keep pace with the rapid advancements being made in technology that allow us to build out the workflow to further these legislative milestones and automate processes. Improvements to our end-to-end procurement system, PASSPort, have required challenging but necessary actions to finally dismantle and modernize a broken procurement system while providing a level of transparency and efficiency that is long overdue.

In September 2024, MOCS rolled out its latest release, which included two new enhancements to our e-procurement platform, which deliver on key recommendations from the Joint Taskforce to Get Nonprofits Paid on Time and the Rebuild, Renew, and Reinvent Blueprint. The first of those enhancements is PASSPort Vault, which provides secure document storage and management; allowing seamless sharing with other PASSPort users and automatically linking

documents to relevant business processes a beloved function that existed in Accelerator. Users also gained access to subcontracting functionality in PASSPort, which finally brought the paper process of approving subcontractors into the digital age while also augmenting accountability now that these approvals are connected to contracts all the way to payment. As a result, this new functionality has streamlined approval and payment actions while supporting M/WBE utilization goals.

As we were making important improvements to our groundbreaking e-procurement platform, MOCS took the necessary and responsible step of decommissioning our legacy system HHS Accelerator which had been dangerously left exposed for years. MOCS conducted the decommissions and the migration in a phased approach over 5 months to allow sufficient time for each agency and their corresponding nonprofit provider community to get informed, trained and acclimated. However it can't be denied that the Great Migration of HHS Accelerator has been a massive change management shift that moved over 15,000 contracts and 30,000 budgets into PASSPort. It is important to acknowledge the challenges that come with adapting to new technology tools and the impacts those actions have on our users remain a focus of our change management team.

We weathered those choppy waters and with our core principals of ensuring broader access to NYC's procurement opportunities while increasing accountability

and improving effectiveness as our north star, we drove dramatic growth in our user base to over 13,000, while simultaneously adding new features and improving system functionality by 40% over the past two years. The enhancements made to PASSPort, coupled with the increase in users has resulted in a 70% increase in Service Desk submissions, impacting MOCS' ability to provide timely responses and resolutions.

I want to emphasize that the impacts and concerns expressed by our providers have not fallen on deaf ears. Your concerns are of the utmost priority to my office, and we are committed to reaching a state of complete stabilization and doing so with the highest level of transparency and accountability. So far in FY25, the City has disbursed over \$3 billion in advances through PASSPort to help alleviate the cashflow issues many of our human service providers are facing. We will continue to engage with our partners and look forward to witnessing the benefits many users have already experienced from our modernization efforts.

Beyond this work and in partnership with the Office of M/WBE and Department of Small Business Services, our team also supports the M/WBE program. In FY24, the City awarded \$6.4 billion in M/WBE contracts and are continuing to make significant progress toward the administration's OneNYC goal of awarding \$25 billion in M/WBE city contracts by FY26. Under Local Law 1, the

City achieved its highest award total to M/WBEs in history at approximately \$1.6 billion, a 15% increase since the beginning of this administration. M/WBE utilization also increased to 31.2%-- marking one of the highest utilization rates the City has achieved since the program started in 2015. Our preliminary data for the first quarter of FY25 indicates that we remain on a strong path, with 32.7% utilization so far.

As I've mentioned previously, our enhancements to the M/WBE Small Purchase method have been essential to this success, with major legislative increases from \$500,000 to \$1 million in FY23 and then \$1 million up to \$1.5 million in FY24. This method showed a 60% increase in contract value from over \$110 million in FY22 to over \$170 million in FY23. In FY24, the City awarded \$248.6 million using this method. With these continued signs of progress and the implementation of other legislative reforms mentioned today, I'm confident that we will continue to chip away at barriers to level the playing field and establish clear pathways for opportunity.

In order to effectively implement change, we must understand that navigating the City's procurement process is not a solitary journey. The complexities of interpreting and implementing procurement policies to strategically leverage ever-evolving procurement tools necessitates a heightened commitment to increase

outreach and engagement efforts. Hence, our best-in-class Learning and Development team performed countless virtual and in-person trainings as part of our MOCS Institute. They also published dozens of resources designed to meet vendors and agency staff where they are and address specific educational needs on demand. These efforts facilitated and improved users' ability to navigate enhancements made to PASSPort and drive its adoption.

Since launching in 2022, MOCS Institute has trained 22,000 users. This includes our MOCS' Procurement Training Institute (PTI)—established to support senior procurement personnel in meeting professional development standards where we've trained 10,000 agency users, MOCS In Your Neighborhood (MIYN)—a monthly in-person workshop developed to help vendors and prospective vendors successfully navigate the City contracting process, and Getting Started—a webinar series that includes in-system demonstrations and live Q&A for vendors interested in doing business with the City where we have trained 12,000 vendor users.

MOCS' total budget for FY25 is \$38.4 million, including \$1.7 million for personnel services and \$14.7 million for OTPS. The bulk of our budget is devoted to the Accenture and Ivalua contracts which maintain PASSPort, and are valued at \$9 million over 10 years for Ivalua, and nearly \$4 million over 6 years for Accenture.

Our current budgeted headcount is 181 with 34 vacancies currently open. As always, we will continue to work with OMB to determine appropriate levels of funding for the work outlined in my testimony, in addition to other critical existing and future efforts not mentioned here today.

In closing, I want to acknowledge that this final budget hearing marks a significant moment for MOCS as we prepare for transition. We remain guided by our values —accountability, getting results, innovation, leadership and equity. I'm proud to say that we have not lost sight of these principles, and our accomplishments to date are a reflection of the outstanding support we've received from our providers, agency partners and Council. As we continue to break down barriers and challenge historical inequities, I want to acknowledge that there is still more work to be done. We thank the Committee for your partnership in supporting these key initiatives so far and are happy to take any questions you now have.

New York City Council Budget and Oversight Hearings on The Preliminary Budget for FY26
Committee on Contracts, Council Member Julie Won, Chair

Testimony of New York City Employment and Training Coalition (NYCETC)
Submitted by Gregory J Morris, CEO
March 24, 2025

My name is Gregory J Morris. I serve as CEO of the New York City Employment and Training Coalition (NYCETC) - the country's largest city-based workforce development association. NYCETC works to expand access to good jobs and better wages by helping build a stronger, more effective workforce system in NYC. It focuses on two main goals: 1) Connecting job training providers and employers to improve how job seekers - regardless of their starting point - move into careers, and 2) Pushing for policies and funding that support these partnerships, reduce barriers for underserved communities, and boost local economies. To support this work, NYCETC builds networks of education, training, and employment providers to share knowledge, partners on research and policy efforts, and keeps its members informed through convenings, conferences, and communications.

I want to highlight how deeply broken procurement and contracting processes undermine our City's workforce ecosystem. Our members—the nonprofits delivering the job training and employment services this City depends on—routinely report contracting delays and payment issues jeopardizing their ability to operate. These aren't isolated incidents—they reflect a widespread pattern unraveling the City's social safety net and destabilizing the workforce we are working to strengthen.

We've heard repeatedly from providers that:

- There are no consistent invoicing standards. One agency may require something entirely different than another. New rules are introduced midstream, forcing constant revisions and further delaying payment.
- Subcontractor reimbursements are stalled due to delays in the approval process, which are now worsened by a problematic subcontractor module in PASSPort.
- Some agencies require providers to divide reimbursable expenses evenly over 12 months, even when the actual costs don't occur that way. This, combined with payment delays, stretches organizations thin and inflates administrative costs.

The impact? Nearly every provider we represent is carrying debt to keep doors open. They're borrowing to pay staff and rent. They're delaying program launches. One organization had an invoice returned because it was off by a penny—a stunning example of bureaucratic dysfunction that has real consequences for jobseekers across the City.

This is more than a bureaucratic failure—it is a fundamental threat to economic mobility and social stability. When workforce development providers can't get paid on time, they can't help jobseekers gain the necessary skills. When housing providers are not reimbursed, they struggle to keep New Yorkers in safe and stable homes. When food pantries face financial uncertainty, families go hungry. The stakes could not be higher. These delays exacerbate economic insecurity - at a time when our City is increasingly unaffordable, compromise service delivery - at a time when there is a heightened sense of fear about public safety, and erode the trust between nonprofits and City government - at a time when we, as a City, are receiving consistent threats about funding reductions, delays, or outright cuts from the federal government.

To tackle this crisis comprehensively, the City must act with urgency and long-term vision. Immediately, the Returnable Grant Fund must be expanded to offer nonprofits the interest-free loans they need to bridge payment delays. In the short term, the City should hire a temporary service corps of trained professionals to address staffing shortages and accelerate contract and payment processing. Midterm efforts should include implementing a robust cross-training program for city agencies and nonprofits to streamline procurement workflows and reduce costly errors. In the long term, fundamental structural reforms must take place. Funding must be secured in the FY26 budget to fully update and equip the PASSPort system to operate as a reliable, user-friendly procurement tool rather than an obstacle course. Furthermore, the Charter Revision Commission should prioritize enforceable measures to prevent future payment delays. This includes making the Mayor's Office of Contract Services an agency and requiring it to be included in the Mayor's Management Report.

We urge this Council to demand urgency, transparency, and reform. Our City cannot afford to lose further the trust—or the capacity—of the organizations that connect New Yorkers to opportunity. Thank you.



**Testimony on behalf of Volunteers of America-Greater New York
The New York City Council Committee on Contracts
Preliminary Budget Hearings
March 24th, 2025**

Introduction and Thanks

My name is Eric Lee, Director of Public Policy for Volunteers of America-Greater New York (VOA-GNY). We are the local affiliate of the national organization, Volunteers of America, Inc. (VOA). I would like to thank Deputy Speaker Ayala and the members of the Committee for the opportunity to submit testimony for this hearing.

