

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

Jointly with

COMMITTEE ON CHILDREN  
AND YOUTH

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April 30, 2025  
Start: 10:10 a.m.  
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HELD AT: Council Chambers - City Hall

B E F O R E: Julie Won  
Chairperson

Althea V. Stevens  
Chairperson

COUNCIL MEMBERS:

Erik D. Bottcher  
Sandy Nurse  
Inna Vernikov  
Rita C. Joseph  
Linda Lee  
Julie Menin  
Chi A. Ossé  
Nantasha M. Williams

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

Michael Sedillo  
Executive Director of Mayor's Office of  
Nonprofit Services

Kim Yu  
Director and Chief Procurement Officer of  
Mayor's Office of Contract Services, MOCS

Michael Ognibene  
Deputy Commissioner and Chief Operating Officer  
for NYC Department for the Aging

Jeremy Halbridge  
Deputy Commissioner of Administration at DYCD

Diane Mamet  
Executive Director for Nonprofit Engagement and  
Chief Nonprofit Officer at DSS

Louisa Chafee  
Director of Independent Budget Office

Michelle Jackson  
Human Services Council

Kristin Miller  
Homeless Services United

Greg Rideout  
CEO for Organizational Advancement at  
Opportunities for a Better Tomorrow

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

Sophine Charles  
Director of Council of Family and Childcare  
Agencies

Terry Troia  
President and CEO at Project Hospitality Staten  
Island

Jody Rudin  
President and CEO at Institute for Community  
Living

Tierra Labrada  
Supportive Housing Network of New York

Lauren Siciliano  
Legal Aid Society

Hailey Nolasco  
Center for Justice Innovation

Greg Morris  
NYC Employment and Training Coalition

Faith Behum  
UJA Federation of New York

Rachel Gazdick  
New York Edge

William Jourdain  
Woodside on the Move

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

Sophia Cohensmith  
PowerPlay NYC

Molly Eckerly  
Metropolitan Council on Jewish Poverty

Joe Rosenberg  
Catholic Community Relations Council

Catherine Trapani  
Volunteers of Greater New York

Lauren Schuster  
Urban Resource Institute

Chris Mann  
Assistant Vice President of Policy and Advocacy  
at Women in Need

Cristina Abbattista  
Policy Analyst at Urban Pathways

Chris Walter  
Executive Vice President at Center for  
Employment Opportunities

Jeremy Kaplan  
Encore Community Services

Marcus Jackson  
Encore Community Services

Carlyn Cowen  
Chinese-American Planning Council

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

Christopher Hanway  
Executive Director of Jacob A. Riis Neighborhood  
Settlement House

Winn Periyasami  
Goddard Riverside

Kate Connolly  
United Neighborhood Houses

Katy Gual-Stigge  
CEO of Goodwill New York, New Jersey

Kevin Kiprovski  
LiveOn New York

Nadia Swanson  
Ali Forney Center

Andrew Sta. Ana  
Asian American Federation

Trenton Price  
Salvadori Center

Sharon Brown

Hannah Jang  
Korean American Family Service Center

Gregory Brender  
Daycare Council of New York

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

Ariane Cruz  
Philanthropy New York

Christopher Leon Johnson

Steven Grimaldi  
New York Common Pantry



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2 SERGEANT AT ARMS: Good morning and  
3 welcome to today's New York City Council hearing from  
4 the Committee on Contracts joint with the Committee  
5 on Children and Youth. At this point, I'd like to  
6 remind everyone to kindly silence their electronic  
7 devices. At no point going forward is anyone to  
8 approach the dais. Additionally, no one is to  
9 approach the witness table unless you're invited to  
10 testify. If you would like to sign up to testify in  
11 person and have not done so already, you can do so by  
12 filling out a slip located at the table in the back  
13 with the Sergeant at Arms, and additionally, if you  
14 have any questions or concerns during this hearing,  
15 you can ask one of the Sergeant at Arms and will  
16 address your concerns. Chairs, we are ready to begin.

17 [gavel]

18 CHAIRPERSON WON: This hearing is called  
19 to order. Good morning. I am Council Member Julie  
20 Won, chairing the Committee on Contracts. Thank you  
21 for joining us today for today's joint hearing with  
22 the Committee of Children and Youth with my co-chair  
23 Althea Stevens to examine the City's persistent  
24 challenges paying its human services providers on  
25 time. I'd like to thank representatives from the

2 administration, members of the public and my Council  
3 colleagues, especially Council Member-- Speaker  
4 Adrienne Adams for joining us today. Today's hearing  
5 is the latest in the series of Committee on Contracts  
6 which has had over three years regarding late  
7 payments to city vendors. Today, we focus on serious  
8 financial strains that delayed payments impose on our  
9 human service providers. Data released by the  
10 Mayor's Office of Contract Services and the  
11 Comptroller's Office makes it clear that agencies  
12 charged with delivering critical services including  
13 Department of Social Services, Department of Youth  
14 and Community Development, and the Department of  
15 aging are too often failing to meet their basic  
16 obligation: paying providers on time. These delays  
17 jeopardize the very services our communities depend  
18 on. Providers cannot sustain their operations,  
19 retain staff, or meet growing needs without timely  
20 and reliable funding. This is an urgent problem that  
21 demands immediate action. Late payments have serious  
22 consequences, not only for the providers themselves  
23 but for the New Yorkers who rely on their services,  
24 many of whom are amongst the most vulnerable in our  
25 city. Nonprofit organizations have been forced to

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2 take on debt, reduce programs and lay off staff

3 because they're forced to wait years to be paid for

4 the work that they have already completed on behalf

5 of the City. Citywide, over \$548 million is owed to

6 nonprofit organizations according to Human Service

7 Council as well as the Comptroller's latest report

8 last night says a billion dollars in invoices that

9 have not been paid. In my district alone, over \$23

10 million is owed to 20 local organizations. The

11 current mayoral administration has pledged to improve

12 the disastrously slow pace of payments for vendors

13 for several years now since the launch of joint

14 taskforce to get nonprofits paid in February 2022.

15 We have been promised a series of reforms aimed at

16 accelerating payments on easing the financial burden

17 on vendors. MOCS and other agencies have testified

18 multiple times about their efforts to meet the

19 taskforce's goals and improve the City's procurement

20 system. MOCS and other agencies have testified

21 multiple times since then and on the work they have

22 undertaken to achieve the joint taskforce's goals and

23 improve the procurement system. The Council passed

24 three bills to accelerate payments and provide more

25 transparency into delays, but press reports on newly

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2 released city data show that progress has been  
3 sluggish. A recent Comptroller's report on nonprofit  
4 payments aptly titled Caught in the Slow Lane  
5 captures the current state of reforms. So today, we  
6 ask the administration to account for the continued  
7 delays and frustrations in fixing the procurement  
8 system and paying for human services despite several  
9 years of attention. We will also hear three bills on  
10 this hearing including Intro 1247 sponsored by  
11 Speaker Adams as well as Council Member Stevens,  
12 Brannan, Louis, and myself which would advance 80  
13 percent of a payment voucher to nonprofit vendors as  
14 soon as their contracts are registered, and Intro  
15 1248 sponsored by Speaker Adams as well as Council  
16 Member Brannan, Stevens, and myself which would  
17 create a new agency, the Department of Contract  
18 Services, which will centralize and strengthen  
19 oversight in our city's contracting and procurement  
20 processes, and Intro 1249 sponsored by Council Member  
21 Brannan, Steven, Louis, and myself would require  
22 agencies with a high rate of delayed contract  
23 registrations to submit corrective action plans  
24 identifying causes of the delays and outlining  
25 solutions. Before I conclude, I would like to thank

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2 the Council staff for their work in this hearing,  
3 Contract Committee staff Senior Legislative Counsel,  
4 Kris Sartori, as well as Policy Analyst Alex Yablon,  
5 as well as my Chief of Staff, Nick Gulotta, my  
6 Legislative Budget Director, Neily Martinez [sp?].

7 Thanks to all those working behind the scenes include  
8 the Sergeant of Arms for working to make this hearing  
9 run smoothly. And I will now turn it over to our co-  
10 chair Council Member Althea Stevens. Oh, and  
11 actually, we're going to turn it to Speaker Adrienne  
12 Adams for an opening statement.

13 SPEAKER ADAMS: Thank you, Chair Won.

14 Thank you, Chair Stevens, and good morning, everyone.

15 I am New York City Council Speaker Adrienne Adams,  
16 and I indeed thank my colleagues Council Member Julie  
17 Won, Chair of the Committee on Contracts, and  
18 Council Member Althea Stevens, Chair of Committee on  
19 Children and Youth, for chairing today's very  
20 important hearing on how our city can address the  
21 longstanding challenges facing nonprofit service  
22 providers that threaten their survival and put the  
23 critical human services New Yorkers that rely on at  
24 risk. For as long as I've been a public servant, the  
25 issue of the City's inability to simply pay its  
nonprofit contract

2 vendors on time has been a major problem. The fact  
3 that these challenges not only persist, but have  
4 worsened in recent years underscores the urgent need

5 for reform. My colleagues have eloquently made the  
6 case for why the situation is so untenable,

7 specifically for human service providers. The harm  
8 resulting from late payments ultimately threatens

9 everyday New Yorkers who rely on our childcare

10 centers, our after school programs, our arts

11 programs, community health centers, our emergency

12 food programs, our senior centers, and the list goes

13 on and on and on. It also impacts the nonprofit

14 sector and human service workers who power our city.

15 The majority of this workforce is comprised of women

16 and people of color and their ability to survive and

17 thrive is on the line. Our workers make sacrifices

18 to support their fellow New Yorkers, and they should

19 not be left wondering whether their jobs are under

20 threat. Under this Council we have committed to

21 resolving these problems, holding hearings every year

22 and passing various pieces of legislation, including

23 Local Law 169 of 2023 which mandated a comprehensive

24 study on the time required to complete the City's

25 procurement process for human service contracts. We

2 also passed Local Law 31 of 2024 which created a  
3 secure electronic document vault for procurement-  
4 related documents to reduce duplicative paperwork,  
5 and Local Law 105 of 2024 which requires city  
6 agencies to provide contractors with a written  
7 explanation when denying approval of subcontractor  
8 upon their request. When my term as Speaker began, I  
9 had hoped that we would have a committed partner in  
10 the Mayor's administration with a joint taskforce to  
11 get nonprofits paid starting February 2022. Despite  
12 the taskforce's recognition of challenges, and the  
13 stated commitment to address them, we've not seen  
14 enough meaningful improvement from this  
15 administration. In fact, a report this year by the  
16 Comptroller's office noted that in the most recent  
17 fiscal year nine in 10 contracts with nonprofits were  
18 registered late with almost 40 percent of human  
19 services contracts not being registered for more than  
20 one year. What this means is that organizations  
21 relying on city funding have no certainty as to when  
22 or if they'll receive the necessary funds to pay  
23 staff and keep their lights on, even though they've  
24 already fulfilled their responsibilities and provided  
25 services. That's why this issue was a focus in my

2 State of the City address this year. The status quo  
3 is putting organizations that New Yorkers rely on at  
4 risk. For the health and stability of our city and  
5 residents, we cannot allow this to continue without  
6 reforms. Today, the Council will focus on several  
7 legislative proposals that will help alleviate this  
8 crisis. Introduction 1247 for which I am the lead  
9 sponsor would require the Procurement Policy Board to  
10 adopt rules requiring the immediate disbursement of  
11 80 percent of a fiscal year's contract funds for  
12 contracts with nonprofits once the contract is  
13 registered by the Comptroller, and for multi-year  
14 contracts, the required disbursement would take place  
15 at the start of each subsequent fiscal year. It  
16 would also require that a process be set up to  
17 recover funds for when a contracting agency doesn't  
18 receive the agreed upon goods or services from a  
19 vendor. Another bill that I sponsor, Introduction  
20 1248, would create a new Department of Contract  
21 Services which would be responsible for the duties of  
22 the City Chief Procurement Officer. The Department  
23 would be responsible for coordinating and overseeing  
24 the contracting functions of mayoral agencies such as  
25 the provision of procurement guidance, the

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2 maintenance of computerized city procurements and  
3 contracting systems, and the promotion of awareness  
4 and understanding among the public of city  
5 contracting opportunities. Centralizing these  
6 contract functions in one city agency can help us  
7 better operationalize these critical processes.  
8 We're also reviewing Introduction 1249 which will  
9 require city agencies with large amounts of late  
10 contracts to submit corrective action plans each  
11 year, laying out the causes of the delays and how to  
12 minimize them in the future. Thank you to my  
13 colleagues who continue to conduct oversight and put  
14 forward smart solutions so that we can achieve  
15 progress on this issue. I believe the reform  
16 policies we examine today can result in significant  
17 improvements to how the City provides essential human  
18 services. New Yorkers who rely on these services,  
19 and the providers who do so much to uplift our  
20 communities deserve our city's full support and that  
21 is what the Council will deliver. Thank you very  
22 much, and with that, I turn it back over to our  
23 Chairs Won and Stevens.

24 CHAIRPERSON STEVENS: Good morning and  
25 welcome to today's hearing on examining late payments

2 for human service providers. I'm Althea Stevens,  
3 Chair of Children and Youth Services Committee. Even  
4 before-- one, I want to say congratulations even  
5 before I get started, because the providers showed up  
6 and showed out today. Don't think because I wasn't  
7 there I didn't know what was going on. So, know my  
8 heart that I was there with you guys in spirit. To  
9 see you guys continuously show up to fight for what  
10 you believe and deserve is super important. And so,  
11 I feel like a proud mamma because you guys did that  
12 today, and it's important to continue to show your  
13 united power. My really good friend Maria Lizada  
14 [sp?] text me while I was on my way here to just say  
15 that she's full with contentment because just  
16 thinking about how 10 years ago we were on those  
17 steps, and it'll be like 10 of us, and now to see  
18 that you guys are all coming together and being  
19 united around something that is extremely important,  
20 I couldn't be more proud of the work that you guys  
21 continuously do. So, thank you. So, appreciate you,  
22 and keep up the work and do not take your foot off  
23 the pedal until we get our money. We're convening  
24 this hearing at this time for city nonprofit sector  
25 in being stretched to a breaking point. Today's

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2 discussion centered on a longstanding, but worsening,  
3 crisis that persists in systematically delays in  
4 payments of nonprofit providers by the City. Let's  
5 be clear, nonprofit organizations are not an optional  
6 extra in our social safety net. They operate our  
7 homeless shelters, deliver meals to our older adults,  
8 support our youth in after school, and help family  
9 access food, housing, and legal assistance. Yet,  
10 time and time again, the providers are forced to  
11 front costs, waiting months or even years for  
12 reimbursement and struggle to keep their doors open  
13 while doing the critical work the City has asked  
14 them-- I'm going to say that again-- has asked them  
15 and contracted them to do. The Department of Social  
16 Services which include the Human Services  
17 Administration, the Department of Homeless Services,  
18 is one of the largest contracting agencies in the  
19 city. In Fiscal 2024, HRA submitted nearly 300  
20 contracts worth \$1.1 billion. DSH alone is  
21 responsible for nearly 20 percent of the City  
22 procurement volume, largely due to the growing demand  
23 for emergency shelter services, and yet, DHS  
24 providers are reimbursed only when they have inquired  
25 significant costs, routinely reported by delays in

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2 payments that undermine the ability to provide  
3 consistent high-quality service. At the Department  
4 of Youth and Community Development, delays are just  
5 as dire. DYCD oversees the largest human service  
6 procurement portfolio in the City. Last year, over  
7 1,600 of their contracts were submitted late, more  
8 than any other agency with a total value exceeding  
9 \$1.3 billion. Meanwhile, providers are continuing to  
10 operate without dated contracts like those of the  
11 Compass and SONYC afterschool which haven't seen  
12 rates [sic] in decades. Although we had an  
13 announcement yesterday, which is a convenient timing  
14 for this hearing, and also-- yes, we're getting RFP,  
15 but why wasn't this done in January when we asked for  
16 it? Why would we have this being rolled out during  
17 the busiest time of the year for providers when  
18 they're running summer camp and trying to gear up for  
19 the next school year? This is unacceptable. So,  
20 thanks for the announcement, but we're sick of  
21 announcements. We're actually here to do the work,  
22 and this actually puts a strain not only on the  
23 providers, but also DYCD and it's unacceptable. So,  
24 thank you for giving us what we asked for six months  
25 late when we could have actually done this

2 adequately. Instead of supporting growth and  
3 innovation, we're asking providers to do more with  
4 less, and they're forced to cut staff, lower  
5 salaries, or close programs. The Department of Aging  
6 is no exception. Nearly 90 percent of DFTA's  
7 contracts in FY 2024 were registered retroactively.  
8 Organizations serving older New Yorkers face unique  
9 challenges from ridding reporting requirements to  
10 late reimbursement. According to the Human Service  
11 Council, there's a substantial risk for doing  
12 business with DFTA today, demanding assessments for  
13 an agency tasked with caring for our older-- our  
14 city's elders. All of this points [sic] a deep  
15 troubling picture. When a city fails to pay  
16 nonprofits on time, it doesn't just violate the  
17 contract, it violates the trust of our partners, and  
18 more importantly, put New Yorkers at risk. These  
19 delays are not just an administrative inconvenience,  
20 they are threats to services continuous workforce  
21 stability and community wellbeing. The City has  
22 taken steps like the work of the taskforce to get  
23 nonprofits paid on time, but we know this is not  
24 enough. Today, we need answers. We need  
25 transparency, and we need a real plan to reform this

2 broken system. To the agencies representing and  
3 joining us today, we appreciate your service, but  
4 we're looking for more than just explanations. We're  
5 looking for solutions that will ensure that  
6 nonprofits are paid fairly, promptly and  
7 substantially for the vital work that they do for the  
8 City. And I will say it again, and I've said it time  
9 and time again, we are thought partners, and it's  
10 unacceptable that we have to have this conversation  
11 at a hearing when I've said time and time again-- I'm  
12 just as much of an expert as the people sitting at  
13 this dais, and it's unfortunate that we have to have  
14 this conversation here and we couldn't come up with  
15 solutions, because these people couldn't get paid for  
16 years. We're talking about going into the summer  
17 where nonprofits still haven't been paid for Summer  
18 Rising from last year. This is unacceptable, and we  
19 look forward to having fruitful dialogue.

20 CHAIRPERSON WON: Thank you so much,  
21 Chair Stevens. I want to acknowledge that we've been  
22 joined by Council Member Lee and Council Member Julie  
23 Menin, oh, and Council Member Nurse. Now I'm going  
24 to pass it over to our General Counsel, our Committee  
25 Counsel to swear in our testimony.

2 COMMITTEE COUNSEL: Thank you, Chair.

3 Will the members of the administration please raise  
4 your right hand if you're able. Do you affirm to  
5 tell the truth, the whole truth and nothing but the  
6 truth in your testimony before these committees and  
7 respond honestly to Council Member questions? Thank  
8 you. Please begin when ready.

9 EXECUTIVE DIRECTOR SEDILLO: Good  
10 morning, Speaker Adams, Chairs Won, Chair Stevens,  
11 members of the Contracts Committee, members of the  
12 Committee on Children and Youth, and all other  
13 Council Members who have joined us this morning.  
14 Thank you for convening today's hearing and for your  
15 ongoing commitment to New York City's nonprofit  
16 providers who in partnership with thousands of  
17 dedicated public servants across the administration  
18 maintain our city's robust social safety net and  
19 deliver essential services to New Yorkers. I'm  
20 Michael Sedillo, Executive Director of the Mayor's  
21 Office of Nonprofit Services, affectionately known as  
22 MONS. I'm joined today by Director and City Chief  
23 Procurement Officer Kim Yu from the Mayor's Office of  
24 Contract Services or MOCS who will also be sharing  
25 testimony, and leadership from DSS, DYCD, and New

2 York City Aging, all of whom are key partners in  
3 navigating and improving our City's contract and  
4 payment systems. I also want to begin by thanking  
5 Council Member Farah Louis for her leadership as the  
6 prime sponsor of Local Law 164 of 2021 which  
7 established MONS. Her vision helped institutionalize  
8 a permanent city liaison to the nonprofit sector, one  
9 focused on streamlining contracting, simplifying  
10 bureaucracy, and ensuring nonprofits can access the  
11 support and resources they need. MONS exists to  
12 ensure that our nonprofit partners who are the City's  
13 frontline service providers receive the support they  
14 need to navigate our complex contracting system and  
15 crucially get paid on time for their vital work.  
16 Serving nonprofit providers is core to our mission.  
17 However, they are not the only stakeholder we focus  
18 on. Our other primary stakeholders are the thousands  
19 of public servants who day-in and day-out do the  
20 often thankless work of helping providers navigate  
21 through bureaucratic hurdles to get a contract  
22 registered and ultimately paid. While some may see  
23 bureaucracy as a bad word, I have the utmost respect  
24 for the civil servants that I've gotten to know since  
25 I started with the City nearly 10 years ago as a

2 Change Management Analyst at MOCS. Ultimately, our  
3 most important customer is New Yorkers. Any law,  
4 rule, policy, or budgetary action must first consider  
5 an essential question: is this what is best for the  
6 New Yorkers who rely on city services? With that  
7 lens, I and my colleagues look forward to the  
8 discussion today, and I want to also start by  
9 acknowledging the truth that this past year has been  
10 incredibly difficult for our nonprofit providers.  
11 Delays in payments and contract registrations paired  
12 with new technology and systems have tested the  
13 patience and solvency of even our most resilient  
14 providers. We recognize this reality and we're  
15 acting urgently to turn the tide. While payment  
16 delays to nonprofit providers have plagued our system  
17 for decades, the current crisis is the result of four  
18 converging issues. One, the transition to Passport  
19 which decommissioned the legacy HHS Accelerator  
20 system, brought over 15,000 contracts and 30,000  
21 budgets into a platform. Providers and agencies  
22 alike have had to adapt to a new way of processing  
23 the nearly \$20 billion in human services contracting.  
24 Essential investments like the \$741 million Human  
25 Services cost of living adjustment introduced new

2 budget modifications and contract amendments into an  
3 already stressed system. After being on the front  
4 lines of COVID and the asylum-seeker crisis,  
5 nonprofit providers and city staff have been  
6 stretched thin, and fiscal issues require the City to  
7 implement the hiring freeze even as contracting  
8 volume rose at certain agencies. And a culture of  
9 risk aversion where public servants have to make--  
10 have audits hanging over their heads. I think this  
11 could limit creative solutions that allow them to  
12 provide our nonprofits the customer service that they  
13 deserve. However, there are reasons for optimism.  
14 Since the successful Clear the Backlog Initiative in  
15 the first months of the Adams administration, we have  
16 made significant strides to reduce bottlenecks, hack  
17 through bureaucracy and get nonprofits paid.

18 Yesterday, Mayor Adams also announced that for the  
19 first time in City history nonprofit providers will  
20 receive over \$5 billion in advance payments in fiscal  
21 year 2026, an unprecedented amount which is up from  
22 \$2.8 billion in initial advances issue this fiscal  
23 year. Earlier this fiscal year, OMB exempted from  
24 the hiring freeze agency positions that are involved  
25 in human service contracting. To date, over 183

2 positions have been unlocked which is 90 percent of  
3 all positions sent to OMB for exemption. And last  
4 year, after advocacy of-- years of advocacy from  
5 leaders in the nonprofit sector, the administration  
6 announced a \$741 million cost of living adjustment  
7 for human service workers. Two years ago, we worked  
8 with our partners in the City Council and  
9 Comptroller's Office to establish the multi-year  
10 vehicles for discretionary contracts. This dropped  
11 the average time to process discretionary contracts,  
12 making use of this reform from 366 days in FY24 to  
13 just 46 days in FY25, a nearly 90 percent reduction,  
14 slashing nearly 11 months of delays. We would love to  
15 be even more bold in this space by giving agencies  
16 the ability to process these council-designated  
17 contracts as grants, and we're excited by the renewed  
18 interest from our partners in the Council about this  
19 reform. Through MOCS and the Fund for the City of  
20 New York, the City offers a interest and service-free  
21 loan to human service providers contracting with the  
22 City, and in FY23 MOCS implemented an allowance  
23 clause of 25 percent across human services contracts  
24 which was meant to address the administrative burden  
25 in processing amendments for anticipated budgetary

2 changes such as the COLAs and direct cost rate  
3 increases in other funding initiatives. Agencies can  
4 use the allowance in lieu of an amendment, and as a  
5 result non-extension amendment registration decreased  
6 by 67 percent after implementation of the allowance  
7 clause. MOCS and other public servants have not let  
8 their foot off the gas, and over the past six months  
9 MOCS has led to two sprints to address an invoice and  
10 retroactive contract backlog, and through these  
11 efforts, agencies unlocked a billion dollars in  
12 outstanding invoices, and over \$700 million in  
13 retroactive contracts. In December, MOCS also issued  
14 a partial payment directive to agencies to get  
15 payments out faster, indicating that payments on  
16 approved portions of invoices can occur and disputes  
17 can be worked out separately. And just last month,  
18 MOCS and OMB issued another directive to make clear  
19 to agencies that the City will honor accepted ICR  
20 rates, a common concern we hear from nonprofit  
21 providers. Deputy Mayor Almanzar convenes a weekly  
22 meeting called Nonprofit Focus for facilitating on-  
23 time contracting and urgent solutions with City Hall  
24 leadership to discuss and move forward bold policy  
25 solutions. We also issued Executive Order 47 that

2 created the role of Chief Nonprofit Officers at  
3 agencies with HHS contracts. CNOs attend regular  
4 coverings with us where we present dashboards showing  
5 how long payments are taking and how providers  
6 perceive their service. They are then charged with  
7 using the data to inform an action plan to improve  
8 processing times at their respective agencies.

9 Everything is on the table for us, and we will  
10 explore any avenue that responsibly gets nonprofits  
11 paid and makes it easier for New Yorkers to receive  
12 the services they rely upon. We ask that our  
13 partners at the Council and Comptroller's Office to  
14 provide us with additional flexibility and support as  
15 we push through bold solutions. Thank you for  
16 calling this hearing today. We look forward to  
17 discussing the bills that have been introduced.

18 Introduction 1247 would require the Procurement  
19 Policy Board to promulgate rules requiring the  
20 immediate disbursement of 80 percent of a fiscal  
21 year's contract funds for agency contracts with  
22 nonprofit organizations upon registration by the  
23 Comptroller and establish a process to recover funds.

24 We understand this is a unique moment to support  
25 nonprofits which is why we rolled out an

2 unprecedented level of advances for our providers.

3 As the bill is currently written, we see significant

4 operational and fiscal concerns and look forward to

5 further discussion. Introduction 1249 would require

6 city agencies to submit annual reports on contract

7 registration for the previous fiscal year. An agency

8 would be required to submit a corrective action plan

9 by January 1<sup>st</sup> if it meets specific criteria with

10 respect to late registered contracts. These plans

11 would analyze the cause of delays, specify

12 improvements and set implementation timelines and

13 performance targets. We're committed to improving

14 how nonprofits experience contract registration

15 across all agencies and agree with the spirit of the

16 bill. That is why we've worked with all agency Chief

17 Nonprofit Officers to create action plans based on

18 their agency's quantitative and qualitative data, and

19 we look forward to discussing the bill more. Speaker

20 Adams, Chairs Won and Stevens, members of the

21 Committees, nonprofits cannot do their jobs if the

22 City doesn't do ours. Our partners are delivering

23 shelter, food, mental health support, legal aid and

24 more, and they need us to deliver in-turn. We're

25 making progress, but we're not done. My office is

2 committed to sustain performance improvement,  
3 systemic reform, and culture change. Thank you for  
4 the opportunity to testify. I look forward to your  
5 questions, and I'll now pass it to Director Kim Yu  
6 from MOCS who will share more details.

7 DIRECTOR YU: Thank you, Executive  
8 Director Sedillo. Good morning. Good morning,  
9 Speaker Adams, Chair Won, Chair Stevens, and members  
10 of the Contracts Committee and the Committee and  
11 Children and Youth, and all the other members in  
12 attendance. My name is Kim Yu and I serve as the  
13 Director of the Mayor's Office of Contract Services,  
14 MOCS and the City's Chief Procurement Officer. I  
15 appreciate the opportunity to discuss the legislation  
16 presented today and speak with you about an issue  
17 that is not only critical to the strength of our  
18 nonprofit sector, but also to the health and equity  
19 of our city. I want to begin by thanking Mayor Adams  
20 for this appointment and the City Hall leadership for  
21 the trust that they have placed in me. Today marks  
22 my third day in this role, and I recognize the deep  
23 responsibility that comes with it. I stand on the  
24 shoulders of the leaders who came before me, my  
25 predecessor, there's no one else like her, Lisa

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2 Flores, Victor Olds, Dan Symon, Michael Owh, Lisette

3 Camilo, Andrea Glick, Marla Simpson, and Claude

4 Millman, each of whom contributed to building and

5 strengthening this agency. I'm committed to leading

6 MOCS into the next chapter. Let me be clear, there

7 are no quick fixes to the challenges we face. This is

8 complex, demanding work, but I am ready to roll up my

9 sleeves and do the work side by side with our

10 dedicated public servants, our nonprofit providers

11 and all the stakeholders, including the City Council,

12 to ensure a contracting system that is more

13 efficient, transparent, and equitable for all New

14 Yorkers. New York City relies on thousands of

15 nonprofit providers to deliver essential human

16 services from housing support and mental healthcare

17 to afterschool programs and workforce training.

18 These organizations are on the front lines providing

19 vital services to our communities, particularly in

20 our most underserved neighborhoods. It is our

21 responsibility as a city to ensure they are paid

22 promptly and fairly for their work. While MOCS

23 operates with a relatively small budget, our

24 responsibilities span the entire contracting process

25 for the City. We've been charged with both providing

2 traditional oversight on the City's procurement  
3 process and also help facilitating that process. To  
4 successfully act on these responsibilities, MOCS  
5 continues to stand on its three pillars: people,  
6 procurement reform, and technology. Through this  
7 approach, we've been able to successfully carry out  
8 our role in the procurement ecosystem, overseeing  
9 procurement reform efforts, managing and making  
10 improvements to our end-to-end digital procurement  
11 system, Passport, and ensuring our agency partners  
12 follow fair, competitive and inclusive practices. In  
13 fiscal year 2024, the city of New York awarded over  
14 \$34 billion in city contracts for good, services, and  
15 construction. Of that \$34 billion, human services  
16 accounted for 58 percent at nearly \$20 billion. The  
17 numbers make it clear that our human services sector  
18 continues to be the cornerstone of the City's  
19 procurement system and their partnership is  
20 instrumental to the vitality of this city and its  
21 people. Despite these contributions from the sector  
22 and the vital role nonprofits play in the fabric of  
23 our city, they continue to face challenges getting  
24 paid on time. We wholeheartedly understand the  
25 frustration and the hardship that these challenges

2 can cause. Whether it's the Executive Director  
3 trying to make payroll, a case worker using their own  
4 funds to buy supplies, or a counselor trying to  
5 balance their own needs with the uncertainty of cash  
6 flow, we empathize. Throughout this administration,  
7 Mayor Eric Adams has announced numerous reforms to  
8 streamline processes, increase transparency and  
9 support the sector. First, the City boosted pay for  
10 80,000 human service workers with a \$741 million cost  
11 of living adjustment. With the human service  
12 workforce overwhelmingly female at 66 percent, and 40  
13 percent women of color, this investment represented a  
14 critical step towards delivering pay equity across  
15 race and gender for this workforce. Second, multi-  
16 year discretionary contracting reforms. These  
17 reforms enable providers to access funds nearly a  
18 year earlier than before. Third, joint taskforce  
19 recommendations. Progress includes expanding access  
20 to interest-free loans through the returnable grant  
21 fund, allowance clauses to reduce amendments for  
22 routine changes, and simplifying document management.  
23 Fourth, on the legislative front the City advocated  
24 successfully for changes to contract public hearings  
25 which will save approximately 20 days off of the

2 procurement process for most city contracts. And  
3 five, allowance clause to reduce the burden of  
4 amendments. All these efforts will allow nonprofits  
5 to focus more on delivering essential services and  
6 less on keeping their operations afloat. Further,  
7 MOCS launched a series of directives to address the  
8 concerns raised by this council and the nonprofit  
9 sector. In addition to the partial payments and the  
10 advance directives mentioned by Executive Director  
11 Michael Sedillo, MOCS through the support of the  
12 agency partners like the Mayor's Office of Risk  
13 Management and Compliance, the Mayor's Office of  
14 Nonprofit Services, and the members of the Vendor  
15 Compliance Cabinet launched the Human Services  
16 Disclosure Reform. These reforms will be  
17 instrumental in reducing the administrative burden on  
18 community-based organizations while increasing  
19 transparency and compliance, all of which will reduce  
20 delays in the contracting process. MOCS, as directed  
21 by Council, in Local Law 169 also issued a report in  
22 2024 that aims to address the lack of transparency  
23 that providers face during the procurement process by  
24 putting forth realistic timelines for each step of  
25 the procurement process in Passport. We are

2 interested in discussing with Council after this  
3 hearing feedback as we work with the Comptroller's  
4 Office to develop new Procurement Policy Board rules.  
5 The collaboration between MOCS and MONS has also  
6 played a key role in driving other reforms that  
7 Executive Director Michael Sedillo mentioned in his  
8 testimony. By closely coordinating efforts, we've  
9 embraced a shared vision to remove unnecessary  
10 obstacles and ensure that nonprofit providers are  
11 paid promptly and reliably. While the reforms were  
12 advancing involves systems, policies and data, at the  
13 core they reflect something deeper, a commitment to  
14 honoring the essential role that nonprofits play in  
15 the life of this city. In close coordination with  
16 MONS and City Hall, MOCS launched a multiphased  
17 backlog initiative focused on both aged invoices and  
18 unregistered contracts. The first phase of the  
19 backlog cleared a billion dollars in outstanding  
20 payments from 3,700 delayed invoices in three months  
21 at the end of 2024. We recently wrapped up an eight-  
22 week contract backlog phase, unlocking over \$700  
23 million in retroactive backlog contracts for  
24 nonprofit organizations. Since the start of the  
25 administration in January 2022, the contract backlog

2 has gone down by \$5.5 billion. While this is  
3 encouraging progress, we are committed to chipping  
4 away at the remaining \$5.8 billion contract backlog  
5 and to using programs like the Annually Timely  
6 Registration initiative to prevent a new backlog. As  
7 the newly appointed Director of MOCS, I am affirming  
8 MOCS' commitment to exploring impactful tools in  
9 reforms to address the challenges of City procurement  
10 in the vendor community. MOCS is actively exploring  
11 through multiple avenues from collaboration with this  
12 Council to discussion with agency partners through  
13 dialogue with the Charter Revision Commission changes  
14 that will contribute to solutions to these very  
15 difficult problems. This is in conjunction with the  
16 dedicated of MOCS staff to closely examine and re-  
17 engineer the procurement and invoicing processes  
18 including developing potential pilots for things like  
19 discretionary contracts and risk analysis to enable  
20 these improvements while just as importantly  
21 protecting the money provided by taxpayers. I  
22 appreciate the Council's proposal to acknowledge MOCS  
23 in the Charter. We are reviewing the legislation for  
24 structural issues that may make this proposal more  
25 suitable for the Charter Revision Commission. It is

2 our understanding that both Charter Revision  
3 Commissions are considering changes related to MOCS,  
4 and we look forward to working with all interested  
5 parties to best meet our shared goals.

6 Notwithstanding, I'd like to assure the Council that  
7 the goals of the proposed legislation are part of the  
8 vision. In the short term, both Passport service  
9 response time and reporting on aged invoices are the  
10 immediate goals that the MOCS team and I will be  
11 tackling in the weeks ahead. With these two KPIs,  
12 MOCS will be better positioned to equip all those  
13 within the City contracting ecosystem with improved  
14 decision-making and increased accountability.

15 Additionally, earlier this calendar year, MOCS  
16 updated Passport to allow agencies to launch budgets  
17 for the upcoming fiscal year beginning February 1<sup>st</sup>.  
18 this change was based on feedback we received from  
19 agencies and brings the Passport budget process in  
20 line with the previous timeline of the beloved legacy  
21 system HHS Accelerator. MOCS ruled out this change  
22 in hopes of alleviating some of the pressure both  
23 agencies and providers experience at the end of the  
24 fiscal year. We are tracking on the progress of the  
25 change weekly. In closing, I would like to thank

2 Speaker Adams, Chairs Won and Stevens and the  
3 Committees on Contracts and Children and Youth for  
4 this continued partnership. While there's still  
5 important work ahead, the progress we made together  
6 continues to exemplify our shared commitment to  
7 equity, transparency and accountability. Along with  
8 my colleagues, we are now happy to answer any  
9 questions you may have.

10 CHAIRPERSON WON: Thank you so much for  
11 your testimony. I also want to acknowledge that we  
12 have been joined by Council Member Rita Joseph and  
13 Council Member Eric Bottcher, and Council Member Chi  
14 Ossé online. I'm now going to pass it over to  
15 Speaker Adrienne Adams to ask the first set of  
16 questions.

17 SPEAKER ADAMS: Thank you, Chair Won, and  
18 welcome again to our entire panel. Director Yu,  
19 sorry. It's all I can say. But we welcome you and we  
20 thank you for your testimony today. I've got just a  
21 few questions. I'm sure that Council Member Stevens  
22 will deal with the administration's reforms. I'm sure  
23 she's going to deal with that, so I'm going to leave  
24 that alone. Introduction 1247 would require the  
25 Procurement Policy Board to promulgate rules

2 requiring the disbursement of 80 percent of a fiscal  
3 year's contract funds with nonprofit organizations  
4 upon registration by the Comptroller. What percentage  
5 of your agency's contracts typically experience  
6 significant delays and initial payment following  
7 registration by the Comptroller? And we know there  
8 is lag, so what do you think causes those lags?

9           DIRECTOR SEDILLO: I'll jump in. thank  
10 you so much for the question, Speaker, and thank you  
11 for the introduction of the bill. You know, I think  
12 one thing we just want to make sure to communicate on  
13 the bill, advances as I think we all know are not a  
14 silver bullet. There is no silver bullet here. We do  
15 think that exorbitant advance rates are-- really put  
16 a number of actors in jeopardy, most importantly, the  
17 New Yorkers relying on those services. And so I  
18 think we just want to make sure we're thoughtful  
19 about that, and I think given the announcement we  
20 made yesterday about the unprecedented level of  
21 advances, you know, we're really trying to meet the  
22 moment with the pain that nonprofit providers have  
23 felt over the previous year, but ultimately our end  
24 goal is to ensure that New Yorkers are receiving the  
25 services, and I think that's the invoicing schema

2 that we have here is really built to be able to  
3 ensure that the services were delivered.

4 DIRECTOR YU: And if I could just to  
5 provide some data to just provide a snapshot on how  
6 the city has been utilizing advances, and I'll start  
7 reverse chronologically. So, as of Fiscal Year 2025,  
8 advances-- we did this data capture at the end of  
9 March. The administration advances over \$3.1 billion  
10 in advance payments, and in addition to that for  
11 Fiscal Year 2024 at MOCS' direction there's a mid-  
12 year "migration advance." There was a \$1.85 billion  
13 in Fiscal Year 2024 advances. The transactions on  
14 those are upwards of 2,200. They'd gone out to the  
15 sector by December 20<sup>th</sup>, 2023. So, as part of the  
16 mid-year migration advances, there's an additional  
17 \$673 million that was released April 2024, excuse me.  
18 All to say that we recognize that advances are a  
19 significant tool to get cash out the door but I will  
20 also take the opportunity that advances need to be  
21 coupled with recruitment and encouraging providers to  
22 invoice, but it is one of the many tools in the  
23 toolbox to make sure that timely payment is provided  
24 to our providers.

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2 SPEAKER ADAMS: But do you have a figure  
3 on the delays, the percentage of delays that are  
4 experienced in initial payment following the  
5 registration by the Comptroller? If no, just--

6 DIRECTOR SEDILLO: [interposing] I don't  
7 know that we have data on that, but I mean I would  
8 note that the policy in the past which is relatively  
9 new is 25 percent advanced at the start of the  
10 contract term. So, it's meant to go out immediately  
11 to provide that upfront cashflow to folks without an  
12 invoice or even services rendered, perhaps. So, it  
13 is really the tool to give that upfront capital so  
14 that programs and services can start until we get on  
15 a regular invoicing path. So, there ought not be too  
16 much of a delay, but we can absolutely get back to  
17 you asap on that.