About Us

VOA-GNY is an anti-poverty organization that aims to end homelessness in Greater New York through housing, health and wealth building services. We are one of the region's largest human service providers, serving more than 12,000 adults and children annually through 70+ programs in New York City, Northern New Jersey, and Westchester and thousands more via our Operation Backpack® initiative. We are also an active nonprofit developer of supportive and affordable housing, with a robust portfolio permanent supportive housing, affordable and senior housing properties—with more in the pipeline. VOA-GNY is a member of Homeless Services United (HSU), The Supportive Housing Network of New York, the Human Services Council (HSC), and the Family Homelessness Coalition (FHC).

Thank you, Chair Won and Members of the Contracts Committee for your laser-focused leadership and attention on improving the city's contracting process for non-profit providers. As uncertainty continues to grow at the federal level, New York City must do everything within its ability to shore up our human services safety net and restore the fiscal health of city-contracted non-profit organizations. By strengthening local non-profits and ensuring the New York City agencies are well staffed and working collaboratively with providers, the city can help ease disruptions caused by cuts and changes at the Federal level.

The City of New York must immediately pay all outstanding invoices in PASSPort, halt recoupment of advances and, advance an additional \$500 million to the human services sector to ensure nonprofits can remain solvent through the end of the fiscal year.

New York City owes the nonprofit sector hundreds of millions of dollars for work already completed. In many cases that work was completed several fiscal years ago. VOA-GNY alone is owed nearly \$40 million dollars and has been forced to rely on our line of credit to continue operations. This fiscal strain has become untenable, leading us to delay the opening of one new shelter facility and walk away from another recently awarded contract entirely because we simply cannot afford to carry the costs of operating these programs while the City is mired in delayed payments. In addition, we have been unable to implement the COLA the Council fought so hard for because the City never released the funding necessary to do so. The added uncertainty regarding the leadership of MOCS adds to our anxiety and underscores the need for decisive leadership on this issue from the top. **We implore the City to take emergency action to clear the backlog of pending invoices, stop recouping advances until payments flow smoothly, and issue additional advances as needed to restore positive cashflow to nonprofits like us so we can remain full partners in addressing the crisis of homelessness.**



Increase Funding for MOCS, DSS, DHS, DOHMH and other City Agencies to process and approve contract actions and reimbursements for human services providers.

Emergency measures alone won't solve the City's late payment crisis. The City must invest in the infrastructure of its agencies so that they can appropriately process contracts and payments in real time going forward. Timely reimbursements are critical to maintaining our ability to continue to answer the city's call to stand up new programs and to maintain the flow of our development pipeline of affordable and supportive housing projects.

VOA-GNY has been forced to rely on our line of credit and incur interest costs that are not reimbursable to bridge the gap created by City reimbursement delays. This year, VOA-GNY spent \$1,000,000 on interest fees to keep our NYC contracted programs running, and we project spending \$1,500,000 in interest fees for FY26. We could do a lot of good if we weren't forced to divert funds to pay for interest to cover the City's fiscal delays. These delays could also impede our development pipeline, as banks may eventually view our diminished cashflow and the highly leveraged position of our investments as possible concerns when considering future loans for financing affordable and supportive housing projects.

MOCS, DSS, DHS and DOHMH need additional headcount to eliminate the backlog of pending budget amendments and modifications, new needs requests, Form 65A subcontractor approvals and pending invoices.

MOCS is responsible for overseeing the city procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, pending contract actions are preventing VOA-GNY from getting paid for the services we provided as far back as FY17. This includes updating our budgets with approved Indirect Cost Rates to cover overhead costs, as well as Cost of Living Adjustments (COLAs) for our staff from prior fiscal years. This is unsustainable for our organization, as continual delays in procurement processes further restrict cash flow, already hindered by an unwieldy reimbursement process which limits us to submitting only two invoices per contract at any given time. MOCS, DSS, and DHS need to be adequately funded to ensure that providers' contracting needs are met so that we can focus on providing services to our communities and so we can support what MOCS is asking for in the budget to ensure appropriate service levels.

In addition to needing to catch up on all pending and yet-to-be-submitted contract actions and to disburse the hundreds of millions owed to non-profits, these city agencies need sufficient headcount to sustainably do the work moving forward. DHS' shelter capacity grew four times larger in recent years, yet their contract services headcount has not had a corresponding expansion. Just as higher caseloads negatively impact on the work of case managers, we cannot expect MOCS, DSS, DHS, and DOHMH to turn around these significant payment and contracting delays if they do not have sufficient staff to sustain the work.

Int 514-2024 (Brannan):

- VOA-GNY strongly supports the intent of this legislation, which would make interest a reimbursable expense for city-contracted non-profit providers when the city provides delayed reimbursements for their contracts. This legislation would create an effective financial incentive for the city to pay its bills on time. Non-profit providers like VOA-GNY cannot continue to wait for years to be paid for services rendered. One note of caution is that the bill language should



be clarified to prevent monies budgeted for programming to be able to be billed against to cover the cost of interest payments for a contract. Additionally, we recommend the reimbursable interest rate should be the actual interest rate charged to the nonprofit provider.

Thank you, Chair Won and Members of the Committee on Contracts, for your unwavering leadership and commitment to protecting non-profit organizations and ensuring that the city meets its contractual obligations. By protecting our human services safety net, New York City is safeguarding the lives of hundreds of thousands of New Yorkers who rely on the services provided by organizations like Volunteers of America- Greater New York. Thank you for the opportunity to testify today.

For more information, please contact me at elee@voa-gny.org



Chairperson Julie Won and Members of the New York City Council,

Thank you for the opportunity to testify before you today. My name is Rafael Espinal, and as many of you may know, I am a former City Council Member from District 37. Today, I submit this testimony for the record as Executive Director of the Freelancers Union (Working Today Inc.).

The Freelancers Union is the largest and fastest-growing independent workers organization in the country, representing over 750,000 members. In New York State alone, we represent over 100,000 freelancers. Our members work in a diverse number of essential fields, providing critical services as contractors, accountants, healthcare professionals, and artists.

These workers bring valuable skills, efficiency, and on-demand labor to businesses of all sizes; they are truly the backbone of the nation's economy. In 2024, 1.3 million workers in New York City alone were freelancing -- earning \$31.4 billion in freelance income annually with 46% of recent college graduates (aged 20-26) in New York City freelancing in some capacity.

Currently, the number of independent workers is rapidly increasing as more companies and individuals recognize the benefits of this work. Independent work offers individuals better wages, schedule flexibility, and autonomy. Companies also benefit from independent workers, gaining staffing flexibility, access to specialized skills, reduced training costs, and increased efficiency.

However, despite these advantages, independent workers face significant challenges in establishing and sustaining their businesses. The Freelancers Union serves as a crucial support system, providing insurance benefits, legal training, advocacy, and community resources to these workers.

We have helped nearly 25,000 workers gain insurance coverage through the Freelancers Insurance Company, which we launched in 2008. This initiative pioneered a portable benefits model, ensuring independent workers have access to high-quality, affordable health insurance.

Freelancers Union has fought for and won critical protections for independent workers, including reforms to the Unincorporated Business Tax. Our work does not stop there. We are working toward establishing a dedicated financial services team to provide free support for our members in tax filings and other financial obligations.

Additionally, we are expanding our efforts to protect freelancers by developing an internal legal services division to assist with contract negotiations, copyright concerns, and nonpayment issues. To achieve this, we seek the Council's support in developing and sustaining this vital initiative.



As you may be aware, Freelancers Union spearheaded the campaign to pass the landmark Freelance Isn't Free Act, granting freelancers unprecedented protections against nonpayment. We urge the Council and this committee to continue supporting DCWP by allocating the necessary resources to effectively enforce this legislation.

In 2022, in partnership with the Mayor's Office of Media and Entertainment (MOME), we launched the NYC Freelancers Hub in Industry City, Brooklyn—a free community space offering educational workshops, legal and financial clinics, benefits assistance, and networking opportunities. The overwhelming success of this program presents a clear opportunity for expansion into all five boroughs.

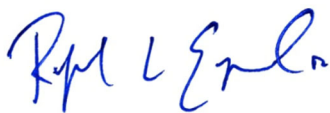
However, our ability to continue providing these critical resources is significantly impacted by delays in contract payments. Several contracts we hold with the City remain outstanding, with reimbursements pending from Fiscal Years 2024 and 2023. These delays hinder our ability to fully support the independent workforce, as they disrupt our financial stability and limit our capacity to expand vital programs. We urge the Council to prioritize timely payments to organizations like ours that directly serve the city's workforce.

The urgency of this issue is heightened by the changing landscape at the federal level. With a new administration in office, independent workers are navigating evolving policies that impact their ability to secure fair contracts, access benefits, and sustain their livelihoods. Now more than ever, it is imperative that the City stands as a reliable partner by ensuring timely payments and funding for essential programs that safeguard freelance workers from economic uncertainty.

Now more than ever, independent workers need accessible resources to sustain and grow their businesses. To meet these growing needs, we turn to the City Council for support through the Low Wage Worker Support, Legal Services for the Working Poor, and Job Training and Placement Initiatives. Ensuring the timely processing of city contracts and reimbursements is essential to maintaining and expanding these programs.

We deeply appreciate the Council's leadership and advocacy on behalf of New York City's workers. We respectfully urge your continued support in Fiscal Year 2026 to ensure independent workers have the resources they need to thrive and be compensated on time for their work.

Thank you for the opportunity to provide this testimony on behalf of the Freelancers Union and the tens of thousands of independent workers we serve every year.