18 SPEAKER ADAMS: Okay. How do you think  
19 this proposed legislation would impact your agency's  
20 internal cash flow and budgeting practices?

21 DIRECTOR SEDILLO: Thank you for the  
22 question, Speaker. I think one thing to think about  
23 is that we don't always see a provider spend the full  
24 budgeted amount. In some cases, there's some  
25 agencies that, you know, their providers spend under

2 60 percent, under 50 percent of their contracted  
3 budget. So, I think in addition to any cashflow  
4 considerations, and then you add onto that the  
5 considerations of federal funding, state funding that  
6 comes at different periods of the fiscal year, we  
7 also just want to think through about well, what is  
8 the average amount of funds that are actually spent  
9 on the contracted budget such that we don't put our  
10 nonprofit providers in the situation where they have  
11 to claw back funds.

12 SPEAKER ADAMS: I hear you and we've  
13 heard that also, but I don't think that that is  
14 nearly as close to those that don't actually get  
15 paid. So, do you have any kind of inclination and  
16 can you do a little compare and contrast as far as  
17 those agencies that don't necessarily draw down the  
18 funds compared to those agencies that don't get paid  
19 at all?

20 DIRECTOR SEDILLO: Well, we certainly  
21 work with agencies every day and show them data as to  
22 where there might be bottlenecks in the process, and  
23 you know, it's not as simple as just contract  
24 backlogs or, you know, backlog budget modifications,  
25 or backlog invoices. It's really the whole process,

2 and of course it is a dance that our public servants  
3 do with our nonprofit providers. And so as Director  
4 Yu mentioned, a lot of the work of public servants at  
5 agencies is to work with nonprofit providers after  
6 having advance the funds to ensure that there's a  
7 regular invoice process and recoupment process to get  
8 the funds back.

9 SPEAKER ADAMS: Okay, I'm going to let--  
10 again Council Member Stevens is going to dig into  
11 that one, I'm sure. I'm going to move on. Are there  
12 any technical barriers to implementing immediate  
13 partial disbursements? I mean, we talked a little  
14 bit about Passport. We know that there are--

15 DIRECTOR YU: I would say, Speaker Adams,  
16 there are-- just to scale back. Really, we're guided  
17 by what makes sense from a policy perspective. I  
18 would say that if the technical component, there are  
19 no immediate barriers as it relates to Passport.

20 SPEAKER ADAMS: Okay, alright. Thank  
21 you. Do you anticipate needing additional staff or  
22 technical resources to manage this oversight, and if  
23 so, can you specify what roles or responsibilities  
24 would require additional capacity and why current  
25

2 staffing or systems aren't sufficient to meet the  
3 needs?

4 DIRECTOR YU: Thank you for the attention  
5 to this and lifting up this issue. As my goal-- as  
6 Executive Director Sedillo mentioned in his  
7 testimony, it has been a challenging time for the  
8 City of New York for all of us, but I am pleased to  
9 announce that as part of the Exec budget plan, MOCS  
10 will be funded an additional 20 additional positions  
11 to support our Passport help desk. We will have  
12 enhanced contracted resources to handle our Passport  
13 service desk tickets, and we will see through some  
14 improved Passport functionality related to processing  
15 financial transactions, including nonsequential  
16 transaction processing. We're appreciative of the  
17 administration for this investment in not just our  
18 organization, but for all that touch our  
19 organization, including the nonprofit providers.

20 SPEAKER ADAMS: Okay, thank you. As you  
21 both mentioned, yesterday the Adams administration  
22 announced that it will be advancing \$5 billion to  
23 nonprofit organizations, contracting with the City in  
24 fiscal year 2026 up from the \$2.8 billion in the  
25 current fiscal year. How does the administration's

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2 initiative align with the goals of Intro 1247, and  
3 does the administration support codifying advanced  
4 payment practices through the Procurement Policy  
5 Board rules to ensure continuity across future  
6 administrations?

7 DIRECTOR SEDILLO: Thank you so much,  
8 Speaker Adams. I think it-- again, what we are about  
9 is anything is on the table for us to get providers  
10 paid. The advance directive that will be forthcoming  
11 that we announced yesterday is but one of the tools.  
12 I do again want to very much caution that it's not  
13 the silver bullet. It is not something that we took  
14 lightly. It is really an unprecedented moment, a  
15 unique moment for our nonprofit providers and the New  
16 Yorkers receiving services given all of the noise  
17 externally. And so, we thought it the right thing to  
18 do, but we don't think that is a standard practice  
19 that we want to subject agencies and nonprofit  
20 providers to moving forward.

21 DIRECTOR YU: If I could, Speaker Adams?

22 SPEAKER ADAMS: Sure.

23 DIRECTOR YU: I want to take one step  
24 back from the advances, and just really emphasize  
25 that the best way to pay contracts on time is to

2 focus on on-time contract registration, and that's  
3 why MOCS holds an annual initiative will of our human  
4 service agencies to do-- to review the human services  
5 plan, then look ahead to see what the contracting  
6 needs are, and we try to hit the target of July 1<sup>st</sup>  
7 of the brand new fiscal year. And if I may, I just  
8 want to read off some stats as it relates to the  
9 Fiscal Year 2026 timeliness initiative that we are in  
10 the midst of at the very moment. So, the Human  
11 Services Plan show about 900 contract actions for  
12 this upcoming Fiscal 2026 year. They represent 29  
13 percent increase over the Fiscal Year 2025 actions.  
14 So, 900 this year, 696 last year. So, Fiscal Year  
15 2026 is heavy on continuation actions which includes  
16 the procurement method negotiated acquisition  
17 extensions, and it doubles the extensions,  
18 quadrupling from Fiscal Year 2025. The RFPs,  
19 requests for proposals, have dropped off about 27  
20 percent from last year. And if I also could just to  
21 highlight the administration's wins from prior fiscal  
22 years. As part of the Fiscal Year 2025 timeliness  
23 registration when the plan showed 700 actions-- let's  
24 see. We did 62 percent of contracts were submitted  
25 to the Comptroller for registration by July 1<sup>st</sup>,

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2 2024, and then by September 3<sup>rd</sup>, 2024 it was a 90

3 percent on-time registration. That is the best tool

4 to ensure timely register-- to ensure timely payment

5 to providers, and for the most part-- I'll stop there

6 for now. Thank you.

7 SPEAKER ADAMS: Okay, alright. Thank you

8 for that. Introduction 1248 would codify MOCS as a

9 department to reflect the importance and scope of the

10 agency's jurisdiction over public contracts which

11 account for expenditures amounting to roughly one-

12 third of the City's budget. The Commissioner of the

13 Department would serve as the City Chief Procurement

14 Officer and be responsible for ensuring the

15 Department carries out the functions currently

16 performed by MOCS. We believe that codifying MOCS as

17 a Department in the City Charter will better set

18 uniformed practices and procurement contracting and

19 payments and assist the agency with performing

20 oversight of Mayoral agency procurement and

21 contracting while strengthening enforcement of

22 applicable laws and policies. In addition to the

23 powers and duties assigned to the Commissioner in the

24 bill, there are powers, duties, or functions-- are

25 there powers, duties or functions that Council should

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2 consider assigning to the Commissioner or the agency  
3 in this bill?

4 DIRECTOR YU: Thank you, Speaker Adams,  
5 for this piece of legislation and introducing it. We  
6 are-- as I mentioned in the testimony, we are so  
7 supportive of-- and appreciative of you shining a  
8 light on our organization and wanting to put it into  
9 the Charter. I think substantively we are aligned on  
10 the goals. We want to ensure that the City has  
11 consistent policies, standard practices to ensure  
12 that the practices-- to ensure that our agency  
13 partners are given the best direction so that they  
14 can execute their tasks day-to-day with the overall  
15 goal of contract registration on time and timely  
16 payment to our providers. Having said all that, also  
17 as I mentioned in the testimony, we really looked  
18 forward to engaging offline with the Council and the  
19 Council's counsel and the Law Department on the  
20 structural issues as the bill is drafted.

21 SPEAKER ADAMS: Okay. As it's currently  
22 constituted, does MOCS have adequate resources to  
23 conduct effective oversight over mayoral procurement  
24 and contracting?

25

2 DIRECTOR YU: Thank you for the question,  
3 Speaker Adams. I appreciate it so much. At the time,  
4 we are in active conversations with our Office of  
5 Management and Budget and we review our staffing  
6 levels and our resource levels day-to-day. Also, in  
7 addition to that, beyond just our organization, with  
8 Deputy Mayor Ana Almanzar's leadership and Executive  
9 Director Sedillo's leadership, MONS and MOCS released  
10 a workforce survey asking all of our city agencies,  
11 not just the human services ones, to take a look at  
12 their procurement shops, their contracting shops,  
13 their finance shops and their legal shops to really--  
14 so that we could really understand what the staffing  
15 levels are relative to their workload, how many  
16 transactions they're processing, what is the dollar  
17 amount they're processing. We are reviewing the  
18 results of that analysis and that is helping us make  
19 decisions based upon what the data is showing.

20 SPEAKER ADAMS: Okay. So, we're not  
21 ready to share because you're still collecting that  
22 data, the additional resources that may be-- okay--  
23 needed. Alright, thank you. Currently the MOCS  
24 Director holds a number of titles created in rules of  
25 the Procurement Policy Board and in law. Primary

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2 among them is the City Chief Procurement Officer, but  
3 another example is the Director of Citywide  
4 Environmental Purchasing created in Local Law.

5 Others created in rules of the PPB include Director  
6 of the Office of Construction and the HHS Accelerator  
7 Director. What is the full list of titles or roles  
8 currently consolidated under the Director of MOCS?

9 DIRECTOR YU: Speaker Adams, I appreciate  
10 that so much. I think some of that may be news to me  
11 if I'm perfectly honest, as it is day three, and I'll  
12 certainly take that question back to my team and I  
13 can report back to your team.

14 SPEAKER ADAMS: Okay, thank you.  
15 Introduction 1249 would require the agency to submit  
16 a formal corrective action plan for each  
17 retroactively registered contract. Would you support  
18 this level of transparency and accountability?

19 DIRECTOR SEDILLO: I'll jump in. Thank  
20 you so much, Speaker Adams, and totally agree in  
21 spirit with the bill, making sure that we have action  
22 plans. That's why work with the Chief Nonprofit  
23 Officers at all the agencies to develop action plans.  
24 You know, when we worked on the Clear the Backlog  
25 Initiative in 2022, we really think the magic sauce

2 there was having specific data that went up to the  
3 principals, both at the agency level and City Hall  
4 level. And the attention and the, you know, real  
5 specific data metrics and indicators are really what  
6 we think moved the needle significantly and unlocked  
7 over \$6 billion worth of contracts there. And so  
8 we're doing that actively right now and we're working  
9 with agencies to identify there quantitative and  
10 qualitative priorities for the upcoming quarter, and  
11 so, I think that is where we think the secret and  
12 magic sauce is in moving the needle here. But I  
13 would say one thing about the bill that, you know, I  
14 would have questions about is how you're defining  
15 retroactive contracts. As you all know, a  
16 significant portion, I think, well over, you know,  
17 two-thirds of our retroactive contracts and sometimes  
18 higher are discretionary contracts that we find out  
19 about the start of the fiscal year. And so those are  
20 by definition retroactive and so would that be fair  
21 to have an agency be subject to that and develop a  
22 corrective action plan when it's largely out of their  
23 hands. There's some things that we'd want to think  
24 through.

2 SPEAKER ADAMS: Okay. Along with that,  
3 Executive Director, then what kinds of data or  
4 performance metrics does your agency already track  
5 related to retroactivity?

6 DIRECTOR SEDILLO: Great question. Thank  
7 you, Speaker Adams. A few things. So, we look at  
8 the total contract backlog across the agencies and  
9 then agency by agency. We also look at invoices and  
10 those that have A: disproportionately high amounts of  
11 time. We look at budget modification, cycle times  
12 there, and how long that is taking agency by agency,  
13 and then we also look at qualitative data because I  
14 think the sentiment of a sector is just as important  
15 here. You look at some of our agencies who have lower  
16 cycle times, and the sentiment from the sector is  
17 that they're really good partners and have a strong  
18 culture of customer service, and I think that's just  
19 as important. And so those are some of the things  
20 that show our agency partners, and then I know MOCS  
21 works with them daily, especially on the timely  
22 registration initiatives, to really provide that data  
23 service to them to shine a light on where some of the  
24 bottlenecks are and where some of their interventions  
25 ought to be really focused.

2 SPEAKER ADAMS: Okay, good. So, would the  
3 agency be able to easily incorporate that into  
4 required corrective action plan?

5 DIRECTOR SEDILLO: I think that they  
6 would probably rely on some of those pieces,  
7 certainly, but I do think that the gist of the action  
8 plan is significantly different in that it requires  
9 alignment across the organization and with City Hall  
10 principles. Again, I think that's really what's key  
11 here. So, the action plans have to be developed by  
12 the Chief Nonprofit Officers. They're the ones that  
13 are accountable for there agency's results and the,  
14 you know, sentiment with their agency partners. The  
15 agency head has to sign off on that, such that it is  
16 something that everyone across units, program,  
17 budget, fiscal, legal is really aligned with and  
18 rowing in that same direction. Did you want to add  
19 anything?

20 SPEAKER ADAMS: So, what role should  
21 oversight agencies like MOCS or the Comptroller's  
22 Office play in reviewing or responding to agency  
23 corrective action plans?

24 DIRECTOR SEDILLO: Thank you so much for  
25 the question, Speaker Adams. I personally think the

2 role that we would love our oversight partners is to  
3 provide us with the flexibility. You know, just  
4 recently, some new audits came to some of our agency  
5 partners, and so at the same time Director Yu and I  
6 are pushing agencies to go as fast as possible, and  
7 there's a cloud hanging over agency staff head,  
8 procurement staff head, public servant's head where  
9 they say, "Am I supposed to go as fast as possible  
10 and provide a customer service, or am I supposed to  
11 make sure every I is dotted in the most, like perfect  
12 way such that the payments get out the door?" So,  
13 you know, I think the flexibility support,  
14 championing of our public servants across the  
15 administration, what I think Director Yu and I see is  
16 that the dance of building the social safety net is  
17 not just to nonprofit providers, although obviously  
18 they are key in delivering services. We really see  
19 our public servants as maintaining that social safety  
20 net and we try to make sure they understand that  
21 they're a part of it in a really significant way, and  
22 so we've made request of, you know, the Comptroller's  
23 Office, for example. MOCS and former Director  
24 Flores has asked them like they did in the 2022  
25 backlog initiative to allow agencies to send over

2 contracting actions prior to the pre-processing  
3 period. That was denied. Although they did in 2022.  
4 Most recently, Chief Nonprofit Officers and agency  
5 ACOs [sic] sent a direct letter to the Comptroller's  
6 Office who have been great partners in the past,  
7 particularly as I mentioned, the 2022 backlog  
8 initiative that was not-- that was not agreed to.  
9 So, I think there are tools that we would really want  
10 to work on. So, excited to work with you and your  
11 team, literally tomorrow morning, on exploring the  
12 idea of grant-like options for discretionary  
13 contracts. That is a game-changer that I think  
14 Director Yu and team have been really shouting from  
15 the rooftops and we'd be happy to talk about how that  
16 would significantly reduce retroactive times and put  
17 our public servants in a position to do their work  
18 better.

19 SPEAKER ADAMS: Okay. I thank you again  
20 for your testimony today. Our goal here is to  
21 resolve this issue. We've been in this issue for  
22 years and years and years and years, and I hope that  
23 we have started at least have a collaborative  
24 starting point so that we can take care of our  
25 nonprofits the way that they deserve to be taken care

2 of. And with that, I turn it back over to our  
3 Chairs. Thank you.

4 CHAIRPERSON WON: Thank you so much,  
5 Speaker Adams. I want to follow up on some of the  
6 Speaker's questions and some of your announcements.  
7 So, the announcement yesterday was that city  
8 estimates advancing nonprofits over \$5 billion in  
9 fiscal year 2026 up to \$2.8 billion initial advances  
10 issued during fiscal year 25. So, will the \$5  
11 billion in advances that the Mayor announced  
12 yesterday be a specific up-front percentage or is it  
13 a dollar value? The \$5 billion sounds like a lot, but  
14 the city contracts are \$8 billion for human services  
15 contracts alone, not including others. So, can you  
16 help us understand since it wasn't part of the  
17 announcement?

18 DIRECTOR SEDILLO: Absolutely. Thank you  
19 for the question, Chair Won. Really, our goal in  
20 working on this together and working with our  
21 partners at OMB and City Hall leadership was how much  
22 can we get out the door as quickly as possible, as  
23 responsibly as possible to ensure that services are  
24 still rendered. And so, I think, you know, it is  
25 difficult to do an across-the-board mandated

2 percentage when you get above the 25 percent  
3 standard. And so, we had to really soberly look at  
4 what was possible program-by-program, take into  
5 consideration agency feedback, and I think what we're  
6 confident in saying is that where we landed as much  
7 as we could possibly and responsibly do for our  
8 providers and for our city agencies.

9 CHAIRPERSON WON: So, you're saying that  
10 it's going to be different per agency?

11 DIRECTOR SEDILLO: It will probably be  
12 different across programs, and we will be announcing  
13 that very soon from a MOCS directive and working with  
14 our agency partners in the coming days, and we'd be  
15 very happy to brief you all in partnership before  
16 perhaps it goes out to our providers to make sure  
17 that we have your support from a messaging  
18 standpoint. But yes, I think it's safe to say as  
19 comfortably as we could go, as high as we could go  
20 everywhere. And it's-- we're confident in saying  
21 that everyone's going to get more than they got this  
22 last year.

23 CHAIRPERSON WON: Okay. Because I just  
24 want to point out two things. The advances only work  
25 in the contracts that are registered on time. So, are

2 they going to be registered-- are you going to  
3 register the human services contract on time for July  
4 1<sup>st</sup>?

5                   DIRECTOR SEDILLO: Great question, Chair  
6 Won. So, you're right that it only happens when it's  
7 a contract that is registered. It doesn't mean  
8 though that if it's not registered on July 1<sup>st</sup> that  
9 they won't get the advance when their contract is  
10 registered. If it's registered July 5<sup>th</sup>, August 1<sup>st</sup>,  
11 that contract will get the advance that we agreed  
12 upon. So that upfront funding will come as soon as it  
13 happens, and I think with the work MOCS is doing on  
14 their timeliness initiative work, that will be very  
15 key to making sure that we start the fiscal year off  
16 as healthy as possible. And the other thing I'll  
17 point out just as the Speaker mentioned in the  
18 proposed legislation, when there are multi-year  
19 contracts-- so contracts that have already previously  
20 been registered-- we don't need to go through a re-  
21 registration process. That contract is registered at  
22 the start of the fiscal year. They'll get the  
23 advance amount.

24                   CHAIRPERSON WON: So, for the contracts  
25 to be registered on time to get the advance, how are

2 you going to ensure that registrations are happening  
3 on time, especially all the agencies that are here we  
4 would like to hear from as well?

5           DIRECTOR YU: Thank you, Chair Won, so  
6 much for the question. As mentioned earlier, the  
7 Timeliness Initiative is something that the City has  
8 performed for some time now. We've performed it  
9 every single year as part of this administration.  
10 We'll continue to perform it this year, and we have  
11 all intents to perform it next year. So, just to  
12 take a step back-- under the PPB, the Procurement  
13 Policy Board rules, we ask the human service agencies  
14 to forecast out and think through what human service  
15 contracts they are going to be needing in the  
16 upcoming fiscal year. We collect that-- those lists  
17 and we post them on our website. And that set of--  
18 that set of contracts, those are our goals. That's  
19 what we aim to work toward in the upcoming fiscal  
20 year. So, when we-- we start this at different times  
21 of the year, but this year we started in January to  
22 hit a July 1<sup>st</sup> target. So we take those human  
23 service plans that, as I mentioned before, are 900 in  
24 count, and we work with each of the human service  
25 agencies to track. This is what you project it out.

2 How are you doing? What is the status? Have you  
3 kicked off your contract in Passport? Have you  
4 engaged your vendor? Do you need something from your  
5 vendor? Do you need something from your oversight,  
6 Law Department, OMB, MOCS? And with that, we target-  
7 - we target to hit 100 percent by July 1<sup>st</sup>, and as I  
8 mentioned we're at 91 percent last fiscal year. And  
9 in between the start of the Timeliness Initiative and  
10 July 1<sup>st</sup> and we track 'til about the beginning or the  
11 end of September. We're really looking week by week  
12 with our agency partners how they're performing on  
13 that list of contracts that they started out earlier  
14 in the year that they were going to-- that they were  
15 going to try to work towards. The vast majority of  
16 the contracts are DYCD contracts, but I will say that  
17 the largest dollar amounts tend to be in the DHS  
18 agency portfolio.

19 CHAIRPERSON WON: Yep, that's why they're  
20 here. So, we'd like to hear from you directly as  
21 well on what you're going to do to make sure that  
22 these contracts are registered on time.

23 DEPUTY COMMISSIONER OGNIBENE: good  
24 morning. Michael Ognibene, First Deputy Commissioner  
25 and Chief Operating Officer for New York City

2 Department for the Aging. I'm happy to be here to  
3 discuss contracts. I will point out that NYC Aging  
4 does not fund any youth programs, but we're happy to  
5 see that there were a number of champions that  
6 support older adult services in the panel. We meet  
7 with our providers constantly. Our Commissioner has  
8 a monthly meeting with all Executive Directors. Our  
9 Chief Program Officer meets with all directors of all  
10 providers. We have information sessions. We follow  
11 procurement timelines. I've been around for 27 years  
12 doing procurement, so we're well familiar with  
13 timelines, preproposal conferences. If we work with  
14 the providers to get the information into us on time,  
15 we are then successful with registrations.

16 CHAIRPERSON WON: So, for ContractStat  
17 that you were announcing again, can you help me  
18 understand? Is ContractStat going to be publicly  
19 viewable as well for the nonprofit providers?

20 Because one of the biggest problems on Passport that  
21 people struggle with is that it is not user-friendly  
22 and it is impossible to know where a contract is  
23 being held up and what they're supposed to do.

24 DIRECTOR SEDILLO: Thank you so much for  
25 the question, Chair Won. I would say, you know, we

2 firmly believe in transparency, and I'd invite  
3 Director Yu to add more about Passport public, which  
4 is a pretty significant thing this administration has  
5 done to put a significant amount of data online and  
6 publicly available for the public. One thing I would  
7 say is, as I mentioned in my testimony, I really  
8 think of our two key stakeholders here, our nonprofit  
9 providers and our public servants. I'm a former  
10 first grade teacher. I do not believe public shaming  
11 actually works, and I would say the same for city  
12 agencies as I would our nonprofit providers. I would  
13 not, for example, come up here and say here are the  
14 nonprofit providers that are delinquent in there  
15 invoices and that we need to, you know, recoup more  
16 funds from. Similarly, I just don't believe  
17 fundamentally that public shaming is the way in which  
18 we would get providers and city agencies to really  
19 meet the moment. Like I said and Director Yu said, a  
20 lot of what they work on is publicly available, and I  
21 think that is a really proactive way you and our  
22 external partners should hold us accountable for  
23 meeting our goals.

24 DIRECTOR YU: Thank you. Thank you,  
25 Michael. I would just add-- so, thank you for the

2 plug for Passport Public. Our team is very proud of  
3 it. It does provide a lot of transparency, in  
4 particular for our vendors. It lists upcoming  
5 solicitation opportunities. It lists status of  
6 current solicitation, meaning when things are due,  
7 when there may be an expected award. In addition to  
8 Passport Public, my-- the colleagues at MOCS always  
9 tell us that we have so much data, because the City  
10 does so much contracting, but really harnessing that  
11 data and putting it into reporting tools so that it  
12 is easily digestible and you can actually do  
13 something with it is a challenge that we continue to  
14 face. And I'm pleased to announce that we are  
15 looking in this fiscal year, maybe in the fall of  
16 this year, we will roll out a set of vendor reports  
17 that are going to be externally facing, that will--  
18 the vision is that you log into Passport and you have  
19 a dashboard or a reporting tool that really is  
20 catered to you as the vendor. It pulls contracts  
21 you're already awarded, and it displays that for you.  
22 It pulls solicitations that you submitted to and  
23 that-- it displays it to you. In the future, future  
24 state, it also hopefully will give you a snapshot of  
25 you've submitted this invoice. It's been pending on

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2 the clock for this amount of days, or these are all

3 your invoices that have been paid. We're going to

4 see through that this calendar year. I certainly

5 believe, as Executive Director Sedillo has, you know,

6 time and time gone back to, transparency and

7 providing information that's actionable is really--

8 is really the principle that we're trying to chase.

9 CHAIRPERSON WON: So, for Passport itself

10 you're saying for the user interface as a nonprofit

11 provider, you're going to have improvements within

12 this calendar year--

13 DIRECTOR YU: [interposing] Yes.

14 CHAIRPERSON WON: on where you are on

15 your status of your contact that you have submitted

16 for registration?

17 DIRECTOR YU: Yes.

18 CHAIRPERSON WON: Okay, we will look out

19 for that. Do you when this year?

20 DIRECTOR YU: We hope for the fall.

21 CHAIRPERSON WON: Okay. And ContractStat

22 is available for all of the agencies for them to see?

23 DIRECTOR YU: I'll defer to Executive

24 Director Sedillo for ContractStat.

25

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2 DIRECTOR SEDILLO: That's correct, Chair  
3 Won.

4 CHAIRPERSON WON: Okay. And ContractStat  
5 is something that they can log onto themselves, or  
6 they have to wait for someone to provide them--

7 DIRECTOR SEDILLO: [interposing] So, great  
8 question. It's a service that our agency, our office  
9 provides nonprofit providers. MOCS does have a Power  
10 BI data field that we pull from, but we also have a  
11 staffer on our team who spent years at MOCS, knows  
12 the system, and can pull data, and really provide  
13 that service to agencies so that they're not spending  
14 too much time trying to run Excel, stat regressions,  
15 things I don't even know about, but my staffer does.  
16 And really helping them identify where those  
17 bottlenecks are. So, all of them have the insight  
18 into it and we make sure that principles, both at the  
19 agency level and City Hall level see that data as  
20 well.

21 CHAIRPERSON WON: Can we still hear from  
22 DYCD and I forget if it was DFTA or DSS that  
23 testified, but on how you're going to make sure that  
24 you're registering contracts on time and paying  
25 invoices?

2 DEPUTY COMMISSIONER HALBRIDGE: Sure.

3 Thank you for the question. My name is Jeremy  
4 Halbridge. I'm the Deputy Commissioner of  
5 Administration at the Department of Youth and  
6 Community Development. Can you hear me? Great.  
7 First, I want to thank the support of Executive  
8 Director Sedillo and Director Yu and all the Council  
9 Members here today. We share your concerns.  
10 Commissioner Howard and I and all the staff at DYCD  
11 are working hard on a daily basis to make sure that  
12 not just contracts are registered on time, but  
13 payments are made on time. What we're doing is we  
14 have weekly meetings with MOCS and their team to talk  
15 about the timely registration. We also have internal  
16 weekly meetings where we bring together our finance  
17 staff, procurement staff, legal staff and others to  
18 ensure that we are hitting the targets that MOCS has  
19 laid out, that contracts are registered on time.

20 EXECUTIVE DIRECTOR MAMET: Good morning.

21 My name is Diane Mamet. I'm the Executive Director  
22 for Nonprofit Engagement and Chief Nonprofit Officer  
23 at DSS. Thank you, Chairman Won for your question.  
24 So, much like our colleagues, you know, we do  
25 appreciate both MOCS and MONS support, both in

2 providing the data to us regarding outstanding  
3 actions. We also convene weekly meetings with our  
4 internal staff to ensure that everything that we can  
5 control, we are, and to that end, that we're also  
6 doing outreach with our nonprofits, right, for the  
7 things that we cannot control which would be  
8 submission of documents, because our goals is the  
9 same as everyone else. We want your contracts  
10 registered on time so that we can make timely  
11 payments to you. So it really is engaging with our  
12 nonprofits to ensure that they have the tools that  
13 they need to submit what we need to make sure that we  
14 can register their contracts timely.

15 CHAIRPERSON WON: How many staff members  
16 do you have in your office to respond to all the  
17 incoming from nonprofits who are having payment  
18 delays?

19 EXECUTIVE DIRECTOR MAMET: That's a great  
20 question. So as our new Chief Nonprofit Officer, I  
21 do serve as a central point of contact for providers  
22 who need to escalate issues or if they have  
23 challenges, I can connect them with other areas of  
24 the agency to ensure they have all the information  
25 that they need, but there are several touchpoints

2 across the agency who not only work on contracting,  
3 but budgeting as well as invoicing and programmatic  
4 things.

5 CHAIRPERSON WON: So right now you're the  
6 main point of contact for everyone to reach out to?

7 EXECUTIVE DIRECTOR MAMET: I'm one of the  
8 main contacts, yes, that's at the agency.

9 CHAIRPERSON WON: Okay. I just want to  
10 circle back. I'm a little confused to talk about  
11 advances at a dollar figure instead of a percentage.  
12 You're investing in a-- you're not investing in  
13 advances. So, you're just getting nonprofits the  
14 money that's owed to them at a reasonable time. With  
15 the current advance policy, most nonprofit providers  
16 get a 25 percent advance and there are very few who  
17 are exceptions. So, to say \$5 billion in advances,  
18 it seems a bit arbitrary. Can you say more about how  
19 this decision was made? And I know that you're  
20 saying that the percentage will be announced at a  
21 later time, but the nonprofit providers want to have  
22 more clarity.

23 DIRECTOR SEDILLO: Certainly. Thank you  
24 for the question, Chair. I understand that, and I  
25 would feel the same way if I were a nonprofit

2 provider. I think, again, what nonprofit providers  
3 should understand is that we pushed as hard as we  
4 possibly could, and got as high of a number as we  
5 responsibly could, and we'll be communicating that  
6 out very soon to our nonprofit providers. But  
7 everybody should understand they're going to get more  
8 upfront upon contract registration or if it's a  
9 multi-year contract at the start of the fiscal year  
10 than they have before.

11 CHAIRPERSON WON: Okay. We'll keep on  
12 following up. Yesterday's report from the  
13 Comptroller's Office said that there was a billion  
14 dollars outstanding in payments for invoices, and in  
15 November 2024, the Human Services Council which  
16 represents a number of nonprofit human service  
17 providers released the result of a survey of its 170  
18 member organizations. The survey found that 90  
19 percent of respondents were owed money outstanding  
20 from payments from the City totaling \$365 million; 32  
21 percent had experienced payment delays of at least  
22 six months, and 48 percent had taken out lines of  
23 credit worth a total of \$87 million. According to  
24 the latest update this year, the total has now grown  
25 up to \$548 million in late payments owed to nonprofit

2 providers. Can MOCS or MONS comment on the level of  
3 financial distress among human service providers due  
4 to late payments from the City?

5 DIRECTOR SEDILLO: I'll just start.

6 Thank you so much, Chair Won. I hadn't had a chance  
7 to read the Comptroller's report just yet, but  
8 looking forward to reading it. I would say, you know,  
9 we are all very much aligned, and I'm very fortunate  
10 to have real alignment among all the leadership at  
11 City Hall, that this is a dire and urgent situation,  
12 and everything is on the table. So, you know, I  
13 mentioned the advance directive. That is not the  
14 only thing we're doing, right? OMB as we mentioned  
15 has unlocked 183 positions across agencies, having  
16 exempted them from the hiring freeze. That's  
17 significant. The work that MOCS has done-- and I  
18 think Director Yu will chime in here in a minute--  
19 has done to-- is really helping us get payments out  
20 the door, but it is something that we take very, very  
21 seriously and understand that it is our north star to  
22 get folks paid as soon as humanly possible.

23 DIRECTOR YU: Thank you, Michael. If I  
24 could add, as Michal mentioned we haven't had the  
25 opportunity to digest the Comptroller's report since

2 it was just released last night, and we look forward  
3 to digging in as, you know, this is our life's work.  
4 I really want to think through the methodology, their  
5 raw data, what they're capturing, and then how  
6 they're just using those things to draw their  
7 conclusions and their recommendations. Having said  
8 all that and just pivoting back to the  
9 administration's work to keep the eye on the prize,  
10 so to speak, it is not lost on us that there are  
11 nonprofit providers in crisis, in distress, who  
12 really need some support. There are a variety of  
13 tools that we've been deploying, and I'll start-- as  
14 I mentioned in the testimony, the Returnable Grant  
15 Fund. The Returnable Grant Fund is available to our  
16 nonprofit providers based upon a set of criteria  
17 that's pretty expansive. It was expanded not too long  
18 ago to include a third category that wasn't  
19 previously available. It is an interest-free loan,  
20 interest-free. It is at a tens of millions of dollar  
21 funding level and we monitor that loan fund  
22 regularly. We have a small but might team at MOCS who  
23 receives the applications for the loans once they've  
24 been vetted by the agencies, and we just look to see  
25 that there's going to be some collateral and that

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2 there's some leverage to repay the loan, but that is  
3 a significant tool that's available to the nonprofit  
4 providers if they are in need of cash.

5 CHAIRPERSON WON: \$30 million is  
6 currently what's available in the Returnable Grant  
7 Fund. We are all about the idea of a Returnable  
8 Grant Fund, but we need to expand. What is the total  
9 value of applications submitted to providers, do you  
10 know? And how much has been granted up to date? And  
11 what plans does the City have to increase the  
12 available grant fund? Because \$30 million for the  
13 \$87 million of credit that people have had to take  
14 out is not even half. And we're also getting reports  
15 from nonprofit providers on reports that providers  
16 are encountering extreme administrative barriers when  
17 applying for that funding itself. What steps is the  
18 city taking to reduce these barriers and assure  
19 applications are processed smoothly and not kicked  
20 back?

21 DIRECTOR YU: Thank you for highlighting  
22 this. Maybe I'll turn it over to Michael just to  
23 start and then I can--

24 DIRECTOR SEDILLO: [interposing] Sounds  
25 great.

2 DIRECTOR YU: [inaudible] some of the  
3 details.

4 DIRECTOR SEDILLO: Let's do that. Thank  
5 you so much, Chair Won. You know, I really do just  
6 want to make sure folks understand, because I think--  
7 I've actually-- when I visit nonprofit providers,  
8 they often times don't even know this fund exists,  
9 and I want to just make sure folks know because it's  
10 been a life line to many, many nonprofit providers,  
11 interest and service-free loans, and that third  
12 category that Director Yu just talked about is huge.  
13 It was previously, as I understand, just for  
14 unregistered contracts, and so now they've expanded  
15 the use, and so people should think about that. The  
16 one thing I'll say is, if there is ever an issue or  
17 perception of administrative delays or it's, you  
18 know, even stuck with the agency for whatever reason,  
19 please give them my information, and we will work  
20 with our partners at MOCS and the Chief Nonprofit  
21 Officers at the agencies to ensure that it is  
22 expeditiously reviewed. Now, you know, we do want to  
23 be clear that sometimes providers will submit a loan  
24 application for-- for example, something that is  
25 already an invoice in the system. For us, that's not

2 an appropriate use of the loan fund, right? It would  
3 be just a much simpler, probably a faster process,  
4 too, if they actually just get the invoice paid out,  
5 and that's why the partial payment directive that  
6 MOCS did is so important and the invoice backlog work  
7 they did just a couple of months ago is so important  
8 as well. So, anyways. If there are issues, please  
9 let me know directly, and myself and Director Yu will  
10 have our teams look into it immediately.

11 CHAIRPERSON WON: So, going back to the  
12 question. What is the total value of applications  
13 submitted by providers and how much of the \$30  
14 million has been granted to-date?

15 DIRECTOR YU: So, I have some rolled up  
16 numbers, if I may. So, last two fiscal years there  
17 was over \$190 million disbursed. In this fiscal year  
18 already there was \$63 million disbursed. And for all  
19 those who are listening, I just want to list out the  
20 criteria for eligibility, and it's been expanded as I  
21 mentioned. So, nonprofits with registered contracts  
22 but funding release delays, that's the first one of  
23 the four. The second one, nonprofits with future  
24 start-up costs for emergency needs, the second of the  
25 four. The third of the fourth, nonprofits

2 contracting capital discretionary if also holding an  
3 expense contract. And then fourth, the last, for-  
4 profits delivering human services. And also just  
5 wanted to highlight that there have been the changes  
6 to greatly reduce the administrative burden for  
7 obtaining these interest-free loans. Previously, the  
8 application was seven pages. It's now three pages.  
9 Previously, there are over 60 fields for completion  
10 across the application. Currently, it's cut down to  
11 about one-third. Previously, it was a Microsoft Word  
12 document or a PDF, but now it's been fully digitized  
13 to Adobe PDF and it's web-friendly. And before it  
14 was limited-- there was a limited outline of  
15 eligibility parameters on the application, but now it  
16 includes a full eligibility matrix in compliance  
17 conditions. And previously, also, it was limited  
18 eligibility to outside in-progress nonprofit  
19 contracts. Currently, it's expanded eligibility for  
20 registered nonprofit contracts in human service for  
21 profit., as I previously mentioned. So, this is just  
22 one tool in the toolbox, but it is a significant one.  
23 It is one that's available. And as you mentioned,  
24 there's \$30 million in the fund right now. We do  
25 take a first-come first-served basis, but we do also

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2 with City Hall leadership review what makes sense in  
3 terms of prioritization and program priority. And so  
4 we do-- the City does-- it's available, and we  
5 encourage the use of the loan [inaudible]

6 CHAIRPERSON WON: Is there a conversation  
7 to expand the \$30 million to a higher dollar amount?

8 DIRECTOR YU: the \$30 million right now,  
9 you know, is from our review of the performance and  
10 the utilization of it, a healthy amount.

11 CHAIRPERSON WON: Okay. And last  
12 question before I pass it over to our colleagues  
13 since we're going over. For MOCS, do you-- and MONS  
14 are you tracking the outstanding debt to contractors?  
15 If so, can MOCS provide an annual total of  
16 outstanding debt to contractors with subtotals for  
17 nonprofit vendors and human service providers for the  
18 last 10 years?

19 DIRECTOR SEDILLO: You said MOCS, excuse  
20 me?

21 CHAIRPERSON WON: Yeah.

22 DIRECTOR SEDILLO: I'll start real fast  
23 and just say for MONS we do track, as I mentioned to  
24 Speaker Adams earlier, in contracts that-- invoice  
25 cycle time and those invoices that have

2 disproportionately aged, we also provide on a monthly  
3 basis specific backlogs to agencies from a contract  
4 registration standpoint and an invoice and budget  
5 modification standpoint. So, it is something that we  
6 offer to agencies on a regular basis.

7 DIRECTOR YU: I'll just jump in and add--  
8 and we've been talking about the different variations  
9 throughout this hearing, but as Michael mentioned-- I  
10 want to just really drill down and hone in that  
11 through the backlog initiative we unlocked over a  
12 billion dollars in advances. In October of last  
13 year, MOCS launched the backlog, the payment backlog  
14 initiative--

15 CHAIRPERSON WON: [interposing] I just  
16 want to clarify. My question is about what is the  
17 total outstanding debt to contractors? What is the  
18 total amount that the City owes?

19 DIRECTOR YU: Yes. And I think, you know,  
20 just to sort of provide some more background and  
21 context. The-- what we do in terms of the data and  
22 capturing the data, the only way that we could even  
23 do a backlog initiative is if we had the data in the  
24 reporting. And so, with the data in the reporting,  
25 it enabled us to do this backlog--

2 CHAIRPERSON WON: [interposing] Okay, so  
3 what is the total amount outstanding?

4 DIRECTOR YU: The total amount, I would  
5 have to get back to you, but--

6 CHAIRPERSON WON: [interposing] Okay. Can  
7 you make sure that within this hearing your team gets  
8 that number for us, because we sent these questions  
9 in advance. So, we want to know the total  
10 outstanding to debt contract and the subtotal for  
11 nonprofit vendors and human service provides from the  
12 last 10 years.

13 DIRECTOR YU: Okay. So, I will just sort  
14 of-- we can definitely-- we can certainly work on  
15 that. If we're not able to provide it at the  
16 hearing--

17 CHAIRPERSON WON: [interposing] Okay, we  
18 would like to have it within this hearing.

19 DIRECTOR YU: Okay. I just--

20 CHAIRPERSON WON: [interposing] Before the  
21 testimonies are over. So, I'm going to pass it over  
22 to Chair Stevens to ask the next set of questions.