Rafael Espinal
President and Executive Director





Monday, March 24, 2025

Hew Rose Evans
Senior Development Associate, the American LGBTQ+ Museum

Contracts Committee
Monday, March 24, at 1 PM, Via Zoom

Testimony for the Committee

Hello and thank you for the opportunity to speak today on behalf of my organization. My name is Hew Rose Evans, and I am the Senior Development Associate at the American LGBTQ+ Museum. For FY26, we are requesting an increase in City Council Discretionary funding, specifically increasing our Speakers Initiative funding to \$200,000 for LGBTQIA+ Community Services. This funding will support an expansion of our public programs and partnerships in all five boroughs as well as hiring additional staff members to implement this expansion.

To provide some background, our Museum's mission is to preserve, investigate, and celebrate the dynamic histories and cultures of LGBTQ+ people, as well as the emergent and adjacent identities among our communities. Using exhibitions and programs, we seek to advance LGBTQ+ equality through the lens of social justice movements, including, but not limited to, race, gender, class, immigration, and disability. As of today, there is no major LGBTQ+ cultural institution in the United States dedicated to preserving Queer history and culture, illustrating its many impacts on the broader society, or presenting it to the public in an accessible way. An American LGBTQ+ Museum would be a unique institution that would enhance the civic and historical infrastructure in New York City, filling a great educational and cultural vacuum, and recognizing LGBTQ+ people as major contributors to weaving the fabric of American society.

In 2027, our [Museum will open a core exhibition in Manhattan in partnership with the New York Historical](#), while extending our reach city-wide through a robust online presence and satellite partnerships with community institutions within all five boroughs. So far, we have developed public programs in collaboration with the Queens Public Library, Weeksville Heritage Center, NewFest LGBTQ+ Film Festival, Bronx Academy of Arts and Dance, Schomburg Center for Research in Black Culture, Alice Austen House, and many more. This month, we also just launched the Museum's first activist preservation program in partnership with SAGE USA and StoryCorps, named the [Queer Legacies Project](#), which includes facilitated archiving workshops that convene LGBTQ+ Elders and help them preserve their personal archives and oral histories for future generations. Looking ahead to FY26, we are currently in discussion with Culture Lab LIC to co-produce a series of lectures, film screenings, and creative workshops that illuminate local queer histories, provide resources for research and activism, and raise awareness for our Museum project. These cultural partnerships are just the beginning, and, with discretionary support from Speaker Adrienne Adams and the New York City Council, we hope to expand our available resources citywide ahead of our 2027 opening. I would like to thank you for your time, and we appreciate your consideration of our request.



New York City Council Committee on Contracts
Preliminary Budget Hearings – Contracts
March 24, 2025

Thank you, Chair Won and members of the Committee on Contracts, for the opportunity to provide written testimony. I am Nadia Chait, Senior Director of Policy & Advocacy at CASES. CASES (Center for Alternative Sentencing and Employment Services) provides comprehensive care to people who've been harmed by public systems, helping them stay out of jail while healing and recovering.

In FY24, CASES supported 12,380 New Yorkers to address the root causes of their arrest by providing mental health care, education, and job placement, and connecting them to housing and other essential services. We currently hold contracts with the Mayor's Office of Criminal Justice (MOCJ), the Department of Health & Mental Hygiene (DOHMH), the Department of Probation (DOP), the Department of Youth and Community Development (DYCD) and the Administration for Children Services (ACS). We employ over 600 individuals, many of whom have lived experience with the mental health and criminal legal systems. We believe people with lived experience of recovery from mental illness, substance use, and criminal legal system involvement are uniquely equipped to help others. That's why we hire people with lived experience to work across all our programs, at every level, up to the CEO.

Thanks to our contracts with these government partners, CASES can provide a variety of transformative programs that invest in people's potential, not in punishment. However, delays in contract registration and payments create financial instability and threaten our ability to serve our clients and appropriately compensate our staff for their expertise.

Late Contracting and Payment Issues

We thank the Committee on Contracts for understanding that delayed contract registration and payments create a detrimental effect on CASES and the communities we serve. Although the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, more must be done to support the sector. The City needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions.

We are currently providing services on two contracts that have ended, upon the assurance that extensions will be registered. These contracts are with the Department of Probation for the PEAK and Adolescent Portable Therapy (APT) programs. Our contract ended on 9/30/2024, so we are now in our sixth month of providing services without a contract and are currently owed

\$324,177.24 for salaries and program costs. Our contracts for the same programs for 2023-2024 were not registered until December 2024, three months after we had completed the work. It is incredibly challenging for us to provide high-quality programs and maintain a long-term commitment to these services when we do not receive timely payments. CASES staff have worked with young people for six months without a contract guaranteeing the continued availability of its services, which include mental health support for young people at risk of involvement in criminal activity. This makes it difficult to engage clients and maintain talented employees, as staff may not be able to afford to stay in a position without guaranteed funding and our clients struggle to connect with a revolving door of therapists, mentors, or case managers.

Since transitioning all invoicing as well as contract management into Passport, we find there are a lot of glitches with the system that lead to delays in getting contracts processed and registered. CASES has had to request manual changes after the system prevented the required documents from uploading. We appreciate that Passport has expedited some invoice payments, with MOCJ, ACS, and DOP now consistently paying invoices within 30 days of submission. DOHMH generally does not initiate payment for 30-45 days after submission.

The City's delayed contract and payment systems create significant cashflow concerns for CASES and our nonprofit partners. Frequent government contract payment delays put providers at risk of eviction and worsen deficits by forcing organizations to borrow to pay rent and salaries. CASES has previously relied on its line of credit or loans from the Fund for the City of New York to meet our biweekly payrolls for programs operating with unregistered and unpaid City contracts. Using a line of credit or other debt to pay bills costs nonprofit organizations thousands of dollars in interest, which the City does not reimburse for. The City's late payments harm our financial footing and ability to operate efficiently.

Fund MOCS

The Mayor's Office of Contract Services (MOCS) is responsible for overseeing the City procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, the delays of pending contract actions are preventing providers from getting paid for the services they provide. These delays hurt nonprofits like CASES, leading to cashflow challenges for necessary expenditures like payroll. MOCS must be adequately funded to ensure providers can pay their staff and focus on serving our communities. CASES asks the Council to support MOCS budget requests to ensure appropriate service levels.

Our programs provide public safety by investing in people's potential and transforming their lives. The City's constant inability to register contracts and pay bills in a timely manner threatens our ability to continue this vital work.

For any questions or further information, please contact Nadia Chait at [REDACTED] or nchait@cases.org. Thank you.



**Chinese-American Planning Council
Testimony Before the Committee on Contracts
Chair, Council Member Julie Won
March 24th, 2025**

Thank you Chair Won and members of the City Council for the opportunity to testify today. The mission of the Chinese-American Planning Council, Inc. (CPC) is to promote social and economic empowerment of Chinese American, immigrant, and low-income communities. CPC was founded in 1965 as a grassroots, community-based organization in response to the end of the Chinese Exclusion years and the passing of the Immigration Reform Act of 1965. Our services have expanded since our founding to include four key program areas: Childhood Development, Education & Career Services, Senior Services, and Community Services.

CPC is the largest Asian American social service organization in the U.S., providing vital resources to more than 80,000 people per year through more than 50 programs at over 30 sites across Manhattan, Brooklyn, and Queens. Our revenue is approximately half New York City funding.

CPC now employs a team of over 700 staff members, many of whom come from the same neighborhoods we serve. With the firm belief that social service can incite social change, CPC strives to empower our constituents as agents of social justice, with the overarching goal of advancing and transforming communities.

CPC offers holistic services that target both individual and family needs. Our programs are available for community members of all ages and backgrounds, and span five key service areas:

- **Early Childhood Education:** child care for children of ages 1-5 and workshops for parents.
- **School-Age Child Care Services:** after-school programming for children in grades K-5.
- **Education & Career Services:** ESOL classes, youth development, and workforce training.
- **Senior Services:** wellness, recreation, meals, and workshops for adults aged 60 and older.
- **Community Services:** family resources, public benefits, counseling, advocacy, and referrals

To that end, we are grateful to testify about issues that impact the individuals and families we serve, and we are grateful to the Council for their leadership on these issues.

We are grateful for the Council and the administration's commitment towards establishing prevailing wage requirements for city-contracted human services workers last year with an investment of \$741 million as part of a COLA for an estimated 80,000 human service workers. This was part of years of tireless advocacy of the Just Pay campaign led by the Human Services Council (HSC) and we are grateful that we were able to secure this historic win. We look forward



to working with the Administration and the City Council to ensure that this funding is implemented to get swiftly to human services staff with ease to providers.

We are also grateful to see Intro 0511, human services providers continue to face late contracting issues, which have a detrimental effect on both the organizations themselves and the communities that we serve. These late contracts create a risky situation where we have to start the work without a registered contract and payment, or delay in starting the contract, which affects the communities dependent on the services of providers. Many of the late contracts are also renewals, so there isn't really an option to suspend services while we wait for a registered contract; the City's delays cost us real money and jeopardize the quality of services by diverting funds away from programs to pay interest on lines of credit. Although the City cleared the backlog of more than \$4 billion in unpaid contracts and amendments, setting procurement timeframes can help ameliorate the procurement delays facing the sector.