23 CHAIRPERSON STEVENS: Hello. And just to  
24 follow up the question she was asking, I also would  
25

2 like to know do you know how much the City owes and  
3 on budget mods. Do you have that?

4 DIRECTOR SEDILLO: Thank you for the  
5 question, Chair. We-- it's hard to say owed. It's  
6 hard to say owed, I think, with certainty, because  
7 the entire process of a budget modification is agency  
8 and nonprofit provider trying to align on what is  
9 owed. Nothing really stops a nonprofit provider from  
10 submitting a budget modification, and you know, as  
11 good fiscal stewards, we have to ensure that that is  
12 in scope and we have to ensure that is money that the  
13 City does owe. So, we certainly have the amount of  
14 budget modifications that are active across agencies,  
15 but the number tied to it is not an exact number that  
16 I think we would feel comfortable sharing. Anything  
17 to add?

18 CHAIRPERSON STEVENS: So, you just don't  
19 feel comfortable sharing it? Okay. I mean, so a  
20 couple of things, because there's been-- a lot has  
21 been being said, and so my brain is like on a  
22 thousand. So, Mr. Sedillo, I've heard that you come  
23 with a lot of experience. Folks like you, all the  
24 things. Got good reviews from you, but that doesn't  
25 mean that we happy, because with all of that no one

2 has faith that this is going to get done, because we  
3 sit here time and time again doing the same dance,  
4 having the same conversation, doing all the things.  
5 We liked the last Executive Director. She was great,  
6 too. Still ain't paid the people. So, with all that  
7 being said, it's just very frustrating to just be  
8 here and time and time again hear excuse after excuse  
9 after excuse. Like, this does not make sense. You  
10 know-- so, next question I have is, have you paid out  
11 COLA interests? Have you paid out COLA in indirect  
12 rates to providers that are reporting-- because  
13 providers are reporting that they're owed years'  
14 worth of indirect costs, and I'd like to know why  
15 payments have not been paid out, what's-- why is it  
16 so slow for paying this money out?

17 DIRECTOR SEDILLO: Thank you so much,  
18 Chair Stevens and thank you for the kind words,  
19 appreciate that. You know, I will just say as I  
20 think Director Yu is going to add in, certainly  
21 appreciate that sentiment. I wake up every day very  
22 clear for this office that the north start is getting  
23 nonprofits paid. This is not a ceremonial role for  
24 me. This is not congratulations to me, yay me I'm an  
25 executive Director. I am incredibly serious about

2 this, and I feel the pain. I visit nonprofit  
3 providers. I work alongside our public servants. I  
4 work from the city agencies regularly and make sure  
5 they understand our north star. So, I take the  
6 feedback, but this is incredibly personal to me, and  
7 I'm very privileged to be able to support the social  
8 safety net for New York . I would say--

9 CHAIRPERSON STEVENS: [interposing] I just  
10 want to say, I don't think that it's not personal for  
11 anyone here, but it doesn't matter because it's not  
12 happening. So, one, even today you said that you  
13 would give us a briefing. I said at the start of  
14 this, I'm just as much of an expert as all of you  
15 guys. So maybe having us be a part of the  
16 conversation and the providers be in conversation so  
17 that we can actually get it done, because clearly you  
18 don't have the answers. And this is as the  
19 administration as a whole. And so yes, you guys are  
20 trying to-- everyone is working hard, and I'm not  
21 saying that I know people are taking as a priority  
22 but it's still not being done. So clearly, we need to  
23 do something different. So, that is my response to  
24 that. Like, this is not saying, oh, no one's doing  
25 it. Yeah, great. But we have providers who are

2 struggling. Literally, most of the agencies have  
3 multiple contracts with multiple agencies and is owed  
4 money, and that is part of the problem. We've  
5 already had agencies who are on the brink of losing  
6 their staff or on the break of losing programming  
7 because we have not paid them, and this is  
8 unacceptable. I don't even like the language around  
9 that these are advances. These are not advances. You  
10 guys-- it's-- stuff is being stuck in the process and  
11 they're not getting paid money that they have already  
12 done the work for because this is all done on  
13 reimbursement. And so like, even the language pisses  
14 me off that we're saying like, oh, we just made an  
15 announcement that we're going to give out advances  
16 for money that they are owed that they already done  
17 the work for. So, it's just frustrating. And so, you  
18 know, I know you take this personal. I take it  
19 personal. I come from nonprofit. I did this work  
20 for 20 years, so I also take it personal that I have  
21 to have providers call me directly for me to then  
22 call the administration to say we need the money,  
23 because that's unacceptable. I have other things that  
24 I should be focused on and not calling you to say,  
25 hey, this person's contract isn't registered. We're

2 the loophole at? And here's the thing, when I do  
3 that, I get a response, but I should not have to do  
4 that. So, understand my frustration. I have a very  
5 needy district, so I should not have to call you  
6 about getting services that they need to do in my  
7 community because you guys aren't paying them. So  
8 that's my frustration.

9 DIRECTOR SEDILLO: Totally understood,  
10 Chair Stevens, and I appreciate your perspective and  
11 passion and expertise 100 percent. I'd be very happy  
12 to go with you in your district and meet some of your  
13 nonprofit providers. You--

14 CHAIRPERSON STEVENS: [interposing] I have  
15 a meeting every month for nonprofits. I believe it's  
16 coming up this week. You were invited and I know  
17 that you couldn't come, but since you said it,  
18 hopefully you're at the next one. I'll make sure my  
19 staff gets you the date and hopefully you'll be  
20 there.

21 DIRECTOR SEDILLO: Sounds great. Sounds  
22 great. And you should definitely let providers know  
23 they can reach out to me directly, or you know, one  
24 of the things that we did, of course, is Executive  
25 Order 47 that has Chief Nonprofit Officers at every

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 84  
2 agency. Any of your providers should know who those  
3 people are. they're listed on--

4 CHAIRPERSON STEVENS: [interposing] All my  
5 providers know this. They are contacting the agency.  
6 They are contacting you, and typically I am the last  
7 stop, and I get calls all the time. The amount of  
8 spread sheets that I have to send and call when Lisa  
9 was here and everyone else to get stuff done is  
10 unacceptable. And so, this isn't new. And again,  
11 you just got here. I've been here.

12 DIRECTOR SEDILLO: totally understood.  
13 Thank you so much, appreciate it.

14 CHAIRPERSON STEVENS: Could we go back to  
15 the question around the indirect costs.

16 DIRECTOR YU: Thank you, Council Member  
17 Stevens. The passion, you know, I respect it so  
18 much, and also just I appreciate the-- we're all  
19 showing up as our full selves, our person, and our  
20 prior experience, and having you share that provides  
21 a level of insight and just contextualizes it all.  
22 and as Michael was saying about how this is his  
23 life's work, he's been an organizer, he's been a  
24 first grade teacher, just want to take a moment to  
25 share my personal background that I come from two

2 immigrants. My father had a small business, and I  
3 can only imagine if my father was able to get a  
4 contract with the City of New York and then he wasn't  
5 able to be paid, what that would mean for him and our  
6 family. So, that is not lost on us. But having said  
7 that, I wanted-- if I could, Council Member Stevens,  
8 I wanted to go back to Chair Won's question about the  
9 overall backlog, and while I can't provide it for the  
10 10 years, I can try to provide it for at least this  
11 current administration. And Council Member Stevens,  
12 I will pivot also to address the indirect cost rate.  
13 And I will say that when-- January 2022, at the start  
14 of the administration, the overall backlog was \$11.3  
15 billion. March 2024 it was \$12.7 billion, not  
16 trending the right direction, but okay, stay with me.  
17 November 2024, \$9.1 billion, January of this year,  
18 \$4.8 billion, and then April, this month, April 2025  
19 \$5.8 billion. And so, we will see that there is  
20 fluctuations because procurement and contracting as  
21 you are all aware is cyclical. However, we went from  
22 double-digit billion-dollar backlog to now single-  
23 digit. As I mentioned earlier, that does not take  
24 away-- the numbers do not take away from the  
25 individual provider, the individual nonprofit's pain,

2 and sort of this sense of a broken promise, but we  
3 are trying to take a holistic approach and make some  
4 systematic improvements to the overall process.

5 CHAIRPERSON WON: Thank you. How much of  
6 the \$5.8 billion that's currently outstanding is  
7 currently for nonprofit vendors and human service  
8 providers?

9 DIRECTOR YU: That slice I would have to  
10 get back to you.

11 CHAIRPERSON WON: Okay, if your team  
12 could look into now. Thank you.

13 CHAIRPERSON STEVENS: I'm going to move  
14 onto some questions to DSS. In FY 2024, HRA  
15 submitted 298 retroactive contracts totaling \$2  
16 billion. What were the primary deliveries--  
17 deliverers [sic] behind the high-volume of  
18 retroactive submitted and what conceptual steps has  
19 HRA take to reduce its reliance on retroactive  
20 contracting going forward?

21 EXECUTIVE DIRECTOR MAMET: Thank you,  
22 Chair Stevens. So, as I had mentioned earlier,  
23 right, there are things that we can control and  
24 things that we cannot control. Our goal is to always  
25 have contracts registered on time. Sometimes

2 procurements are dependent upon seasonality and when  
3 they're released, and then there's a number of  
4 actions that then follows. There's a continuity,  
5 excuse me, of services. So, we take this very  
6 seriously. We are continuing to engage with our  
7 nonprofits to ensure that we have everything that we  
8 need so that we are able to register actions in a  
9 timely manner so that were able to pay them in the  
10 same way.

11 CHAIRPERSON STEVENS: So, you don't have  
12 like steps that you guys are doing to, like, really--  
13 like, conceptual steps of like, okay, this is-- we  
14 see this issue. These are the things that we're  
15 trying to do. Are you just saying you're taking it,  
16 I mean, nonprofit by nonprofit?

17 EXECUTIVE DIRECTOR MAMET: So, there are  
18 a couple of different ways that we're looking at  
19 this.

20 CHAIRPERSON STEVENS: And could you talk  
21 about them, because I think it's like-- you're giving  
22 very general. I would love to hear like what those  
23 steps are so that like people could have a better  
24 understanding and not like, oh, we're kind of-- so,  
25 that would be helpful.

2 EXECUTIVE DIRECTOR MAMET: Absolutely. I  
3 will start a little bit more broad and then can  
4 narrow down a little bit. So, we do look at, you  
5 know, year by year the financial plan and what we're  
6 planning to put out for solicitations, right? All  
7 that information is available. We're also engaging  
8 with our partners at MOCS to ensure timely  
9 registration. So it's looking at what's coming up,  
10 always planning ahead how long we're going to need  
11 what kind of need time to ensure that there's  
12 adequate timing to ensure that things are registered  
13 on time. And then from there there's also more  
14 targeted approaches, right? We know that some  
15 nonprofits have more infrastructure than others.  
16 Some might need a little bit more support. So, there  
17 is both a broad look at things as well as an  
18 individualized so that we're ensuring that we're  
19 supporting all of our nonprofits in an appropriate  
20 matter.

21 CHAIRPERSON STEVENS: In FY2023, DHS  
22 submitted 49 emergency contracts totaling over \$6  
23 million. What oversight mechanisms does the agency  
24 have in place to monitor how those emergency  
25 contracts are being implemented and ensuring that

2 providers are meeting the services and performance  
3 requirements outlined in their contract? This is for  
4 DHS-- I mean DSS.

5           DIRECTOR YU: If I could, Council Member  
6 Stevens? So, the emergency contracting portfolio is  
7 a unique one. As Executive Director Sedillo  
8 mentioned at the top, the asylum-seeker crisis that  
9 the City faced, the way that we were able to meet the  
10 needs of taking care of that population was done  
11 through emergency contracting. And as you know,  
12 under the PPB, the oversights that sign off on those  
13 emergency contract include both the Law Department  
14 and the Comptroller, and there are probably some  
15 emergency contracts that are still sensitive in  
16 nature that are-- the program is live and ongoing,  
17 but with that framing, we're happy to engage maybe a  
18 bit more because I think maybe that was a little bit  
19 outside the scope of this particular hearing. So,  
20 we're not best-positioned to reply, but we're  
21 certainly happy to talk offline about that.

22           CHAIRPERSON STEVENS: Okay. This was  
23 sent over before, correct? The questions were sent  
24 over before. Okay. Okay. The shelter population  
25 was nearly doubled in 2022 and 2024, placing a huge

2 strain on the Department of Homeless Services.

3 However, we understand that DHS staffing levels have  
4 not increased to match this demand. How many staff  
5 are currently assigned to manage and oversee DHS  
6 contracts?

7 DIRECTOR SEDILLO: If you don't mind,  
8 Chair, I'll just jump in real fast just to make sure  
9 to remind, especially for the new Council Members  
10 who joined, that we were very proud to work with our  
11 partners at OMB to exempt human service contracting  
12 positions from the hiring freeze. I just want to  
13 make sure folks know that 183 positions over the past  
14 few months have been unlocked because of the  
15 situation and because of the unique moment we find  
16 ourselves in which includes the agencies at this  
17 table as well, just for framing.

18 EXECUTIVE DIRECTOR MAMET: Thanks  
19 Executive Director Sedillo. So, staffing is always  
20 going to be an ongoing challenge at DSS and any  
21 agency. There's natural ebb and flow both through  
22 attrition and other factors as shared just now, that  
23 OMB has unlocked over 180 positions and a percentage  
24 of those will be coming to DHS as well as DSS to  
25 support the work. The agency structure is unique in

2 that contract management and oversight involve  
3 multiple departments, including budget programs, ACO  
4 and finance. Each of these teams play a critical  
5 role at different stages of the contract life cycle  
6 from development and approval to implementation and  
7 fiscal monitoring. So, as such, there are several  
8 touch points across the agency due to this  
9 collaborative and integrated approach--

10 CHAIRPERSON STEVENS: [interposing] So, if  
11 there's several touch points, can you go over how  
12 many staff and all those who have the oversight?

13 EXECUTIVE DIRECTOR MAMET: I would need  
14 to get back to you with specific numbers of staff--

15 CHAIRPERSON STEVENS: [interposing] Could  
16 you guys work on that so we can get that through the  
17 end of the hearing? Because it was a simple  
18 question, and so if there's multiple touch points,  
19 then the question should just really be at this  
20 Department we have this many. At this Department it  
21 should have this many. So, I'm not really sure why  
22 that question is so, you know.

23 DIRECTOR SEDILLO: Yeah, Chair Stevens, I  
24 really, really appreciate the question. It's  
25 something we are really trying to work on. Director

2 Yu mentioned the workforce analysis that we're doing  
3 right now. That's not ready for our principals yet,  
4 and so once we finalize that analysis--

5 CHAIRPERSON STEVENS: [interposing] Well,  
6 the agency should know how many people that they have  
7 on staff that are doing this work. And so, it should  
8 be knowledge, and this isn't a trick question. Like,  
9 this is a very simple question. And so, like, I  
10 don't understand why you need a work analysis [sic]  
11 to know how many people you have in a department. If  
12 you ask me how many staff I have, I can tell you what  
13 they do and how they do it. And so that's not that  
14 hard. It's a huge agency. So, it's not a trick  
15 question. So, if you guys can work on that, that'll  
16 be great. It's just us trying to figure out, and  
17 even saying that you unlocked more roles-- don't get  
18 me started, because it should have been unlocked,  
19 because they should have always had it open, but  
20 whatever. So, we not going to go there. But they  
21 should clearly know how many staff they have working  
22 on these things, because that's part of the problem.

23 DIRECTOR SEDILLO: Yeah, Chair Stevens, I  
24 fully agree with you. We saw the survey analysis

2 that came back. It was not as simple as we had  
3 thought, and it's-- you know--

4 CHAIRPERSON STEVENS: [interposing] This  
5 is part of the problem why we not paying people,  
6 because it is that simple and we're making it more  
7 difficult. So, I'll move on as you guys figure it  
8 out, but like, it is really just that simple. It is  
9 not as difficult as you guys are making it. It's a  
10 simple question. How many staff do you have working  
11 on these contracts? And if it's different points and  
12 different parts of the Department, you should have  
13 that number. What is the average number of  
14 contractors or providers on each staff that is-- oh,  
15 you don't have that. So, I'll ask that when you get  
16 back to us with the number. What percentage of DHS  
17 contract providers are currently experiencing delayed  
18 payments and what is the average processing time for  
19 invoices submitted for reimbursement?

20 DIRECTOR YU: Thank you, Council Member.  
21 So, we remain committed to paying our nonprofit  
22 partners in a timely manner so that they continue to  
23 provide vital services to New Yorkers. This is a  
24 very nuanced issue and that it can be tied to an  
25 invoice that has not yet been submitted, or but not

2 yet approved. A budget modification to reallocate  
3 funding within the fiscal year budget that impacts  
4 their ability to invoice, or even the approval of a  
5 subcontractor so that services can be invoiced for.  
6 What we have done and continue to do is take a  
7 holistic approach to resolving any of the underlying  
8 barriers as well as expedite payments on emergency  
9 basis as needed. But that said, the average cycle  
10 time across the agency from invoice to payment is  
11 around 28 days.

12 CHAIRPERSON STEVENS: I have some  
13 questions for DYCD, and I'll pass it to the  
14 colleagues, and then I'll come back because I still  
15 have a few more questions. DYCD registered over  
16 1,600 contracts retroactively in FY 2024, more than  
17 any other city agency. Can you detail the main cause  
18 of the contracting and registration delays,  
19 particularly for those delays over a year. And what  
20 specific entailed process changes and DYCD  
21 implemented to reduce the retroactive contract  
22 payments to providers.

23 DIRECTOR SEDILLO: I'll just jump in  
24 again, Chair, just to mention that a significant  
25 portion of-- I think you'll hear this from Jeremy-- a

2 significant portion of our retroactive contracts,  
3 over two-thirds of our retroactive contracts are from  
4 discretionary contracts which is a minuscule part of  
5 our overall budget, but is overall--

6 CHAIRPERSON STEVENS: [interposing] I know  
7 this. I've been a chair for four years, so I'm very  
8 aware. Thank you.

9 DIRECTOR SEDILLO: Great. Amazing.  
10 Great. And I would just say that's why the multi-  
11 year vehicle we worked on in partnership with the  
12 Council was so important and that's why--

13 CHAIRPERSON STEVENS: [interposing] Oh,  
14 you weren't here when I knew that that wasn't going  
15 to do what you guys kept saying it was doing. So,  
16 I'm aware of that as well.

17 DIRECTOR SEDILLO: Great.

18 CHAIRPERSON STEVENS: Because this was  
19 something, a big announcement four years ago, and I  
20 was like, it's not going to do what we think it's  
21 going to do. So, but you can answer the question.

22 DEPUTY COMMISSIONER HALBRIDGE: Sure.

23 Thank you, Chair Stevens. Yes, a lot of those  
24 retroactive contracts are just City Council  
25 discretionary awards as you know, and we've discussed

2 before. But to your question of what are main causes  
3 of contract registration delays, it is various,  
4 right? It can be from pre-qualified list status  
5 being pending, from vendor documentation not yet  
6 currently available, financial audits, reports that  
7 are part of the registration process, missing  
8 insurance documents, etcetera, outside of just  
9 whether this is discretionary or not. Those are some  
10 of the type of reasons for delays. Obviously, we are  
11 working as hard as we can to break through them by  
12 meeting with our providers on a regular basis, by  
13 working with you, and all of our funded providers so  
14 that they're aware of what they need as early as  
15 possible, and I can come back working with us with  
16 our Chief Nonprofit Officer. We have a help desk  
17 that they can reach out to, both from our procurement  
18 shop and our fiscal shop to really try and make sure  
19 that they can get paid on time.

20 CHAIRPERSON STEVENS: One of the  
21 criticisms that I even got from the help desk is that  
22 one, that every time they call they're talking to  
23 someone else, and so there's been a little bit  
24 confusion around there. Can you talk to me a little  
25 bit about some of the issues around the help desk?

2 Because they said that either they're getting a  
3 different person and because a lot of the managers  
4 aren't-- they're only there three days a week.  
5 They've been having some issues with consistency.

6 DEPUTY COMMISSIONER HALBRIDGE: Thank you  
7 for the question, Chair Stevens. That's not  
8 something I've heard before, though. It's not a  
9 surprise that-- with how we're structured. The help  
10 desk is designed to take in questions from anyone and  
11 everyone and respond as quickly as possible. We do  
12 not give out, you know, line staff direction  
13 information. We bring it in. we respond as we can.  
14 To your point about managers only being in-- maybe in  
15 office three days a week--

16 CHAIRPERSON STEVENS: [interposing] Yeah.

17 DEPUTY COMMISSIONER HALBRIDGE: But they  
18 are working five days a week, and as Executive  
19 Director Sedillo mentioned, we recently got new  
20 headcount approved by OMB within the last month, and  
21 so we're actively working to bring these bodies on  
22 board and apply them across all of the units that are  
23 relevant.

24 CHAIRPERSON STEVENS: Well, you know, I'm  
25 definitely going to be on top of them making sure you

2 guys have additional staff from OMB because there--  
3 you know, we had announcement yesterday, so we need  
4 more bodies.

5 DEPUTY COMMISSIONER HALBRIDGE: Yes.

6 CHAIRPERSON STEVENS: So, we're probably  
7 going to need more than what they approved already.  
8 So don't worry, I'm on it.

9 DEPUTY COMMISSIONER HALBRIDGE: We  
10 appreciate your advocacy as always.

11 CHAIRPERSON STEVENS: Because it doesn't  
12 make sense, because they just gave you guys  
13 tremendous amount of work to do over the summer when  
14 you're the busiest. So, I'm on that. How does DYCD  
15 coordinate with MOCS and the Comptroller [inaudible]  
16 procurement bottleneck?

17 DEPUTY COMMISSIONER HALBRIDGE: Sure.  
18 Yeah, as I mentioned earlier, we meet with the MOCS  
19 and the team on a weekly basis to go through both  
20 current actions, upcoming actions and any  
21 bottlenecks, issues or concerns be it in Passport or  
22 with the procurement process. The Comptroller's  
23 Office is always available to us and we reach out to  
24 them as necessary to try and move things along.

2 DIRECTOR YU: Council Member Stevens, if  
3 I may, MOCS as the oversight of all of the mayoral  
4 agencies, the human service ones included, maintains  
5 a relationship with the Comptroller's Office because  
6 they do own a critical part of the contract  
7 registration process. They are the last stop. As  
8 you know, they've got-- they're the only ones that as  
9 you've pointed out with the 30-day clock. We are  
10 dependent upon them because they are our partners in  
11 this. While they do have separate oversight  
12 responsibility overseeing the contracts and the  
13 procurements. One of the things that we do with all  
14 of our city agencies, we-- here at MOCS we have  
15 agency representatives and liaisons to each of the  
16 agencies, and then also we have our MOCS leadership  
17 engaged with the Comptroller's office on a regular  
18 basis to review contracting issues, including late  
19 registration. And one of the things that I mentioned  
20 in the testimony, one critical component that would  
21 greatly be apricated from the Comptroller's Office is  
22 if they were to allow pre-processing and expand the  
23 window which the human service agencies could submit  
24 Fiscal 2026 contracts. Right now, we are tied to a  
25 date. I think it is sometime in May. If it were

2 earlier in May, I think that that would go a long  
3 way. So that's all to say that we closely coordinate  
4 with the Comptroller's Office, and while we respect  
5 and recognize they have a different role, we also--  
6 we need their partnership in this as well.

7 CHAIRPERSON STEVENS: So have you-- what  
8 conversations have you had with them to see if that's  
9 a possibility?

10 DIRECTOR YU: We have engaged, and I  
11 don't want to speak for Michael, but Michael has  
12 engaged as well, and we have asked them.

13 DIRECTOR SEDILLO: I'll just say, it's a  
14 ask that we made in 2022 which they agreed to, and I  
15 believe Director Flores has made that request every  
16 single year since, and this year, human service ACOs  
17 sent directly, and we share with council staff,  
18 finance staff as well, and so we greatly appreciate  
19 any support there.

20 CHAIRPERSON STEVENS: Okay, we can do  
21 that. Sure. We'll reach out. I have one more  
22 question, and I'll pass it over to the committee. I  
23 have more questions, so I'll come back. What support  
24 if any does DYCD offer to providers for us to take on  
25 loans or cut staff due to delayed payments?

2 DEPUTY COMMISSIONER HALBRIDGE: Thank  
3 you, Chair Stevens. Great question. We understand  
4 that late registrations and payments creates stress  
5 on our funded CBOs and as Director Yu and Executive  
6 Director Sedillo have mentioned the various  
7 administration initiatives to get providers their  
8 money on time. We are working and supporting them as  
9 well. In addition, we internally are working to  
10 improve our processes, right? To make sure that when  
11 we are reviewing budget mods and we are reviewing  
12 invoices that our providers understand what the  
13 process is, how it should work, and how we can  
14 potentially move that-- those processes faster. I  
15 think another aspect of that support is as Executive  
16 Director Sedillo said, the Chief Nonprofit Officer,  
17 that one point of contact for them to each out. It  
18 isn't the only point of contact that they have. It's  
19 one of many. As I mentioned, we have a fiscal help  
20 desk and an ACO help desk to get that done, but that  
21 isn't all that we do. We don't wait for them to  
22 reach out to us. We're reaching out to them as  
23 regularly as possible to tell them about-- here are  
24 trainings that MOCS offers. Here are opportunities  
25 for us to explain to them what we're doing and how

2 we're reviewing their budget mods and/or invoice  
3 submissions, all of the idea of-- as the concerns  
4 that you've all mentioned with getting them paid as  
5 fast as possible. Last, but not least, we have a  
6 large technical assistance and capacity building  
7 portfolio, something around \$8 million, I believe  
8 which offers support and services to our CBOs. So  
9 ranging from organizational management to fund  
10 raising to any other opportunities that they have,  
11 and that's something that we on a regular basis reach  
12 out to our providers to say, this is there and we  
13 hope to use it.

14 CHAIRPERSON STEVENS: I'll pass it to my  
15 colleagues.

16 CHAIRPERSON WON: Next we're going to  
17 pass it to Council Member Linda Lee to ask questions,  
18 and I also want to acknowledge Council Member Brewer  
19 who will be next.

20 COUNCIL MEMBER LEE: Good morning,  
21 everyone. Just wanted to say thank you for joining us  
22 and hello to all my nonprofit colleagues and leaders  
23 who are here doing the work day-in/day-out. Really  
24 appreciate all your efforts, and I share a lot of the  
25 frustration that Council Member Stevens has as I too

2 come from the nonprofit sector, running an  
3 organization for many years. And I just have to say  
4 I -- you know, in hearing your testimony it seems  
5 like there's a lot of acronyms and names, all of  
6 which I think we've all tried in the past, and it's  
7 being repackaged and put in a nice, you know, pretty  
8 box. But you know, I remember being part of the NRC,  
9 Nonprofit Resiliency Committee, and just wonder, you  
10 know, how much of that have you historically gone  
11 back to because there's a lot of the same  
12 conversation is and recommendations and suggestions  
13 that were made years ago. There were all these  
14 subcommittees. There was a lot of item and energy  
15 and effort under the de Blasio administration as well  
16 as previously in the Bloomberg administration to, you  
17 know, reform a lot of the contracting processes, and  
18 so I'm just wondering how much access to that  
19 previous information you have, because it's all  
20 there, right? And these are all issues that we know  
21 have existed for many, many years, and I could  
22 probably dig up my old files as well for you, but  
23 just wanting to know how much of that you're also  
24 historically looking back at and re-evaluating and  
25 reassessing.

2                   DIRECTOR YU: Thank you, Council Member  
3 Lee. I appreciate that so much, and I-- I'm a firm  
4 believer in institutional knowledge. It is the key  
5 to success. And as I mentioned in my testimony, it  
6 is not lost on me all those who sat in the chair  
7 before me, and all the strides that they've made to  
8 get us to where we are, good and bad. It is just--  
9 the truth of the matter is the contracting and  
10 procurement activity of the City of New York has just  
11 grown. It is exponentially larger than it has been  
12 in prior years and prior administrations. And so  
13 that's a bit of a lookback. And you know, city  
14 government is blessed with so many public servants  
15 who also embody that institutional knowledge and know  
16 the playbooks and know what has worked and what has  
17 not worked. But forward-looking, one of the things  
18 that I believe is different that we really, you know,  
19 really tried to invest in-- it's going to be a  
20 multipronged approach. One of the things that I  
21 would like to sort of lift up and push is we've  
22 really tried to invest in the technology in addition  
23 to the process and in addition to the people. So,  
24 the technology, we are not unaware that there are not  
25 issues. We have expanded the technology to meet the

2 challenges and the needs of contracting in the City  
3 of New York, and like all technology it's had some  
4 issues. But where we are now with the technology  
5 relative to where we were even in the prior  
6 administration is vastly different.

7 COUNCIL MEMBER LEE: Oh, no, I remember  
8 doing it by paper.

9 DIRECTOR YU: Yes, exactly.

10 COUNCIL MEMBER LEE: This definitely--  
11 it's definitely very different. Vendex to where we  
12 are now is different. And just-- sorry, not to cut  
13 you off, because I do have a limited amount of time  
14 and want to give-- pass it over to my other  
15 colleagues, but I imagine it to hopefully be like,  
16 you know, when I order Papa Johns, I know exactly  
17 where my order is in the process, right? It's being  
18 made. It's being baked, and it's being delivered,  
19 right? And so similarly, if we can do that with  
20 Passport and make it very clear, because I remember  
21 with HHS Accelerator, to upload our contracts and  
22 documents there was like one little obscure button  
23 you had to press and it was like in a place that  
24 didn't make any sense, and a lot of people would miss  
25 it. So, everything would be there. It just wouldn't

2 be submitted and sent out to all the agencies. So,  
3 hopefully, if there's something like that that can be  
4 done, that would be great. But-- sorry. So, in terms  
5 of the rollout, I think we touched upon this earlier.  
6 I think one of the biggest frustrations for me that  
7 was time consuming as an ED is that not every agency  
8 executes the contracting process the same way, right?  
9 So, even though there are certain standard policies  
10 and procedures, the ACOs would request different  
11 things for different contracts within the same  
12 agency, and so I don't know what efforts are being  
13 made there, because that took up a lot of time on our  
14 end, quite frankly, which you know, when you have a  
15 system like Passport, that is meant to cut through a  
16 lot of that time and effort. So, just wanted to see  
17 what was being done there in terms of your work with  
18 making sure it goes down to every level of the  
19 staffing. In terms of the-- I'm sorry. I'm just  
20 going to ask them one-by-one. In terms of the  
21 indirect rates, I remember we didn't realize that  
22 some of the contracts we could qualify for indirect  
23 rates, but when we asked the agencies told us yes,  
24 you can ask for this, but it is not part-- it will be  
25 taken out of your overall budget, right, which gives

2 us a choice which we then have to choose as ED's,  
3 okay you can take this indirect rate, 10 percent,  
4 put towards your contract and use it for overhead.  
5 However, that will be taken from the overall pot, not  
6 in addition to. And the issue I have also is with  
7 subs. A lot of the times the subcontractors don't  
8 get the same indirect rates. I just want to get a  
9 status check of where we're at with the subs, because  
10 that shouldn't come out from the min subcontractor's  
11 pot, and also a lot of the subcontractors, because  
12 they are working with so many linguistically-specific  
13 communities, culturally-specific communities, they do  
14 need that extra indirect rate. And so I just wanted  
15 to get that status update. And then in terms of the  
16 aged invoices. I know someone had mentioned 28 days.  
17 That is a big, big, big piece. It's not just  
18 contracting on time, but it's also the invoices that  
19 they need to be paid out on time. And so what is the  
20 average time, and what is the barrier that it taking  
21 so long for those to get paid out? And I will stop  
22 there for now.

23 DIRECTOR YU: Thank you, Council Member  
24 Lee. If I could-- I'll try to attack it in backwards  
25 order if I could and try to hit high-level, but then

2 please, I would-- we would welcome engagement with  
3 your office, as all the Council Member's offices, to  
4 dig in into the weeds more deeply. So, on the aged  
5 invoices, you've heard from my colleague at DSS for  
6 their particular agencies average processing time.  
7 I've got some overall city numbers that I can share,  
8 but agreed, that's the metric, right? We want to--  
9 that's like-- that's the-- what we want to measure.  
10 And we want to go up or down. If we're going down,  
11 that's the positive direction. If we're going up,  
12 red flag. Maybe we need to pay more attention to  
13 that. So as of March 31<sup>st</sup> 2025, the average human  
14 service payment cycle time reflecting both invoice  
15 and payments workflows was 19 days, compared to 20  
16 days for the non-human sector agencies. So that's  
17 just very high-level, but like again, I'm happy to  
18 dig in a little bit. On the subs and the indirect  
19 costs, I have to be honest, I have to circle back to  
20 you on that one. And then--

21 COUNCIL MEMBER LEE: [interposing] If you  
22 could, that would be great.

23 DIRECTOR YU: sure.

24 COUNCIL MEMBER LEE: Just because I feel  
25 like often times those organizations get pitted

2 against each other which should not be the case  
3 either.

4 DIRECTOR YU: Yes, that's something that  
5 we can-- that we can certainly get back to you on.  
6 And then-- so on the indirect cost rate, the City's  
7 committed to honoring the accepted indirect cost  
8 rates through the centralized city process. And this  
9 is a plug that my team is going to push me to make  
10 sure that is said out loud. The application is due  
11 May 1<sup>st</sup>. so that's tomorrow for Fiscal Year 2026.  
12 So, that is a date to keep in mind as it relates to  
13 the ICR. And then Council Member Lee, you started  
14 with the difference in when you were an Executive  
15 Director at a nonprofit, your experience. While  
16 interacting with the City with the different city  
17 agencies there were differences. And so we do have  
18 an eye towards standardization, and you're right that  
19 Passport through the technology tries to neutralize  
20 some of this disparate activity and these practices,  
21 but I will say City of New York, very vast. All the  
22 city agencies very different. We've got Aging here  
23 who's dealing with the aging population. We've got  
24 DYCD who's dealing with the youth population. We've  
25 got DHS dealing with the homeless population. There

2 are differences programmatically and there are  
3 differences in funding sources, federal, state, city  
4 grants. So, there are going to be some differences,  
5 but to sort of cut through like what really need to  
6 be a difference versus like that can be standardized,  
7 those are things that we are-- that's the real work.  
8 That's the real work that requires us to dig in,  
9 really commit to, and the long lead time work that's  
10 not going to be-- we just got to-- we just gotta [sic]  
11 keep at it. But we do have standardization of  
12 invoicing and just budget practices. You know, those  
13 are one of the longer term strategies that both  
14 Michael and I know that we need to tackle. Oh, yes,  
15 go ahead.

16 DIRECTOR SEDILLO: Sure. And I just want  
17 to-- on the ICR, it is a common thing I hear when I  
18 meet with nonprofit providers is somewhat related to  
19 your lack of standardization piece which is that I  
20 have this accepted rate, but the agency is telling me  
21 to put the de minimis and there's the back and forth.  
22 As you may know, if not I want to make sure you know  
23 we can send it to you or at least the top lines of  
24 it. OMB and MOCS a couple of months ago, I believe,  
25 sent out a directive making very clear to all the

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2 agencies that the City must and will honor accepted  
3 ICR rates. And as you probably know, the application  
4 is period is coming. There are a significant portion  
5 of those that are soon to expire. The directive also  
6 let agencies know that they have to honor the current  
7 or expiring rate, because there had been some  
8 confusion with that, actually one of our members of  
9 our MONS Advisory Council had flagged that. And then  
10 other thing from standardization, why we partnered  
11 and they're so happy about the document vault that is  
12 in Passport which, you know, was a part of HHS  
13 Accelerator as you probably know. Hoping that leads  
14 to a lot more standardization so that agency A  
15 doesn't ask for the same documents that agency B is  
16 asking for. And then lastly, I would say one of the  
17 things that I really care about from our Chief  
18 Nonprofit Officers is really building a community of  
19 practice. It is true that there are different  
20 programs, different providers. To the greatest  
21 extent possible, we want to share best practices,  
22 celebrate wins, and ensure that folks are to the  
23 greatest extent possible working with one city rather  
24 than 15 to 20 different smaller entities.

2 COUNCIL MEMBER LEE: Thank you. And  
3 congrats, Director Yu.

4 CHAIRPERSON WON: Thank you. Next we  
5 have Council Member Brewer followed by Council Member  
6 Rita Joseph.

7 COUNCIL MEMBER BREWER: Thank you. Well,  
8 I have laryngitis. I have institutional knowledge  
9 also. Well, see the state-- the nonprofits tell me  
10 that on a state level they get 100 percent of the  
11 money upfront, and then the state audits them, and  
12 that they owe money. Then they get taken from future  
13 payments. What prevents the City from doing the save  
14 thing? It is the Charter? Is it OMB? Who says we  
15 can't do it like that? And can we change it?

16 DIRECTOR YU: thank you, Council Member  
17 Brewer. I'm sorry to hear that you Laryngitis.

18 COUNCIL MEMBER BREWER: I'll live.

19 DIRECTOR YU: Okay. So, that is-- we do  
20 have our eyes on that model. It is a--

21 COUNCIL MEMBER BREWER: [interposing] when  
22 can we switch it?

23 DIRECTOR YU: There are some constraints  
24 that we have as the city, that we're just different  
25 than the state.

2 COUNCIL MEMBER BREWER: I know.

3 DIRECTOR YU: We've get our oversight  
4 bodies, Department of Investigation, the Mayor's  
5 Office of Risk Management and Compliance and the Law  
6 Department and also our Comptroller--

7 COUNCIL MEMBER BREWER: [interposing] We  
8 can take care of the Comptroller.

9 DIRECTOR YU: Okay. So, that model is--  
10 that's a paradigm shift for the City of New York.  
11 That is really going all in, really trusting, and  
12 then kicking the can down the road on the risk to  
13 claw back if there are issues.

14 COUNCIL MEMBER BREWER: But how could we  
15 do it? What's the mechanism for doing that?

16 DIRECTOR YU: It's something that we have  
17 been exploring and trying to pilot, and we have a  
18 small team that thinks that through the innovation  
19 on, like, surveying what's out there in terms of  
20 practices that we can adopt.

21 COUNCIL MEMBER BREWER: Okay.

22 DIRECTOR SEDILLO: Yeah, and I'll jump  
23 in. the-- we've been doing a little research  
24 ourselves, and--

2 COUNCIL MEMBER BREWER: [interposing] me  
3 too.

4 DIRECTOR SEDILLO: I know you and I know  
5 that to be true. The model that I'm familiar with  
6 from the state is-- and I get the state acronyms  
7 wrong often, OCFS if that's what it is. They-- what  
8 I understand is not 100 percent advanced. It is a  
9 quarterly advance system where they get 25 percent,  
10 25 percent, 25 percent I think that is something that  
11 we are interested in exploring. And as Director Yu  
12 said, it'd be a paradigm shift. And I am not-- I'm a  
13 lowly staffer. I don't know the mechanisms to make  
14 that happen, but I think we've explored it and it's  
15 possible.

16 COUNCIL MEMBER BREWER: Okay, thank you.  
17 Number two. A lot of organizations pay like \$28,000  
18 a month in interest because of-- they're not getting  
19 paid. So, my question is-- I guess some of them know  
20 about your grant, your fund, your \$30 million. Some  
21 don't. Some may not be eligible. Do you have a lit  
22 either through the funds for the City of New York or  
23 banks as to the number of nonprofit human services  
24 that are paying all this interest? Like, do you know  
25

2 who's doing all this and can you help them maybe go  
3 to your fund?

4 DIRECTOR YU: I-- to my knowledge, I  
5 don't know of a list, but we do have-- we are here  
6 and we are-- make ourselves available.

7 COUNCIL MEMBER BREWER: Just so you know,  
8 some of them are paying \$28,000 a month in interest,  
9 seven percent at the bank. I don't know what the  
10 fund charges. It's a lot of money, and it's all going  
11 for not, basically. Alright, something to think  
12 about.