Late payments are an exacerbating issue for nonprofits that are already strapped for cash flow due to the severe underfunding of New York City Contracts. They mean that we have to delay other important payments, put off critical investments in things like infrastructure and technology. They often mean we have to take out a line of credit to float the difference. Last year, we paid nearly \$100,000 in interest on late payments. That money that we subsidize the city on, is money that could have been used to provide adult literacy classes to 111 more students, a full year of afterschool programming to 33 young people, or over 8,300 culturally appropriate home delivered meals for home-bound seniors. Exacerbating this issue is the fact that we don't even know when late payments will come in, with no reliable way of finding out. This makes planning impossible, so we can't even say how long we have to put off a needed repair, for example. It is worth noting that discretionary contracts are among the worst offenders for late payments.

In a recent [report released by the City's Comptroller's office](#), they reported that payments to nonprofits have worsened, rising from 88.5% in fiscal year 2023 to 90.7% in fiscal year 2024. As mentioned previously, late payments to non-profits like CPC jeopardizes the services and programming that we are able to offer to our community members, deepening systemic inequalities.

Lastly, we are grateful to see legislation that increases the transparency of the procurement process. However, it is crucial that the development of this procurement database does not create administrative burdens for the providers. Providers already face high administrative burdens with insufficient staffing infrastructure to manage them. Because the City already utilizes PASSPort Public, human services organizations should not be responsible for inputting data into this new public procurement database, but rather mandate contracting agencies to support the database.

CPC appreciates the opportunity to testify on these issues that so greatly impact the communities we serve. We look forward to working with you on them.

Thank you so much for the opportunity to testify on issues that greatly impact our communities. If there are any questions or concerns, feel free to reach out to Ashley Chen, Policy Analyst at achen9@cpc-nyc.org.



New York City Council Committee on Contracts
Preliminary Budget Hearing
March 24, 2025

Submitted by:
Gloria Kim
Director of Policy, Research, and Impact
Human Services Council of NY

Introduction

Good afternoon, Chair Won, and members of the New York City Council Committee on Contracts. My name is Gloria Kim, and I am the Director of Policy, Research, and Impact at the Human Services Council (HSC), a membership organization representing over 170 human services providers in New York. HSC serves our membership as a coordinating body, advocate, and intermediary between the human services sector and government. We take on this work so that our members can focus on running their organizations and providing critical direct support to New Yorkers. These are the nonprofits that support our city's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

Fund MOCS

The Mayor's Office of Contract Services is responsible for overseeing the City procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, there are a significant amount of pending contract actions that are preventing providers from getting paid for the services they provided. This is unsustainable for the sector especially as they continuously deal with delayed procurement processes, which further exacerbates the cashflow challenges that countless human services nonprofits face. Without adequately funding MOCS, this hinders the progress that could be made to the procurement system that the human services sector relies on. Also, MOCS plays a critical role in implementing the COLA so the lack of MOCS funding has a detrimental impact on the implementation process leading to workers not receiving the investment in a timely manner. At a time where so many human services organizations are facing financial issues and workers are reliant on this COLA, funding for MOCS is crucial to ensure that providers contracting needs are met and workers are compensated so that they can focus on providing services to their communities.

Late Contracting Issues

For too long nonprofits have incurred substantial costs for service delivery before they have a legal right to be paid and are often forced to borrow to meet payroll. Interest payments on such borrowings are not reimbursable, except in rare cases, and must therefore be paid from reserves

already stretched to the breaking point. The City and its residents ultimately bear the brunt of these problems, when highly qualified providers cannot afford to take on City contracts, or when those providers must close programs or go out of business altogether because of the financial strains imposed by the City's late payments. The New York City Comptroller's Fiscal Year 2024 Annual Summary Contracts Report demonstrates that much more needs to be done – and quickly – to improve the timeliness of human services contract registration. Although the City procures over \$12 billion in human services, more than 91% of total contract value for human service and non-profit contractors were registered late in Fiscal Year 2024.¹ Although the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, more needs to be done to support the sector. The City needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions.

Conclusion

The nonprofit sector has struggled for decades with the government procurement system to the detriment of the financial health of nonprofits. Although the City has taken on a great effort in creating substantial reforms to address the procurement challenges that nonprofits face, there are still compounding delays in the contracting process that force providers to undertake costly borrowing to make payroll and rents, often accruing interest not covered by government contracts. There are real and insurmountable financial hurdles that the current system has placed on providers, which must be resolved so that the sector can continue to deliver its human services programs.

We thank the City Council for their commitment to procurement reform and understanding the chronically delayed procurement process that providers face. However, MOCS is responsible for overseeing the procurement process and is an essential partner in enacting these reforms. To ensure that the City continues to see improvements to the procurement process, MOCS must be adequately funded as providers continue to experience contracting and payment delays, which contribute to the unsustainability of the sector.

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

Gloria Kim
Director of Policy, Research, and Impact
Human Services Council of NY
kimg@humanservicescouncil.org

¹ (New York City Comptroller Brad Lander, 2025)

**Testimony from the Lower Eastside Girls Club
City Council FY 26 Preliminary Budget Hearing
Committee on Contracts
March 24, 2025**

My name is Jenny Dembrow, and I am the Executive Director of the Lower Eastside Girls Club. I've been with the organization since its founding in 1996. Initially, there were three Boys Clubs but no Girls Club. We operated out of a basement, community rooms, schools, and over two dozen locations until we moved into our current 35,000 sq ft facility in 2013. Over nearly 30 years, thousands of young women, gender-expansive youth, and their families have benefited from our free programming.

The Lower Eastside Girls Club (LESGC) has created a safe space of “Joy, Power, Possibility” where young people can dream big, find their passions, and connect to peers and careers through free, year-round programming and mentoring. In 2022, we launched our Center for Wellbeing & Happiness (CWBH), expanding our mission and service population with a core belief that the well-being of our members is intimately connected to the well-being of their family, community, and world. Through CWBH we offer wellness services with a healing-centered approach to all generations and genders on the Lower East Side. 10,000+ individuals benefit annually from LESGC's programming, services, and initiatives.

Our innovative model of community youth development has attracted visitors from around the globe. We have made great strides; every day, I have the privilege of witnessing our members challenge the status quo and actualize the future they deserve, all while joyfully shining and thriving. And yet we are currently facing a moment where girls', women's rights, and the rights of marginalized people are being taken away. We must not back down in our fight for a just and equitable future for all New Yorkers.

We are requesting \$2.5 million from the City Council in FY 26 to support the stabilization of the organization. Currently, LESGC is navigating a challenging financial reality and stands at a critical inflection point. Between a \$3 million mortgage for purchasing our CWBH space, rising costs due to inflation, and declining giving, our revenue has fallen behind, resulting in a \$2 million deficit. These fiscal challenges pose a direct and imminent risk to our ability to provide the vital services and innovative programming so many rely on at a time when the need is greater than ever.

In the post-pandemic period, LESGC has seen operating costs escalate due to inflation. Essential salary increases were implemented to align with COLA and retain our dedicated staff. Revenue has failed to keep pace with expenditures in recent years. Funds from donors, foundations, and the government are declining, expenses are rising, and demand for services is growing. Expiration of pandemic-era aid — coupled with inflation, staffing shortages/rising wages, and declines in giving — are creating an uncertain financial landscape for nonprofits. NYC nonprofits are facing financial challenges that are leading to hiring freezes, program cuts, layoffs, mergers, acquisitions, and closures. According to NY Council of Nonprofits 2024 State of the Sector report, 62% of NY Nonprofits are concerned about funding basic operations (up from 50% in 2023), and 25% of NY Nonprofits are considering reducing services.

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City government contracts, including DYCD contracts, have become unreliable, as have Federal and State funding sources in light of the recent stream of Executive orders. With New York City and State budgets tight, reimbursements for services/programming are increasingly delayed, complicating cash flow for nonprofits. The city currently has \$500 million in unregistered contracts. As of March 2025, LESGC has \$760,426 in outstanding City government contracts for programming and services that have already been rendered. At the State level, we are awaiting over \$800,000 in reimbursements from DASNY and REDC. Delayed payments have put LESGC and nonprofits across NYC in a precarious financial position.

The NYC Department of Youth and Community Services (DYCD) also cut key programs in FY24, negatively impacting youth service providers. Specifically, LESGC lost two DYCD grants: Compass Explorer (\$65,765) and Adolescent Literacy (\$108,274). We also only received half of our EFSP funding for our food pantry this year (\$7,000 of \$14,096). The EFSP program has been frozen with recent federal policy decisions impacting FEMA. These contracts, while not fully covering program costs, are essential to our overall funding model. Beyond the government funding, the recent attack on DEI initiatives and general post-election fiscal uncertainty have also negatively impacted philanthropic giving among corporate and private foundations. Amid these challenges, our strategies for ensuring financial stability include exploring partnerships with mission-aligned organizations, evaluating real estate leasing opportunities, and actively pursuing major philanthropic gifts.

LESGC's mission to provide Joy, Power, and Possibility is more urgent than ever. Our community-driven approach fosters long-term resilience, addressing the root causes of hardship and providing a holistic solution for the youth and families we serve. As we search for a way forward, we aim to secure our legacy as a transformative force in New York City and expand our impact for generations to come.



The Doe Fund

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**Written Testimony for the New York City Council
Contracts Committee
March 24, 2025**

Dear Members of the New York City Council,

On behalf of The Doe Fund, thank you for the opportunity to submit testimony. We've advanced proven solutions to homelessness for nearly 40 years in New York City. With a track record of empowering 30,000 individuals and reducing their chance of recidivism by half, we hope to partner with the City to address our spiraling homelessness crisis.

We are grateful for the tremendous support we've received from the City Council, including clearing the backlog of more than \$4 billion in unpaid contracts and amendments. Even with that achievement, more needs to be done to support the sector. The City needs to hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions.