13 DIRECTOR SEDILLO: Let me just jump in, if  
14 you don't mind, Council Member--

15 COUNCIL MEMBER BREWER: [interposing]  
16 They're mostly in the room here behind you.

17 DIRECTOR SEDILLO: I'm sorry?

18 COUNCIL MEMBER BREWER: The people who are  
19 paying all this interest--

20 DIRECTOR SEDILLO: [interposing] Oh, yes.

21 COUNCIL MEMBER BREWER: they're right  
22 sitting behind you.

23 DIRECTOR SEDILLO: We-- I hear from them  
24 often.

2 COUNCIL MEMBER BREWER: They're all  
3 writing me notes every two minutes.

4 DIRECTOR SEDILLO: I figure. I'm happy to  
5 work in partnership with them. I would say maybe not  
6 the folks that have your number aren't aware of this,  
7 but--

8 COUNCIL MEMBER BREWER: [interposing] They  
9 all have my number.

10 DIRECTOR SEDILLO: Okay, great. I-- it  
11 is shocking to me when I meet established nonprofit  
12 organizations that don't either know that it is  
13 interest and service free, don't know that it exists,  
14 or there's a perception that there's not funds there.

15 COUNCIL MEMBER BREWER: Okay.

16 DIRECTOR SEDILLO: So, like, there's  
17 other--

18 COUNCIL MEMBER BREWER: [interposing]  
19 We'll make sure.

20 DIRECTOR SEDILLO: I'm sorry?

21 COUNCIL MEMBER BREWER: I can help make  
22 sure that they know about it.

23 DIRECTOR SEDILLO: Yes, and also work  
24 with their chief nonprofit officers. Because I've  
25 also seen other situations where you go to an agency

2 and say there's cash flow issues. There are other  
3 options that agencies can do, including mid-year  
4 advances. So, the Chief Nonprofit Officers by EO are  
5 supposed to be these creative problem-solvers.

6 COUNCIL MEMBER BREWER: Okay. Now, the  
7 question-- I should know this. But the Passport, the  
8 one I love is the Comptroller's check, checks that  
9 you can see. I remember one time Bloomberg, he paid  
10 money on wine and he got in trouble, because we saw  
11 it in the checkbook list. So, how can Passport make  
12 information more public about, you know, where the  
13 status of each situation is? Is that already done,  
14 do you think, enough, or don't you think you need  
15 more granular data? How can you go about that?

16 DIRECTOR YU: thank you, Council Member  
17 Brewer. Being an alum from the Comptroller's Office,  
18 I too love Checkbook. It is--

19 COUNCIL MEMBER BREWER: [interposing] My  
20 favorite.

21 DIRECTOR YU: a great transparency tool.

22 COUNCIL MEMBER BREWER: I read it before  
23 I go to bed.

24 DIRECTOR YU: As we previously mentioned,  
25 there's Passport Public that is externally facing.

2 There's-- that's a tool that's really available for  
3 the vendor community to be-- to find solicitations,  
4 and also mentioned earlier, MOCS is primed and ready  
5 to engage with the vendor community and also the City  
6 Council to roll out vendor reporting. Vendor  
7 reporting meaning, you come into Passport and there's  
8 an individualized report based upon your activity and  
9 where your contracts are and where your budget's at,  
10 and where your invoices are. So, we would welcome the  
11 opportunity to demo that for you before we unveil it,  
12 hopefully fall of this calendar year.

13 COUNCIL MEMBER BREWER: Pretty  
14 sophisticated people are asking me that question.  
15 Finally, DYCD, you got a lot of problems. Just so  
16 you know, a lot. So, are you-- like, if you-- I have  
17 a contract. I'm not going to give the agency. I gave  
18 \$100,000, but they can't do it to help kids get jobs  
19 and so on, because another contract in another part  
20 of the agency-- this is a huge nonprofit-- isn't  
21 moving. Why the hell can't my kids get help for the  
22 \$100,000 when the other contract who has nothing to  
23 do with them, but they can't get the \$100,000,  
24 because the other one's not moving? Can we change  
25 that?

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2 DEPUTY COMMISSIONER HALBRIDGE: Thank you  
3 for your question and for your advocacy for us. We  
4 appreciate that.

5 COUNCIL MEMBER BREWER: You do need help,  
6 badly.

7 DEPUTY COMMISSIONER HALBRIDGE: We  
8 appreciate your advocacy for sure.

9 COUNCIL MEMBER BREWER: Okay.

10 DEPUTY COMMISSIONER HALBRIDGE: I am not  
11 aware of that situation. That seems to be a little  
12 bit out of the norm, and so if you want to send me  
13 the details--

14 COUNCIL MEMBER BREWER: [interposing] I  
15 certainly will.

16 DEPUTY COMMISSIONER HALBRIDGE: I'd be  
17 happy to--

18 COUNCIL MEMBER BREWER: [interposing] It's  
19 like old contracts aren't moving. The new contracts  
20 can't move.

21 DEPUTY COMMISSIONER HALBRIDGE: Yeah, I  
22 mean, there could be a lot of reasons why other  
23 contract can't move if a provider has outstanding  
24 vendor documentation and we can't find them  
25 responsible for the contract to be registered. That

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2 could potentially be a reason why the other contract  
3 can't move as well. But if it is a registered  
4 contract that you're referring to, one shouldn't hold  
5 up the other, and I'm happy to look into that after  
6 and get back to you after the hearing.

7 COUNCIL MEMBER BREWER: Alright, thank  
8 you. Now, one question. On that last question, so  
9 many people drop out. They just say screw it, I  
10 can't do this anymore. Who keeps track of that?  
11 Does anybody know if they get half-way through or  
12 they're frustrated? Is there any-- I mean, they call  
13 me and we try to deal with them, but there are many  
14 others. They just take the money. Is that something  
15 you keep track of?

16 DIRECTOR YU: I can try to jump in. It'd  
17 be interesting to know at what stage they drop out.

18 COUNCIL MEMBER BREWER: They get-- they  
19 are awarded the money and it's too complicated to  
20 fill out the stuff. I don't care if it's three pages  
21 or 17 pages-- or you did cut it down, I got it. But  
22 you got a lot like that. These are the little  
23 groups. They don't have a, you know, comptroller.  
24 They don't have somebody at the agency. Are you  
25 keeping track of that?

2           DIRECTOR YU: That's something that we  
3 can certainly take an eye towards tracking, but and  
4 also, you know, on a-- this is not the ideal. But if  
5 there are situations like that, we are available to  
6 point them to the right resources to move them  
7 through the entire process, because if they've gotten  
8 so far that they've been awarded a contract to  
9 provide some service in their neighborhood or their  
10 community, we hope to see them through all the way.

11           COUNCIL MEMBER BREWER: they don't go.  
12 They quit. That would be something to look at,  
13 because at least have a discussion with them why this  
14 happening. I have about three or four right now just  
15 in my area.

16           DIRECTOR SEDILLO: If I may jump in,  
17 Council Member, I think that's also why we're so  
18 excited about thinking about council discretionary  
19 contracts as grants, because it is crazy to me that  
20 we treat them like they were competitively bid  
21 contracts. Those under \$25,000 contracts have to--

22           COUNCIL MEMBER BREWER: [interposing]  
23 These are way under.

24           DIRECTOR SEDILLO: go through the same  
25 process. So, for us, that would represent removing

2 the registration process and really going directly to  
3 payment which is what the out-years of the multi-year  
4 vehicles accomplishes, but we would like to go more  
5 bold, and I think that would disproportionately help  
6 the small organization to really have their pulse on  
7 the organ-- or on the community.

8 COUNCIL MEMBER BREWER: Thank you. I  
9 could go on and on. Thank you.

10 CHAIRPERSON STEVENS: I just have a real  
11 question-- question before Council Member Joseph  
12 jumps in. Because it's been said a couple of times  
13 even in this hearing and I've heard it before around  
14 one of the reasons why they don't want to give money  
15 up front, because you don't want to have to claw  
16 back. Why are we treating the nonprofits as if  
17 they're going somewhere? Because they have multiple  
18 contracts throughout the City, like it's just-- it's  
19 one of the things that I feel like you guys keep  
20 saying it, and it's not going over my head, because  
21 saying you're clawing back-- they're not going  
22 anywhere, and so that just does not make sense to me.  
23 So, I need a better understanding of, like, your  
24 rationale of like we don't want to have to claw back  
25 funding if we give it to them, or these advances.

2 Because how often is that happening? Because so  
3 we're at a place where we rather owe them than them  
4 owe us, which I don't think would happen, because we  
5 wouldn't be giving out 100 percent. So, I need a  
6 better understanding of the rationale behind that.  
7 Because that's being said over and over again, and  
8 most of these nonprofits have been here for 50, 60,  
9 70 years. So, where they going?

10 DIRECTOR YU: Council Member, we hope  
11 nowhere. You know, we hope that they stay--

12 CHAIRPERSON STEVENS: [interposing] I  
13 mean, they might go somewhere because they're going  
14 to go out of business because y'all not paying them.  
15 So that's the reality. So, I need a better  
16 understanding of this claw back, because you guys  
17 keep saying it. You guys said it here. I've heard  
18 this multiple times from multiple people. What's the  
19 rationale behind this?

20 DIRECTOR YU: Understood. And just to  
21 scale back, to the extent that it's helpful, these  
22 are taxpayer dollars. They're dollars of the New  
23 Yorkers, and there-- we are constrained by ensuring  
24 that the services that are provided or the goods that  
25 are contracted for are received. So, that is, you

2 know-- that statement without a lot of editorializing  
3 and packaging around it, that is one of the reasons.

4 CHAIRPERSON STEVENS: Well, just-- and  
5 just to be clear, I am-- no one's harder on the  
6 nonprofits than I am. If they're not producing, I'm  
7 one like, then pull the contract. Move on and find  
8 someone to do the work, because I understand the  
9 critical nature of the work that they're doing and  
10 the impact it has on the community. But it just does  
11 not make sense when we are at a place where we're  
12 owed them so much money, and we're like well, we  
13 don't want to have to claw it back if we give it to  
14 them, and it's being held up because of it. So, it--  
15 and even saying that it's taxpayer dollars, they're  
16 doing service and a labor of love, because we're not  
17 even talking about how we're under paying them and  
18 how these contracts are underfunded for work that we  
19 know that if we did ourselves we would have to pay a  
20 lot more. So, that's a whole another conversation.  
21 So, it's a little disingenuous to say that it's like  
22 taxpayer dollars and we have to be careful, because  
23 it's taxpayer dollars that we're actually wasting by  
24 holding these things up and having so much man power  
25 being exhausted time and time again to pay out the

2 money that they're owed. So, I think that we have to  
3 also just kind of-- the language that we're using,  
4 it's important, and I believe that we need to also be  
5 rethinking some of the things that we're saying,  
6 because we already have a system that's built on  
7 reimbursement, which is also-- let's be clear--  
8 systematically racist. Because we know that also  
9 puts different organizations in different positions  
10 to be able to get these contracts. So, a lot of the  
11 language you're using is triggering for me today,  
12 because to say, like, we're going to have to claw  
13 back. Then claw back. And then we also need to be  
14 looking at the contract because if we have to claw  
15 back money from an agency that isn't doing the work,  
16 then maybe we should be re-evaluating that those are  
17 the folks we should be doing business with. And so  
18 that to me just doesn't-- it just does-- it has not  
19 been sitting well with me, and it's been said several  
20 times today. So, I just had to address that.

21 CHAIRPERSON WON: I think to the Council  
22 Member's point-- do you have reports on how often  
23 every fiscal year you're "clawing back" from  
24 nonprofits who are-- who have caused issues for the  
25 City so that we can look at it in a pattern and trend

2 within the last 10 years on why there is this over-  
3 looming fear which we typically on the Council side  
4 are not privy to. So, we want to understand, like,  
5 where's this coming from, and can you substantiate  
6 it?

7 DIRECTOR YU: Sure. I can try. So, big  
8 picture, ideal state, contract is registered on time.  
9 And that's when the services start to be rendered.  
10 We know that not to be true. We know that our vendors  
11 are working at-risk. We know that they are going out  
12 of pocket with their own funds, and putting their  
13 team out there providing services when they're  
14 already maybe potentially vulnerable as an  
15 organization and operationally. I want to say it out  
16 loud and acknowledge it. Going back to how it should  
17 work. Contract is registered, services are rendered,  
18 provider provides an invoice. City pays. That's  
19 overly simplistic, and that's not happening. But  
20 there are a variety of tools and mechanisms such as  
21 the advance that we-- once contract is registered,  
22 money gets pushed out the door, and then also if  
23 there happens to be a delay in registration there's  
24 the loan fund that's available. We've talked about  
25 that. But to your point, Council Member Won and

2 Council Member Stevens, when we say claw back, I want  
3 to-- and the finance people will say this better than  
4 I can say. It's not taking money out of the pocket  
5 of the provider. It really is from a budgeting and  
6 invoicing perspective an accounting that has to be  
7 done. So,--

8 CHAIRPERSON WON: [interposing] Okay, so  
9 can we get an actual report from the last 10 years of  
10 when this accounting had to happen for nonprofits  
11 citywide? But there is this over-looming fear that  
12 if you pay them, that you're going to have to get the  
13 money back somehow. Because from our knowledge, it  
14 does not happen often, so we'd like to understand.

15 DIRECTOR YU: Council Member, we're happy  
16 to take this offline and really dig in. I will say,  
17 10 years may be tricky for us to go back to.

18 CHAIRPERSON WON: Okay, even five years,  
19 even three years, four years, anything. We cannot be  
20 working off of assumptions based on fears that were  
21 legislated 10-15 years ago for procurement rules  
22 from, like, Mafia days or whatever it may be. We  
23 cannot operate like this anymore. And were you able  
24 to get a breakdown of the \$5.8 billion that are  
25

2 subtotals for the nonprofit vendors and the human  
3 service providers?

4 DIRECTOR YU: So, that \$5 billion is  
5 entirely nonprofit.

6 CHAIRPERSON WON: Okay.

7 DIRECTOR YU: And if-- we can provide a  
8 better breakdown at the conclusion of the hearing, or  
9 after the hearing.

10 CHAIRPERSON WON: Okay, I'm going to pass  
11 it to Council Member Rita Joseph, and then I'll come  
12 back to questions.

13 COUNCIL MEMBER JOSEPH: Well, thank you,  
14 Chairs. I have a quick question. How many of your  
15 nonprofits have returned contracts because they were  
16 not getting paid? Do you have a number?

17 DIRECTOR YU: Thank you, Council Member,  
18 for the question. I want to unpack it a little bit  
19 more so I can respond--

20 COUNCIL MEMBER JOSEPH: [interposing]  
21 Thank you.

22 DIRECTOR YU: to the best of my ability.  
23 Contracts returned, sometimes that means contract  
24 returned by the Comptroller's Office, but I--

2 COUNCIL MEMBER JOSEPH: [interposing] No,  
3 by providers as well. You just got here three days  
4 maybe you're not aware.

5 DIRECTOR YU: Okay.

6 COUNCIL MEMBER JOSEPH: But that has  
7 happened. Quite a few providers have returned the  
8 contract because they had a pattern of not getting  
9 paid on time.

10 DIRECTOR YU: Meaning they terminate the  
11 contract?

12 COUNCIL MEMBER JOSEPH: With you.

13 DIRECTOR YU: And they don't want to  
14 provide the services any longer?

15 COUNCIL MEMBER JOSEPH: Correct.  
16 Correct. Is there a number of providers that have  
17 done that?

18 DIRECTOR YU: That is something that we  
19 can certainly dig into and take back and work with  
20 your office after this.

21 COUNCIL MEMBER JOSEPH: That would be  
22 great. Your-- have you done any outreach with small  
23 organizations around your interest-free loan, and why  
24 kind of support do you provide them, these small  
25 orgs, around budgeting, repayment, around the small

2 organizations getting this loan? And have any  
3 outreach have been done for non-English communities  
4 as well?

5 DIRECTOR YU: So, thank you for the  
6 question. To start narrow and then maybe expand  
7 outwards, we have done communication blasts to our  
8 nonprofit providers for the loan fund. We actually  
9 did one maybe a couple of weeks ago, and we did one  
10 earlier in the year. It's really-- it's give and  
11 take. We try to go out and meet people where they  
12 are, and then people we hope-- if we put information  
13 publicly on our website, on the City's website,  
14 people will find us. But it's a variety of  
15 strategies to be able to ensure that those who need  
16 the services and support are being met with the  
17 resources that they seek. In addition, I think-- the  
18 engagement with the vendors for the entire city is  
19 something that MOCS is committed to. We do it  
20 through a variety of methods, some of which have been  
21 spoken about already. But I will-- I'll make a plug  
22 also. If a vendor is looking for a contract and is  
23 having a difficulty, whether it be getting the  
24 resources they need to even get started or finding a  
25 contract, MOCS is here. We have a service desk. We

2 have a website. We have-- we try to push out a lot  
3 of information, but even beyond that, we have a  
4 training series and we have a vendor engagement  
5 series. My predecessor started a program called MOCS  
6 in Your Neighborhood. It goes to each of the five  
7 boroughs and it really hosts opportunities to  
8 information share. Generally, to bring-- to bring  
9 organizations in that have not traditionally done  
10 business with the City of New York, but then also we  
11 do targeted trainings for those who do have contracts  
12 and maybe are stuck at a particular point in the  
13 process, and we call those a variety of things. We  
14 call them Coffee Hours or Office Hours and we do  
15 things like we bring laptops to event spaces and we  
16 will sit with vendors and we will try to establish a  
17 Passport account with them, and there's nothing more  
18 gratifying than our team setting somebody up so that  
19 they can meaningfully compete for a contract with the  
20 City of New York.

21 COUNCIL MEMBER JOSEPH: How often do you  
22 do these events?

23 DIRECTOR YU: We do these events pretty  
24 frequently, and we do also post on our website  
25 calendars so that who are interested can sign up, and

2 depending on the nature of things, sometimes they're  
3 just walk-in, and so there's lots of information that  
4 we put out there on our website, but in addition to  
5 that we post it on social media. We put it on  
6 Instagram, LinkedIn, X, all those communication--

7 COUNCIL MEMBER JOSEPH: [interposing] I'm  
8 a small provider. I have access to none of that.  
9 How can you make sure the services are reaching  
10 myself and the communities that I serve?

11 DIRECTOR YU: If you are in contact with  
12 a constituent that has a small business in your  
13 district, there's certainly-- the lines of  
14 communication are open, Council Member, from you to  
15 the administration to the Mayor's Office of Nonprofit  
16 Services, and certainly to the Mayor's Office of  
17 Contract Services.

18 COUNCIL MEMBER JOSEPH: And you provide  
19 technical support and customer service and help desk.  
20 When I call the help desk, how long is-- how long do  
21 you take to get back to a provider?

22 DIRECTOR YU: It will depend in all  
23 honestly. It will depend on the volume and it will  
24 depend on the complexity. It is openly known by all  
25 who are sitting behind that there have been an uptick

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2 in the amount of time it takes for the MOCS team, the  
3 tech team to touch a ticket when it comes in. in a  
4 positive development, the response time is trending  
5 down. So as of right now, I would say--

6 COUNCIL MEMBER JOSEPH: [interposing] When  
7 you say response times-- sorry, Chair. When you say  
8 response time, what does the window look like?

9 DIRECTOR YU: As of right now, the latest  
10 that I have is eight days.

11 COUNCIL MEMBER JOSEPH: That's a long  
12 time.

13 DIRECTOR YU: And depending on the  
14 complexity it will-- for resolution it will-- it  
15 could take a variety. It could be as little as an  
16 hour from then or it could take longer.

17 COUNCIL MEMBER JOSEPH: Thank you,  
18 Chairs.

19 CHAIRPERSON WON: Thank you so much,  
20 Council Member Joseph. I just want to acknowledge, I  
21 know that DOE is not a city agency, but we do have so  
22 many inquiries and complaints about DOE nonpayments.  
23 It's been extremely heartbreaking, especially for our  
24 childcare providers, for 3K and Pre-K, but continue  
25 to provide childcare services without getting paid.

2 Okay. So, my next question is, can MOCS and MONS  
3 comment on the implementation of Local Law 169 of  
4 2023 requiring the City to complete a comprehensive  
5 study on the time required to complete the City's  
6 procurement process for human service contracts on  
7 setting a binding timeline by October 2025? Which is  
8 Council Member Stevens' bill. So, are we on track to  
9 complete this goal? It is 2025 and October is right  
10 around the corner.