Frequent government contract payment delays put providers at risk of eviction and worsen deficits by forcing organizations to borrow to pay rent and salaries. Providers oftentimes enter a difficult situation where they start work without a registered contract and payment, or delay in starting the contract, which affects the communities dependent on the services of providers. These delays cost nonprofits real money and jeopardize the quality of services by diverting funds away from programs to pay interest on lines of credit.

A possible answer to this issue comes from the Mayor's Office of Contract Services (MOCS). MOCS is responsible for overseeing the City procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, there are a significant amount of pending contract actions that are preventing providers from getting paid for the services they provided. This is unsustainable for the sector especially as they continuously deal with delayed procurement processes, which further exacerbates the cashflow challenges that countless human services nonprofits face. MOCS needs to be adequately funded to ensure that providers contracting needs are met so that they can focus on providing services to their communities and so we support what MOCS is asking for in the budget to ensure appropriate service levels.

But it's not the nonprofit human services providers who lose the most from this. It's the thousands of individuals who rely on us for addiction recovery support, workforce development programming, transitional work, and numerous other services.

Individuals like Robert P., who after significant challenges — ranging from homelessness, childhood abuse, substance abuse, and severe mental health struggles including PTSD from



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military service — found stability, lasting sobriety, and the right social services to address his complex needs at our Crystal Tower supportive housing residence. Since moving into his unit, Robert has rebuilt his social support network, his mental health and self-care has demonstrably increased, and he has become an active participant in the Crystal Tower community.

The City can show support for individuals like Robert by making it a priority to hold agencies accountable for the timely payment of organizations like ours, empower MOCS to quickly work through the backlog of outstanding reimbursements, and ensure these delays never occur again.

Regards,

A handwritten signature in black ink that reads 'Irene Branche'.

Irene Branche
Senior Vice President of External Affairs
The Doe Fund

**New York City Council Budget and Oversight Hearings
Preliminary Budget for Fiscal Year 2026**

**New York City Council Committee on Contracts
Honorable Julie Won, Chair**

Submitted by: Hillary Stuchin

March 24, 2025

Thank you, Chair Won, and members of the Committee on Contracts for holding this hearing and for the opportunity to submit testimony. My name is Hillary Stuchin, and I am the Director of Government and External Relations at UJA-Federation of New York.

Established more than 100 years ago, UJA-Federation of New York is one of the nation's largest local philanthropies. Central to UJA's mission is to care for those in need – identifying and meeting the needs of New Yorkers of all backgrounds and Jews everywhere. UJA supports an expansive network of nearly 100 nonprofit organizations serving those that are most vulnerable and in need of programs and services and allocates roughly \$185 million each year to support older adults, combat poverty and food insecurity, nurture mental health and well-being, strengthen Jewish life, and respond to crises here and across the globe.

UJA thanks the City Council for recognizing the ongoing challenges human services providers face due to delayed government contracts, which negatively impact both the organizations and the communities they serve. While the City has previously addressed a backlog of over \$4 billion in unpaid contracts and amendments, further action is needed to support the sector as there are still major contract delays.

Recurring delays in government contract payments jeopardize the ability of nonprofit agencies to provide services. In discussions with providers across the sector, we learned that several were nearly unable to make payroll while others were considering layoffs. Many are deepening their financial deficits by having to resort to costly credit lines or loans to cover rent and salaries. Several are fundraising merely to cover loan interest instead of expanding their services. Often providers will start work without a registered contract and payment, or delay starting the contract. The Human Services Council recently conducted a survey of its approximately 170 members and 90% had delayed contract payments totaling \$365 million. These delays are

drastically affecting the quality of services and threatening the ability of these services to exist at all.

UJA thanks Speaker Adams for raising up so many of these issues in her State of the City address and her commitment to advance legislation to reduce payment delays by 1) shifting contracts to a grant-based model so that payments can be provided earlier in the procurement process, and 2) requiring City agencies to submit corrective action plans for Retroactive Contract Registrations. **It is essential that the City ensures that each Agency is held accountable for timely invoice payments and additionally, works to eliminate the backlog of indirect and COLA contracting actions.**

Further, the Mayor's Office of Contract Services (MOCS), which is responsible for overseeing the procurement process, had their budget cut in FY 25 by 33%, which included 14 staff positions. As a result, MOCS is left with a significant number of pending contract actions which are preventing human service providers from getting paid on time. **UJA supports restoring full funding to MOCS so that they can ensure that providers' contracts are registered and paid on time.**

The work of the human services sector, which employs over 600,000 people, forms the backbone of the community: human service providers take care of our aging neighbors, assist families in staying in their homes, provide workforce training, work with people to overcome substance abuse and addiction, and help people from all walks of life in the event of an emergency. They should not be forced into a position where they constantly have the threat of closing their doors hanging over their head.

Thank you for the opportunity to provide testimony. Please contact stuchinh@ujafedny.org with any questions.



**Testimony of United Neighborhood Houses
Before the New York City Council**

**FY 2026 Preliminary Budget Hearing: Committee on Contracts
Council Member Julie Won, Chair**

**Submitted by Tara Klein, Deputy Director of Policy & Advocacy
March 24, 2025**

Thank you, Chair Won and members of the New York City Council, for the opportunity to testify. My name is Tara Klein, and I am the Deputy Director of Policy & Advocacy at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing neighborhood settlement houses that reach 800,000 New Yorkers from all walks of life.

A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

UNH thanks the Council for its dedicated advocacy on behalf of and alongside the human services workforce, especially in negotiating last year's multi-year cost of living adjustment (COLA). While the COLA does provide some immediate relief for workers, we must do more to undo years of flat budgets that left human service workers behind; we cannot COLA our way out of systemically low wages. In addition, human services providers are plagued by contracting delays, extremely late payments, and bureaucratic obstacles that make running programs nearly impossible, and this is having a tangible impact on services when they are needed now - more than ever. We urge the Council to advocate for paying the human services workforce more fairly and addressing urgent contract issues.

COLA and Investments for Human Services Workers

New York City relies on nonprofit human service organizations to support New Yorkers in need, from prenatal care for expecting parents, to early childhood education, to afterschool programs and in-school support, to summer camp, to youth workforce development programs like the Summer Youth Employment Program (SYEP), to college preparedness and college retention, to adult literacy and adult education programming, to adult workforce development, to aging

services like Older Adult Centers (OACs) and services that allow older adults to age in place like Naturally Occurring Retirement Communities (NORCs). Further, New York City relies on these same nonprofits to help New Yorkers meet their basic needs, including housing supports, mental health programming, benefit and entitlement navigation services, legal assistance, food access, home delivered meals, transportation—the list goes on and on.

Despite the importance of this essential work, human services workers in New York City are grossly underpaid, due to insufficient funding in government contracts. Across UNH's network of settlement houses in New York City, 76% of their total budget comes from government sources, and 65% of those funds are from New York City. Unfortunately, government contracts do not include sufficient funding to pay workers a fair and dignified wage. UNH conducted a survey that found that the household income of 63% of full-time settlement house staff was less than \$50,000 per year.

Wages have failed to keep up with both inflation and changes in the job market, and as a result the human services sector continues to face a staffing crisis. On average, a third (33%) of UNH settlement house members reported double-digit job vacancy rates of 10% or higher in 2024, and nearly 72% of UNH settlement house members reported that job positions remained vacant for 3 months or more in the past year, including 14% who said that positions remained vacant for 6 months or longer. Insufficient staffing has made it increasingly difficult for nonprofits to serve New Yorkers, leading to under-enrollment, challenges meeting staffing ratios for children and youth programs, and in some cases result in program closures.

Given this, we are grateful that the Council continues to support our sector and helped negotiate last year's multi-year Cost of Living Adjustment (COLA) agreement, which is adding 3% raises for this essential workforce year-over-year for three years (FYs 25, 26, and 27). These funds are automatically built into contract budgets such that providers can plan ahead and increase staff salaries on a regular schedule, leading to fair and predictable raises for the workforce.

Still, the COLA is attempting to correct decades of systemic underinvestment, and 3% raises on top of already low wages are not sufficient to solve this problem. Without deeper investments and increased budgets in government contracts to cover wage increases, nonprofits are unable to recruit and train the next generation of nonprofit leaders, setting future New Yorkers up for significant barriers to accessing services that grow over time.

While the COLA does provide some immediate relief for workers, we must do more to undo years of budgets that left human service workers behind. **We urge the Council to consider larger policy proposals to support the human services workforce.** The City should swiftly ensure salary parity with similarly-titled government workers who currently earn higher salaries than the nonprofit workforce, and should create a prevailing wage schedule for the human services workforce.

Contracting Delays

We greatly appreciate the Council for speaking out about the problems of procurement issues, and advocating that the Administration prioritize and accelerate payment to the sector. The current system is unacceptable and we need urgent action.

Background

Despite relying on nonprofit organizations to provide many critical services, New York City is not always a good partner. Many contract budgets are out of date, and do not fully cover the true cost of services. In addition payments are regularly late, including so called “advances” that arrive well into the new fiscal year. While we appreciate the various citywide initiatives to clear backlogs and reduce delays, those were temporary fixes, leaving nonprofit contractors to still battle payment delays.

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

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

One Bronx settlement house operations director shared:

“We are experiencing delays in making payments to the vendors who supply essential services for our programs. As a result, we have been forced to reduce the scale of our program events due to ongoing cash flow challenges. This has impacted our ability to fully execute our planned activities and deliver the quality experiences we aim to provide.”

A Manhattan settlement house executive director shared:

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

A Bronx settlement house finance director said:

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

A Manhattan settlement house finance director shared:

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

A Manhattan settlement house finance director said:

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

A Brooklyn settlement house director specifically cited concerns around DYCD's Summer Rising program:

"Our biggest concern is the Summer Rising program for which we are still owed \$1.3 Million for the expanded FY25 Summer Rising programs we provided, in good faith, last summer. THIS 9-month delay IS UNTENABLE AND UNACCEPTABLE for our agency and has put us in a VERY DIFFICULT, UNMANAGEABLE cash flow situation! After 4 years of Summer Rising implementation experience, we see no justifiable reason for these delays."

Examples

The following examples from our settlement house network, all from last week, highlight the many delays that City agencies often create that cause delays in registering contracts and paying on time:

- A Manhattan settlement house is owed about \$15 million.
 - A computer system issue is delaying contract registration for Train and Earn/Advance and Earn, and DYCD is not responding to requests to deal with the issue. This settlement house plans to cut back its longstanding Advance and Earn program within the next 30-45 days if this is not addressed.
- A Manhattan settlement house is owed \$4 million dollars combined from DHS, DOE, DOHMH, and DFTA.
- A Brooklyn settlement house is owed \$5 million.
 - FY25 awaiting contract registration - \$1.9 million:
 - DYCD Summer Rising - \$1.3 million
 - SBS - \$303,000
 - DOE - \$310,000
 - NYC Benefits Child Care - \$36,000
 - FY24 outstanding invoices awaiting reimbursement - \$555,000
 - All DYCD and DYCD Discretionary
 - FY25 outstanding invoices awaiting reimbursement - \$2,5 million
 - DYCD - \$893,000
 - ACS - \$1.6 million (School Based Early Support - \$739,000; Promise NYC Child Care - \$810,000; Family Enrichment Center - \$33,000)
 - DCWP - \$43,000
- A Manhattan settlement house is owed \$17 million from one City agency.
- A Manhattan settlement house is owed about \$6 million, primarily from DYCD:

- This includes \$3 million from an FY24 budget modification which took almost nine months to be considered “in progress” in PASSPort. After being recognized in PASSPort, only \$200,000 of invoices have been reimbursed.
 - This includes an additional \$3 million in Summer Rising and COMPASS related expenses that are still not being recognized in PASSPort (not registered), and thus not ready for even an advance.
- A Brooklyn settlement house is owed \$3.4 million.
 - \$118,000 in FY23 from HPD
 - \$769,000 in FY24
 - \$585,000 from DYCD
 - \$98,000 from HPD
 - \$86,000 from DOE
 - \$2.54 million in FY25
 - \$349,000 from DYCD discretionary
 - \$1.3 million from DYCD (Summer Rising and Train & Earn)
 - \$155,000 from DSS (NYC Benefits)
 - \$665,000 from DOE (Community Schools)
 - \$74,000 from HPD
 - \$44,000 from SBS
- A Bronx settlement house is owed \$1.52 million:
 - FY24 DYCD - \$280,000
 - FY24 HPD - \$103,000
 - FY25 DYCD - \$729,000
 - FY25 DOE/MTAC - \$406,830
- A Bronx settlement house is owed \$474,000, out of a total City contractual budget of \$3.2 million, from DOE and DYCD.
 - Summer Rising funds for FY25 (July and August 2024) have still not been released.
- A Manhattan settlement house is owed about \$15 million.
 - HRA owes \$1.5 million
 - DFTA owes \$1 million
 - DYCD owes \$2 million
 - DHS owes \$8.5 million
- A Manhattan settlement house is owed \$1.75 million.
 - \$1 million from DOE (Community Schools and UPK)
 - \$317,000 from DFTA (including two contracts from FY22)
 - \$296,000 from DYCD
 - \$100,000 from DOHMH
- A Brooklyn settlement house is owed \$8.6 million, including:
 - DYCD - \$4,870,800
 - DOE - \$2,968,300
 - HPD - \$742,800
- A Manhattan settlement house is owed \$1.88 million.
 - \$962,000 from DYCD
 - \$727,000 from DOE
 - \$194,000 from DFTA
- A Bronx settlement house is owed \$1.98 million
 - HPD owes \$704,000 for FY24 and FY25
 - DOE/Community Schools owes \$458,000 for FY25

- DYCD Discretionary owes \$620,000 for FY25
- DYCD COMPASS owes \$195,000 for FY25

In total, these 13 settlement houses are owed \$81.6 million, offering just a small snapshot into the scope of this massive citywide problem.

Department of Education

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

This process is delayed by a rigid workflow: budget approval must come first, followed by enrollment adjustments, attendance certification, and invoicing, which then requires an additional two weeks for payment processing. Many organizations have struggled to correct enrollment discrepancies, with issues like students leaving or enrolling mid-year, and have had to persistently follow up with DOE staff to get these changes made before the payment process can proceed.

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

Recommendations

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

Intro 982 (Brannan) - Interest to be paid on late contract payments to non-profit contractors

This bill would require interest to be paid on late payments under City contracts with nonprofit organizations. Due to late payments, many providers have been forced to take out loans and lines of credit, which incur interest, all because of the City's delayed payments. In other words, nonprofits are effectively floating the City money. Intro 982 sends a clear message to the Administration to address the backlog and cover any costs incurred in the future. Short of guaranteeing that the City would register contracts and make payments on time every time, this bill is the next best thing, because it ensures that the consequences of late payments are not borne by nonprofits when delays are often out of their control. UNH strongly supports this bill and appreciates the sponsors for their support.

Intro 511 (Stevens): Setting time limits for the procurement process, reporting on agency compliance, and developing an online platform for managing procurement

This bill sets time limits within which agencies would be required to complete each step of the procurement process. Under the current system, there are only timeframes at the very end of the procurement process. Nonprofits have found agencies often hold up the contract registration process, many times without clear explanation. While waiting for a contract to be registered, human services providers often begin working on their contract to prevent people from going without vital services. This leads to challenges with cash flow and program implementation. Clear timetables would help nonprofits plan and budget accordingly, improving the overall contracting experience and adding accountability for everyone.

Intro 514 (Won): Public procurement database

UNH supports transparency initiatives, and therefore supports Intro 514, which would establish a searchable, online database containing information from all stages of the contracting process for every mayoral agency procurement that exceeds the small purchase limits. Should the public procurement database become law, UNH urges City agencies to leverage existing proposals and reporting from contractors to update and maintain the database, given that providers already report on the data called out in the bill. City agencies should not pass the reporting burden on to contractors by requiring additional paperwork above and beyond what is already required of them as current reporting is more than sufficient to comply with the law.

Earlier up-front payments

UNH supports legislation recently announced by Speaker Adams that would shift contracts to a grants-based model that mandates a larger portion of contract payments be provided earlier in the procurement process. We look forward to seeing the details of this proposal.

Agency Staffing

We understand that one of the main reasons for contracting delays is understaffing at various City agencies, especially at the Mayor's Office of Contract Services (MOCS). MOCS and the human service contracting agencies need more staff to ensure that they have an efficient contracting system.

Ensure Agencies follow the Indirect Cost Rate (ICR)

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

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



Testimony
New York City Council
Committee on Contracts
Preliminary Budget Hearing
March 24, 2025

Good afternoon, Chair Won and members of the Committee. My name is Cristina Abbattista, and I am the Policy Analyst at Urban Pathways. Thank you for the opportunity to testify at today's Fiscal Year 2026 Preliminary Budget Hearing about the need for procurement reform and timely payments for nonprofits.

Urban Pathways is a nonprofit homeless services and supportive housing provider serving single adults. Last year, we served over 2,500 unique individuals through a full continuum of services including street outreach, drop-in services, safe havens and stabilization beds, extended-stay residences, and permanent supportive housing in Manhattan, Brooklyn, Queens, and the Bronx. We also offer a wide range of additional programming to meet the needs of the people we serve, including our Total Wellness, Employment, and Advocacy programs. We hold City contracts with DHS, DOHMH, and HRA.

Procurement Reform

We appreciate the efforts of the Backlog Initiative to create meaningful reforms to address the procurement challenges faced by nonprofits by moving hundreds of outstanding invoices pending at the Department of Homeless Services alone at the end of 2024. However, there continue to be delays in the contracting process and getting reimbursements for services provided. We still have months of catch-up in pending budget, budget updates, and invoice approvals that are prohibiting us from being reimbursed for the services we have already performed. **Nonprofits are contracted by the City to provide essential services on the government's behalf, but the City is not paying contracted nonprofits who deliver critical services to our city's residents most in need on time. In many instances, payments are made months after services have been provided.**

The lack of timeliness when it comes to payments puts organizations like ours at risk. It makes it difficult to pay staff, vendors, and run programs for the people we serve. **Currently, Urban Pathways is owed almost \$1.5 million by the Department of Homeless Services (DHS),** which contracts our drop-in center, Safe Havens, and stabilization beds, **and approximately \$2 million by the Department of Health and Mental Hygiene (DOHMH),** which contracts our permanent supportive housing. There is no other industry that is expected to continue performing work when they are owed millions of dollars in back pay.

To remedy these concerns, the City must:

- **Drastically reform its procurement and payment process, with a streamlined invoicing process that eliminates multiple layers of review and expense backup each month, increased efficiency and transparency, and updated technology.**
- **Deploy a Rapid Response Team to address the current DHS contracting and payments backlog, and pay nonprofit providers what we are owed.**
- **Restore and expand headcount at DHS, DSS and MOCS to eliminate pervasive contracting and reimbursement delays for nonprofit providers.**

In addition to payment delays, **the 65A process for subcontractors that DSS-contracted providers must adhere to, is inefficient and lacks transparency.** The goal of moving the DHS 65A subcontractor approval process to PASSPort was to streamline both the subcontractor approval and payment processes. However, the rollout of this transition was unclear, and there were insufficient training opportunities. The ACCO's notification mentioned that MOCS's Learning and Development team would offer live training sessions on the PASSPort subcontractor module. While these sessions took place, they did not address the unique requirements of the DHS subcontractor approval process. The DHS process includes obtaining three bids for subcontracted services over \$25,000, completing a subcontractor log, and submitting a justification letter if the lowest bidder is not selected.

The ACCO notification also indicated that the DSS/Subcontracting unit would provide office hours to discuss the transition, but these office hours did not take place. Beyond the issues with the PASSPort transition, the DHS subcontractor approval process itself remains arduous. For certain services, such as psychiatric care, choosing a vendor based solely on price is not appropriate. Factors like the best fit and service models for the people we serve must also be considered when selecting a vendor for psychiatric or direct client services.

Finally, the new federal administration has created much uncertainty for nonprofit providers here in NYC. Between the proposed federal funding freezes and federal staff firings, **many providers are concerned over the reliability of funds from the federal government.** Given the uncertainty of federal resources and proposed cuts, it is all the more important that the City pay nonprofit homeless service providers for their services on time to not further threaten the insolvency of nonprofits.

Thank you for the opportunity to testify today. We look forward to working with the City Council on a fair and equitable budget for all New Yorkers.

For questions or more information, please contact:

Cristina Abbattista, Policy Analyst

cabbattista@urbanpathways.org





**Testimony for the New York City Council
FY26 Preliminary Budget Hearing
Committee on Contracts
March 24, 2025**

Good afternoon, my name is Nathalie Interiano, and I am the Director of Policy and Advocacy at Care For the Homeless. I would like to thank the Committee for the opportunity to testify before you today.

Care For the Homeless has over 40 years of experience providing medical and behavioral health services exclusively to people experiencing homelessness in New York City. We operate 23 federally qualified community health centers in all five boroughs. Our service sites are co-located at facilities operated by other non-profits that include shelters for single adults and families, assessment centers, soup kitchens, and drop-in centers. Additionally, our community-based health center model brings services directly to neighborhoods where the need is most significant. Both models reduce barriers unhoused New Yorkers regularly face in navigating a complex health care system by increasing access to high-quality, patient-centered, primary and behavioral health services. We also operate 2 shelters for single adult women, 2 shelters for single adult men, and one Safe Haven focused on people experiencing unsheltered homelessness, all of which have on-site health centers for their residents and the community. In these programs, our goal is to end episodes of homelessness by providing essential supportive services to help our residents obtain stable and permanent housing.

We are currently contracted with DHS to perform the previously mentioned residential services.

As of today, March 24, 2025, Care For the Homeless is owed 5 million dollars in city contracts dating back to FY22. The amount owed is 10% of our total budget for residential services for the year. This backlog in payments has been and continues to be an ongoing issue.

The FY26 Budget must take decisive action to rectify payment issues for Shelter Providers.

We are relieved for the recent temporary cash flow due to actions the City took to address overdue payments. The Backlog Initiative moved hundreds of outstanding invoices pending at the Department of Homeless Services alone at the end of 2024. However, we still have months of catch-up in pending budget, budget updates, and invoice approvals that are prohibiting us from being reimbursed for the services we have already performed and again are in a cash flow crisis.



The lack of stability when it comes to payments puts organizations like ours at risk. It makes it difficult to pay staff, vendors, and run programs for clients. Organizations are often forced to take out lines of credit just to relieve cash flow issues, only to then have to pay interest.

Alongside procedural inefficiencies, short staffing within City Agencies has also contributed to delays in payment. Per the New York Housing Conference, the DHS' budgeted headcount dropped by 494 staff from Dec. 2019 to Jan. 2025, and HRA by 1,537 staff for the same period. DSS has not been able to recruit and retain staff at a rate that keeps up with the demand, which results in payment lag times.

We urge the City Council to ensure that the FY26 budget includes sufficient funding to restore and expand the headcount at DHS, DSS and MOCS to eliminate pervasive contracting and reimbursement delays for non-profit providers.

Finally, the new federal administration has created much uncertainty for non-profit providers here in NYC.¹ Between the proposed federal funding freezes and federal staff firings, many providers are concerned over the reliability of funds from the federal government. Most recently, the administration has proposed cutting the staff at Department of Housing and Urban Development (HUD) by 50%. We know that destabilizing HUD will have dire results, including the closure of programs that serve people experiencing homelessness, and permanent affordable and supportive housing. Households receiving rental assistance may see evictions due to delays in payment.

Given the uncertainty of federal resources and proposed cuts, it is all the more important that the City registers contracts in a timely manner and pays non-profit homeless service providers for their services on time to not further threaten the insolvency of non-profits.

Thank you again for your time. If you have any additional questions, please contact me at ninteriano@cfhnyc.org.

¹ Oreskes, B., Newman, A. (2025, January 28) Nonprofits in New York Are Told Their Contracts 'Have Been Paused'. *The New York Times*. <https://www.nytimes.com/2025/01/28/us/politics/nyc-nonprofit-contracts.html>



**Center for
Family Life
in Sunset Park**

**Center for Family Life in Sunset Park
Committee on Contracts
3.24.25**

Center for Family Life in Sunset Park (CFL) has been the principal provider of integrated social and human services in the low-income community of Sunset Park, Brooklyn for over 45 years. We are a neighborhood-based organization that partners with residents to identify shared goals and implement programs that promote the healthy development of families and children and enrich the quality of life in the neighborhood. Our mission is to ensure all community members have the support and resources that they may need to thrive including family counseling; cultural, educational, and recreational programs at the local public schools; adult and youth employment programs; and an emergency storefront for food and advocacy among other services. CFL engages more than 18,000 children and adults each year at 14 community locations, including our Main Office, our Family Enrichment Center, and our 12 partner public schools.

In order to offer these key services, we partner with several city agencies such as the Department of Youth and Community Development (DYCD), the Department of Education (DOE), the Administration for Children's Services (ACS), the Human Resources Administration (HRA), the Department of Small Business Services (SBS), and the Department of Consumer and Worker Protections (DCWP).

While we are grateful to be a trusted partner of the City and manage several contracts, the burden from slow registration and non-payment is crippling. We live with the daily anxiety of not knowing when we will get paid for services rendered. Some of these services were offered over a year ago. It is more critical than ever for us to be able to count on the City of New York to pay us because we are facing the specter of multiple cuts in federal funding.

New York City currently owes us \$5,017,487. Over half a million – \$554,754.50 to be more precise – is for outstanding FY24 invoices with DYCD. And \$2,517,633.84 is owed to us for FY25 invoices with DYCD, ACS and DCWP. What is worse, \$1,945,099 in FY25 contracts is still pending registration with DOE, SBS, HRA and once again, DYCD. We don't know when we will be able to start invoicing for the services we provided under those contracts.

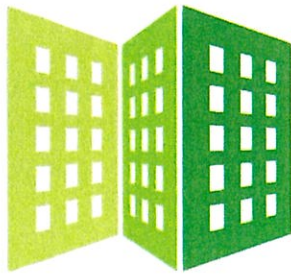
CFL is a member of United Neighborhood Houses (UNH) and the Council of Family and Child Caring Agencies (COFCCA) which together represent a large number of social services providers across New York City. We stand with both advocacy organizations whose broad membership is being significantly adversely impacted by the registration and payment delays.

Thank you for creating space to share these very serious challenges that put our financial health at risk, and for holding agencies accountable.



TAKEROOT JUSTICE

TakeRoot Justice provides legal, participatory research and policy support to strengthen the work of grassroots and community-based groups in New York City to dismantle racial, economic and social oppression.



STABILIZING NYC

*fighting predatory equity and tenant harassment
organizing nyc tenants for the right to stay in our homes and communities*

Testimony Concerning:

Preliminary Budget Hearing
March 24, 2025

Presented Before:

NYC Council Committee on Contracts Chair Julie Won
NYC Council Speaker Adrienne Adams

Presented By:

Jackie Del Valle

[Stabilizing NYC](#) Coordinator

[TakeRoot Justice](#)

123 William Street, 1st Floor New York, NY 10038

Cell: 718-877-6689 • Fax: (212) 533-4598

jdelvalle@takerootjustice.org

St. Nicks Alliance/ UNO
HOPE/ UHAB
Woodside on the Move

Scope of the problem

For this current fiscal year TakeRoot Justice was awarded a little over \$2 million in discretionary funding. We were also awarded the same amounts for FY24 which started on July 1, 2023 and is also the start of our multi year contracting. For our DSS and SBS contracts, we only just got those contracts registered. We have not received any of FY25 money - no invoices have processed—and just got our FY24 money last month. Our HPD awards, which include that SNYC Initiative, are not registered, nor are any of the SNYC groups we work with.

Stabilizing NYC is a \$3.70 million City Council Discretionary Initiative funding 20 groups, administered through HPD. For FY25, the Stabilizing NYC Coalition organizing members must complete a minimum of \$160,000 of tenant organizing deliverables. We must pay and support staff to do outreach, develop tenant associations and run building campaigns. We must pay and support staff to manage the burdensome administrative work of registering the contracts and reporting on deliverables. Yet the groups are waiting on our FY24 money, which began on July 1, 2023.

As of late March 2025

- None of the multi-year contracts have been registered
- Several groups are still waiting to be paid for their FY23 work

This is unacceptable and immediate action needs to be taken.

The solutions potentially fall into two buckets- 1) addressing the backlog of contract registrations and payments and 2) ensuring the process is better for FY26. To that end,

- 1. Groups should immediately receive a significant portion of owed money through advances from 7/1/2023 through 12/31/24**
- 2. Going forward, groups should receive an advance of at least 50% of their contracts at the start of the year.**
- 3. HPD must be properly funded to hire more contract managers to process contract registration and invoicing**
- 4. MOCS must be properly funded to do their part in the contract registration process and address the issue in PASSPort**



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Testimony of University Settlement before the New York City Council

Preliminary Budget Hearing

Committee on Contracts,
Chair Julie Won

Submitted by Kyungsoo Kang,
Grants Contract Administrator
University Settlement

March 20, 2025

Chair Won and members of the City Council Committee on Contracts.
Thank you for the opportunity to testify on behalf of University Settlement
Society of New York. My name is Kyungsoo Kang, and I am the Grants
Contract Administrator from USS.

University Settlement is one of New York City's most dynamic social
justice institutions, with an impressive legacy as the first settlement house in
the nation. For 139 years, University Settlement has been an anchor in the
immigrant communities with low income where we work, offering
pioneering programs in early childhood care and education, youth
development, eviction prevention, literacy, theater and visual arts, older
adult services, and mental health. Each year, we engage over 40,000 New
Yorkers through our network of 30+ sites in Manhattan and Brooklyn. Our
mission is to empower residents by building on their strengths and
knowledge through comprehensive, quality services that meet the current
needs of the community, innovation that anticipates future needs, and
advocacy on behalf of the community and its residents.

We would like to express our gratitude to the Administration and City
Council for their continued support in implementing the Cost-of-Living
Adjustment (COLA) increases, reforming the PASSPort system, and
introducing multi-year discretionary contracts. These efforts reflect a
dedication to strengthening the partnership between the city and the
organizations that sustain essential services. However, ongoing challenges
in contract registration and payment processing continue to undermine the
financial stability of nonprofits like University Settlement, ultimately
impacting the communities we serve.

City contracts and funding are a lifeline for organizations like ours, enabling
us to provide critical human services to tens of thousands of New Yorkers.

Yet persistent delays in contract registration and payment disbursement have created a severe cash flow crisis, forcing us into a vicious cycle. Without timely payments, we are left with no choice but to take on high-interest loans to cover staff salaries, maintain operations, and initiate essential capital projects that serve the most vulnerable populations and are only offered on a reimbursement basis. While these loans temporarily bridge funding gaps, repaying them further depletes our resources, leaving us in an unsustainable financial position. The burden of debt repayment limits our ability to reinvest in programs, expand services, and retain skilled staff—undermining the very mission we are entrusted to fulfill.

The impact of these delays extends beyond finances. Staff furloughs and layoffs, hiring freezes, reduced program expenditures, and stalled capital projects are unfortunate, yet necessary, and are the direct consequences of an unreliable payment system. To ensure the long-term viability of vital services, we urge the city to take decisive action to break this destructive cycle by committing to timely and predictable payments.

While we recognize and welcome the reforms introduced through PASSPort and multi-year contracts, significant inefficiencies remain. A lack of unified communication between city agencies and MOCS has created confusion, further delaying contract registration and payment disbursement. PASSPort was intended to streamline and modernize procurement, yet some city agencies still require vendors to submit contract documents through both email and PASSPort, with inconsistent submission guidance across agencies and MOCS. When clarification is needed, the MOCS helpdesk often redirects inquiries back to the agencies, leaving vendors without clear directions. This uncertainty makes it difficult to predict next steps, hindering our ability to plan ahead and prepare effectively. These inconsistencies not only impose an administrative burden on providers but also result in avoidable substantial delays in contract registration, ultimately affecting service delivery. We strongly advocate for a standardized and transparent procurement system to ensure greater efficiency and reduce unnecessary obstacles.

Moreover, while multi-year discretionary contracts have helped reduce the burden of repeated registrations, PASSPort lacks a critical function: vendors are not notified when contracts become invoiceable. For organizations like ours, managing approximately \$900,000 in discretionary contracts, the absence of automated notifications requires us to manually monitor contract statuses and repeatedly contact agencies for updates. This time-consuming and labor-intensive process diverts valuable resources away from service delivery, creating unnecessary administrative strain. Additionally, navigating an inefficient system without automatic notifications, transparency, or predictability increases the risk of delayed payment disbursement, further straining cash flow and weakening the financial resilience of essential service providers.



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To address these challenges, we urge the City to implement automatic notifications when contracts become invoiceable, offering a simple yet impactful solution to reduce administrative burdens and ensure timely payments.

Clear and consistent communication across agencies and MOCS is also essential to eliminate confusion and prevent delays. Furthermore, establishing standardized procurement guidelines will ensure vendors can navigate the contracting process more efficiently and with greater confidence, ultimately strengthening the City's ability to deliver critical services to its communities.

Timely payments are not just a financial necessity—they are a fundamental requirement for the continued delivery of critical human services. University Settlement and countless other nonprofits rely on these funds to pay staff, cover operational costs, and provide direct services to some of the most vulnerable New Yorkers. Delays in payment create instability that ripples throughout the sector, undermining our collective ability to meet urgent community needs.

We call on the city to take meaningful action to address these structural contracting challenges and ensure that nonprofit providers receive the funding they depend on without disruption. Strengthening transparency, accountability, and efficiency in the contracting process will not only improve the financial health of service providers but also enhance the City's ability to deliver vital programs to those who need them most.

University Settlement remains committed to working alongside the City Council and the Administration to create a more effective and equitable system. We appreciate the opportunity to share our testimony and look forward to continued collaboration to achieve these critical reforms. For further inquiries, please contact us at contracts@universitysettlement.org.

From the time I started the Life Links Clubhouse it has helped me in my recovery. I enjoy greeting the members from the reception desk. I enjoy attending the meetings in the Life Links Clubhouse. I like helping the members with the newsletter and magazine. Most of all, I enjoy the relationships I developed there. The members have helped me to grow in my recovery. Without the deep connections at the clubhouse I wouldn't be in my recovery where I am today.

The members are kind and aware of what's going on with other members. At the clubhouse, we have become a family.

The City Budget Hearing is about the funding for the clubhouse so it can stay open. The Lifelinks Clubhouse would state why it needs the funding to stay open and how it would use the funding at the hearing. The funding is crucial for the clubhouse because it provides the resources we need for the clubhouse to stay open.

The reason I'm giving this testimony for the City Budget Hearing is because the members need the Clubhouse to stay open. Without the clubhouse the members would isolate, get depressed, and not develop relationships. The members would have no place to go and their families would worry about their recovery. The members wouldn't know what to do if the clubhouse is not open. They need the services of the clubhouse.

The services are crucial to the members' recovery because it gives them purpose and focus. At the Lifelinks clubhouse we focus on the members' strength. Lifelinks provides a safe space where members can work on themselves.

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/24/25

(PLEASE PRINT)

Name: Lauren Siciliano

Address: 199 Water St.

I represent: Legal Aid Society

Address: 199 Water Street

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Appearance Card

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Panel testimony

☐ in favor ☐ in opposition

Date: 3/24/25

(PLEASE PRINT)

Name: Greg Klemm

Address: [Redacted] BK 7-11, NY 11220

I represent: Legal Services NYC

Address: 40 Worth St, NY, NY 10013

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☐ in favor ☐ in opposition

Date: 3/24/25

(PLEASE PRINT)

Name: Helga Khanfar

Address: _____

I represent: The Mayor's Office of Contract Services

Address: 255 Greenwich St 9th Fl

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

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/24/25

(PLEASE PRINT)

Name: Lisa Flores

Address: _____

I represent: NYC Mayor's Office Contracts

Address: 255 Greenwich St. NY 10007

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. DMS, PSH, Budget Delays Res. No. _____

☐ in favor ☐ in opposition

Date: 3/24/25

(PLEASE PRINT)

Name: Eric Lee

Address: [REDACTED] NY 11385

I represent: Volunteers of America - Greater New York

Address: 135 W 50th St. NY NY

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Gloria Kim

Address: _____

I represent: Human Services Council of NY

Address: _____

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THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Jackie DelValle

Address: Take Root Justice + Stabilizing NYC

I represent: _____

Address: _____

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/24/25

(PLEASE PRINT)

Name: Kerriann Pauls

Address: 123 William St. NY, NY

I represent: Take Root Justice

Address: _____

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THE CITY OF NEW YORK**

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Tara Klein

Address: _____

I represent: United Neighborhood Houses

Address: _____

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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: CARLOS CANO

Address: _____

I represent: CENTER FOR FAMILY LIFE

Address: IN SUNSET PARK

**THE COUNCIL
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☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Galloway, Ali Fanny Center

Address: _____

I represent: _____

Address: _____

**THE COUNCIL
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Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Sophie Joeng

Address: 45 Suffolk Street, New York, NY 10002

I represent: Chinese-American Planning Council

Address: 45 Suffolk Street, NY 10002

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

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: JULIAN Morse

Address: _____

I represent: Fifth Avenue Committee

Address: 621 Degraw Street

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Lisa Rivera

Address: 100 Pearl Street NY NY 10001

I represent: NYLAG

Address: 100 Pearl Street NY NY 10001

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: _____

(PLEASE PRINT)

Name: Kyungsoo Kang

Address: _____

I represent: University Settlement Society of New York

Address: _____

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

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☐ in favor ☐ in opposition

Date: 3/24/2005

(PLEASE PRINT)

Name: Sharon Brown

Address: _____

I represent: Rose of Sharon Enterprise

Address: 43 Madison Street 3F
Bklyn NY 11238

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

**THE COUNCIL
THE CITY OF NEW YORK**

Appearance Card

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

☒ in favor ☐ in opposition

Date: 3/24/2005

(PLEASE PRINT)

Name: Christopher Leont Johnson

Address: _____

I represent: Self

Address: _____

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