11 DIRECTOR YU: Thank you, Council Member  
12 Won. Thank you, Council Member Stevens for  
13 sponsoring that piece of legislation. I'm pleased to  
14 say that we did commit-- we did follow through and  
15 perform the study and we did issue a report, and we  
16 did deliver it to the Council. We'd be happy to  
17 engage in the results of the report. We've also been  
18 engaging with the Comptroller's Office as we know a  
19 part of the legislation is to put some-- put a rule  
20 into the PPB to ensure-- around the legislative  
21 intent that was introduced in the Local Law. With  
22 that, we're on track. As you mentioned, we have  
23 until October 2025 to develop the parameters of the  
24 report, but we did complete the first portion of that  
25 legislation.

2 CHAIRPERSON WON: Okay, so by October  
3 you're going to have a set binding timeline?

4 DIRECTOR YU: We're in active  
5 conversations with the Comptroller about it, and we  
6 would welcome the opportunity to have more  
7 conversations about it.

8 CHAIRPERSON STEVENS: Just to add to  
9 that, because I know the Comptroller also put out a  
10 statement around how the report was inaccurate. It  
11 was a lot of things that was left out, and it wasn't  
12 fully-- a report was submitted, I will say that, not  
13 necessarily what we were asking for or what was  
14 necessary. So, I hope that this October that we see  
15 more comprehensive information and really addressing  
16 the things that we need to get done in it, because  
17 that's not what the report that we got last year. It  
18 was submitted. I will give you that, but that  
19 doesn't mean-- I mean, if I had to grade it, it would  
20 probably be a D, because it was not what we were  
21 looking for. And so hopefully again it's more  
22 thought out. And I think that even, you know, Lisa  
23 worked really hard on it, but also she explains that  
24 there's only one staff member doing all the reports  
25 for MOCS. And so hopefully with the new staffing

2 that OMB just let up, that you guys will have more  
3 people to do some of the reports, because that is a  
4 major issue. And so having one person doing all  
5 these reports is just not sustainable. So, I hope  
6 that you have additional people able to kind of  
7 address some of these issues as well.

8 CHAIRPERSON WON: Can you confirm,  
9 though, the 20 additional employees that you're going  
10 to have is going to be dedicated to reporting?

11 DIRECTOR YU: The 20 additional team  
12 members are going-- are dedicated to providing  
13 contract technical support as it relates to Passport.  
14 It's not specific to reporting.

15 CHAIRPERSON WON: Okay. So, I guess we  
16 got more advocating to do.

17 CHAIRPERSON STEVENS: Obviously, because  
18 [inaudible].

19 CHAIRPERSON WON: Yes, they do need more  
20 staff. Some contracts are structured to span  
21 multiple years which should in theory reduce  
22 administrative delays, yet providers continue to  
23 report significant payment lags on even under these  
24 multi-year agreements. Why do payment delays persist

2 even when contracts are designed to cover multiple  
3 years?

4                   DIRECTOR SEDILLO: Thank you for the  
5 question, Chair. A variety of reasons. I think for  
6 multi-year contracts definitely the start of the  
7 fiscal year advance is something that is easy to do,  
8 but often times there are budget modifications, and  
9 when there's a budget modification it pauses  
10 invoicing in the system and there's a back and forth  
11 that has to happen between the agency and the  
12 nonprofit provider to ensure that that budget  
13 modification is agreed to. Or it may be a situation  
14 where we have recoupments, and so the nonprofit  
15 providers will be getting invoices that reflect  
16 recoupments from potentially even prior fiscal years.  
17 So, as a number of reasons, but I think what we're  
18 seeing in the data is a lot of times it's due to  
19 budget modification back and forth with agencies and  
20 nonprofit providers.

21                   CHAIRPERSON WON: Can you also help us  
22 understand how much is owed in amendments that cannot  
23 be submitted yet? We get this complaint a lot.

24                   DIRECTOR SEDILLO: I'll start. I don't  
25 know if you have the number, Director Yu. Great

2 question. And I think that's why-- and this was a  
3 part of the joint taskforce report from 2022 to  
4 really allow some flexibility from the amendment  
5 process, and so what MOCS implemented in 2023 if I  
6 remember correctly was the 25 percent-- what we call  
7 the allowance clause. So that's that additional  
8 budget that can be tapped into avoiding an amendment  
9 process, and I think what MOCS has shared is that  
10 that reduced overall amendments by 67 percent, and so  
11 I think we're doing what we can and are interested if  
12 possible to even go higher and allow for more  
13 contracts to avoid an amendment registration process,  
14 and instead use this allowance clause.

15 CHAIRPERSON WON: Okay. My next set of  
16 questions is for-- these are from Human Services  
17 United. We want to understand has the agency  
18 organized an accounts receivable aging report for  
19 previous fiscal years?

20 DIRECTOR YU: Council Member Won, will  
21 you say it for me one more time?

22 CHAIRPERSON WON: Has MOCS or any other  
23 agency organized an accounts receivable aging report  
24 for previous or current fiscal years?

2 DIRECTOR YU: So, we do do-- we're going  
3 to be. I want to just sort of frame it. This is  
4 what is visible to us in Passport. And as we  
5 mentioned at the top of the hearing, we just went  
6 through a migration from a legacy system where the  
7 human service contracts were completed and paid and  
8 that was migrated over to Passport, and so there--  
9 it's going to be a more narrow set of data than, you  
10 know, 10 years-- than 10 years per say. But within  
11 Passport, we do do financials reporting, and part of  
12 that financials reporting is on the aged invoices  
13 meaning when the invoice is received by the City,  
14 accepted by the City and then the days that are-- we  
15 count the days. And then also as part of that data,  
16 we also have the numbers that are associated with  
17 those submitted invoices. So, we do have some of  
18 that.

19 CHAIRPERSON WON: So, does-- from  
20 Passport, are you able to create a report with detail  
21 of how many individual contracts are unresolved from  
22 fiscal year-- this fiscal year and prior?

23 DIRECTOR SEDILLO: I'll jump in, Chair  
24 Won. You know, we work with HSU and Christa [sic]  
25 Miller and team regularly on this issue, and for a

2 substantive provider, we've even created a standard  
3 report to just make sure they're clear on how many  
4 budget modifications are in the system, how many aged  
5 invoices there are, where they are in the process.  
6 As a service to both the agency and the nonprofit  
7 providers. And I don't know, Diane, if you want to  
8 add to any of the work that DHS has done with all  
9 shelter providers to make sure that they're clear on  
10 processes and, you know, what supports are needed to  
11 close out any prior year actions.

12 EXECUTIVE DIRECTOR MAMET: Thanks,  
13 Executive Director Sedillo. So, yeah. So, we  
14 acknowledge that there are a number of barriers for  
15 folks having outstanding items, you know, change in  
16 technology notwithstanding. We have been bringing in  
17 each of our providers having one-on-one meetings with  
18 them to go through with each and every one of their  
19 outstanding items. We leave those meetings within  
20 action work plan and expectations for what will be  
21 done and when. This has been very helpful, both for  
22 our nonprofits to better understand some of the  
23 processes, as well as to bring together all of the  
24 groups who work on whether they're contracts or  
25 they're invoices so that they're all in the same

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2 place. So, we've taken a very targeted approach with  
3 our nonprofits to help resolve anything that might be  
4 outstanding.

5 CHAIRPERSON WON: So, is this report  
6 available to them on Passport directly from their  
7 view, or they have to request it from you directly,  
8 and you have to pull it for them and share it back?

9 EXECUTIVE DIRECTOR MAMET: So, some of  
10 the-- like, most of the information is in Passport.  
11 In order to package it into a report, that is  
12 something I believe that--

13 CHAIRPERSON WON: [interposing] So, how  
14 can our providers have purview into this kind of  
15 reporting so that they know in real time for each  
16 contract?

17 DIRECTOR YU: Council Member Won, that's  
18 certainly something that we've got our eye on, and as  
19 I spoke about the vendor reporting that we hope to  
20 turn live this calendar year. What I can say exists  
21 now, there is an invoicing age report that we share  
22 out weekly with the agencies. That is a performance  
23 management tool and it is really-- it's really for  
24 the agencies, and we wanted to make sure that the  
25 agencies have what they need to do-- to have what

2 they need to do their work, and then sort of scaling  
3 out. We do very much have our focus on vendoring  
4 reporting for this year.

5 CHAIRPERSON WON: So, again, how are our  
6 nonprofits going to have purview into what is  
7 outstanding for themselves other than they themselves  
8 have to track it? And also, if you're a non-- if  
9 you're a small nonprofit servicing immigrants and you  
10 don't have this kind of knowledge on procurement, you  
11 don't even know what to ask, how are we going to  
12 service them? They have to come to you and say like  
13 how many final cost certificate requests on  
14 preliminary or partial cost reports are still pending  
15 for themselves? How are we servicing them?

16 DIRECTOR YU: It's a fair question, Chair  
17 Won, and I think what we spoke about earlier about  
18 just using a myriad of tools and really taking an  
19 approach of meeting people where they are and  
20 understanding what they need while also really  
21 thinking through what makes sense systematically,  
22 because technology is an equalizer or can be to a  
23 certain extent, and we just hope with the vendor  
24 reporting-- and we're going to validate this, and  
25 we're going to battle test this, and we're going to--

2 we're going to take our strategic partners such as  
3 the Council and such as our umbrella groups to really  
4 be at the table with us and think through what makes  
5 sense to share with the providers, what information  
6 they really need to do their work, and that can be  
7 easily digestible, because you're right, there's so  
8 much information out there to cut through it,  
9 especially if you're really just focused on your  
10 mission's work. It's a lot. It's a lot to ask.

11 CHAIRPERSON WON: Can you also give me a  
12 status on what's happening with the COLAs for all of  
13 these nonprofits? I remember last hearing we had  
14 issues with the COLAs causing even further delays and  
15 processing their contracts.

16 DIRECTOR SEDILLO: Great question.  
17 Director Yu will give some statistics here in a  
18 minute, but I think you're spot on that, you know,  
19 we were very proud of the investment that this  
20 administration made last year at \$741 million to the  
21 workforce. Extremely important to us for a variety  
22 of reasons, and as you probably know and I'm sure  
23 Chair Stevens knows given her expertise, that  
24 announcement then translates for our public servants  
25 at the agencies and in the nonprofit providers into

2 an often, you know, byzantine dance of doing a budget  
3 modification to apply that to the actual contract.

4 So, I think a lot of work has happened with that, and  
5 I know a lot of our agencies are in constant dialogue  
6 with our provider partners, and I get questions on  
7 this, and I'm happy-- happily work with the Chief  
8 Nonprofit Officers. I don't know if you want to add  
9 in, Director Yu.

10 DIRECTOR YU: Yes, I just want to share  
11 some numbers just to contextualize this a little bit.  
12 So, in fiscal year 2025 the City worked to get COLA  
13 funding to providers through an increased 30 percent  
14 budget advance. And then June 2024, a gov [sic]  
15 delivery message was sent to 602 providers with non-  
16 discretionary Fiscal Year 2025 actions, alerting them  
17 their agencies would reach out by July 1<sup>st</sup> with COLA  
18 templates to confirm eligible contract funding and  
19 next steps. A follow-up was later sent on June 21<sup>st</sup>  
20 that concluded comprehensive FAQ resource. As of  
21 December 16, 2024, over 93 percent of Fiscal Year  
22 2025 COLA funding had been received and approved by  
23 city agencies.

24 CHAIRPERSON WON: Can I just see a show  
25 of hands from the folks who are here to testify from

2 nonprofits, how many of you have had your cost of  
3 living adjustment processed and received from the  
4 City of New York? Literally nobody. Oh, one, two,  
5 two people. Oh, okay, partial. Okay, so I really  
6 want to make sure that as we have done a lot of  
7 victory laps about the cost of living adjustments,  
8 that these are actually being processed and we're  
9 paying folks. Can you also help me understand why  
10 have indirect cost rates above 10 percent not been  
11 paid over the last five years, and why there are so  
12 many barriers in getting the funding out? Some  
13 nonprofits are waiting for over \$10 million in unpaid  
14 indirect cost rate funds.

15           DIRECTOR SEDILLO: I would just say as  
16 mentioned to Council Member Lee earlier, here have  
17 heard this as well, which is why-- what we decided to  
18 do is put that directive together with OMB and MOCS  
19 out to all agencies to make sure they were clear that  
20 this is not an option, that if there's an accepted  
21 rate, that must be and will be honored. And again,  
22 to those that are about to expire, that those are the  
23 ones that should be applied until a new one may be  
24 realized in the coming months. So, something that  
25 constantly have heard, we use the policy tools in our

2 toolbox to ensure the agencies are standardized  
3 there, and I think that the allowance clause as we  
4 mentioned earlier really ought to be, and we can  
5 continue to work with agencies to make sure that they  
6 understand that that is an option to them to avoid an  
7 amendment registration process.

8 CHAIRPERSON WON: Okay. Talking about  
9 indirect cost rates, I want to talk about returnable  
10 grant funds again. Nonprofits have been told that the  
11 returnable grant fund doesn't cover indirect costs  
12 which is where millions of dollars are being held up.  
13 It's disingenuous from our perspective to say that  
14 nonprofits don't know that a returnable grant fund  
15 exists when most of them have been denied. Why  
16 doesn't the returnable grant fund account for  
17 indirect cost rates?

18 DIRECTOR SEDILLO: Thanks so much for the  
19 question, Chair Won. I would-- I'm not-- I don't  
20 have on-hand the, you know, all three of the  
21 categories, but I do understand the third category to  
22 be funding delays, and I do think that there are  
23 opportunities for providers to submit for ICR or  
24 approved new needs in some certain situations. And  
25 so if that is not being honored or if there's an

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2 issue there, be happy for folks to flag for me, and I  
3 can work with the Chief Nonprofit Officers to see if  
4 that some is flexibility we can provide to the  
5 providers.

6 CHAIRPERSON WON: Yeah, we should  
7 definitely look into expanding the refundable--  
8 returnable grant fund and also including indirect  
9 cost rates. I'm going to turn it over to my Co-chair  
10 Stevens to ask more questions.

11 CHAIRPERSON STEVENS: So, I have a  
12 question-- a couple more questions for DYCD. DYCD  
13 managed 1,639 contracts for FY 2022 which includes  
14 the largest human services portfolio of any agency.  
15 How many staff currently are dedicated to managing  
16 the DYCD contracts, and do you believe the agency has  
17 significant capacity to handle this workload  
18 effectively, or additional resources or staffing  
19 needed to meet the demand and further delays? And  
20 what is the average caseload per staff person on the  
21 contracting team, and how does that compare to  
22 staffing ratio in other large city agencies?

23 DEPUTY COMMISSIONER HALBRIDGE: Thank  
24 you, Chair Stevens. At a high level it is a bit of a  
25 nuanced question right there. Our number of

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2 divisions and units that work together for contract  
3 management. That said, in aggregate it is about 160  
4 budgeted headcount across fiscal procurement, legal,  
5 and our discretionary units, and as you know, we are  
6 the agency with the largest number of discretionary  
7 contracts from the City Council. Approximately 80  
8 percent of that 160 are on board. As mentioned  
9 earlier, Executive Sedillo and myself earlier, we did  
10 just get approval from OMB for approximately 40 heads  
11 in those units to bring them on board, and so we are  
12 bringing them on board. Ratios is a little bit hard,  
13 right, because they're doing different parts of  
14 different things. The discretionary team, it can be  
15 anywhere from 50 to 100 or higher. It depends on  
16 when the awards are cleared. It depends on-- and  
17 that sort of goes through the process, not just  
18 discretionary, but for contracts that we have, and we  
19 split them up in parts. But we actively are looking  
20 through our resources and working with Director Yu  
21 and Executive Director Sedillo, and of course, City  
22 Hall and OMB to ensure we have the resources to do  
23 what we need to do.

24 CHAIRPERSON STEVENS: According to Summer  
25 Rising providers, they have not been paid for last

2 year programming. As parents are already receiving  
3 slots for this summer, providers are understandably  
4 concerned about how they will cover up front costs  
5 like staff trainings and program ramp-up while  
6 waiting for last year's reimbursement. What-- why  
7 have last year's Summer Rising providers not ben paid  
8 yet, and how does this agency expect providers to  
9 manage fiscal demands of launching this summer  
10 program under these conditions?

11 DEPUTY COMMISSIONER HALBRIDGE: Sure.

12 Thank you for the question. What I understand is at  
13 this point all of the Summer Rising actions have been  
14 implemented in the systems and contracts that they  
15 have. We do know that there have been delays in  
16 payments, and that has caused problems for our  
17 providers. We are working hard to ensure that the  
18 time to implement those changes, and on their  
19 contract, right, Summer Rising is an add-on to the  
20 base contracts, something that we've talked about  
21 with you before. You've expressed your support there  
22 or not. But what we are trying to do to get ahead of  
23 that, right, is as the next summer rolls out ensure  
24 we have that information and call roll them into the  
25 new contracts. Specifically, right now we're working

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2 on FY26 continuation actions and Compass is one of  
3 the programs that are in that, and so our first main  
4 priority is to get those contracts registered so that  
5 we can get payments out the door. We had the initial  
6 advances that have been discussed coming up, going  
7 forward, and it's our hope that those advances will  
8 help them with that.

9 CHAIRPERSON STEVENS: But do we see how  
10 problematic it is that we rolling into another summer  
11 and we have not paid for the services that was  
12 provided last summer? And it's costly, right? Like,  
13 listen, I ran camps for 14 years. Like,  
14 understanding that not having those proper resources  
15 for them to ramp up is problematic and this is just  
16 cash on-hand. So that's why even, you know, I think  
17 to me this is a glaring-- or a spotlight being put on  
18 a bigger problem in the system. Like, this is a  
19 problem. We're literally rolling into the summer and  
20 continuing seeing delays. And so, you know, the City  
21 is consistently using, you know, nonprofits to front  
22 money for us, and that's what it feels like at this  
23 point. So, I think that like I know that-- and  
24 again, I want to reiterate because I said this  
25 before, this is not because I don't think anyone on

2 this panel isn't working or wants to pay out, but  
3 there's clearly issues in the system, and you know,  
4 we had a taskforce and was able to chip down at the  
5 backlog and did a really good job about it, and then  
6 here we are worse off than we were a year ago which  
7 speaks to the bigger issue of like if we were able to  
8 do it before, why wouldn't we be able to be  
9 consistent? And so why do we have to be loud and be  
10 on the steps and rallying and press conferencing, and  
11 me being a psycho and calling people and all the  
12 things for us to, like, make this an issue. We  
13 should not be here again when we cleared out the  
14 backlog. Like, it just does not make sense. So,  
15 it's just very frustrating. And I know we have a ton  
16 of providers who've already signed up to testify, so  
17 I don't want to keep hammering. I actually do want  
18 to hear from the providers and some of the things,  
19 and hopefully you guys will stay around to hear it  
20 firsthand because, you know, they're struggling on  
21 trying to make ends meet, and at this point we have  
22 nonprofits who are borrowing from Peter to pay Paul  
23 and shuffling things around and having to raise  
24 supplemental money and all these things when we're  
25 asking them to do work. Because let's be clear, if

2 these nonprofits today said, you know what, we're not  
3 taking no more contracts and we're done, we're  
4 screwed. And you know whose district is going to be  
5 screwed? Mine, because we need these services. I  
6 need my homeless providers. I need my workforce  
7 development people. I need my food pantries, because  
8 that-- we're lacking it. And so we have to see them  
9 as real partners, and so as you guys are going  
10 through these things, maybe we should stop having  
11 briefings and stop having taskforce and having photo  
12 ops and taking pictures, and actually have us all  
13 come to the table and come up with real concrete  
14 solutions, because what we're doing is not working.  
15 Clearly, the administration don't got the answers,  
16 because if they did we would not be back here. We  
17 would not be back here after the taskforce gave clear  
18 instructions on how we can have a roadmap to clear it  
19 out, and then we're back in the same position. So,  
20 again, I am sick of the announcements. Enough with  
21 the announcements; let's just do the work.

22 CHAIRPERSON WON: Okay. Council Member  
23 Gale Brewer has a follow-up question.

24 COUNCIL MEMBER BREWER: Just very  
25 quickly. So, on the indirect cost, I think you're

2 trying to address it, I got that. What happens  
3 apparently is OMB says the agencies can pay the  
4 backlog ICR, and then the agencies say they can't pay  
5 backlogged, the ICR, because it's been held up by  
6 OMB. Who would figure that out? Who would undo that  
7 mess?

8 DIRECTOR YU: Thank you, Council Member,  
9 for the follow-up questions. Michael and I agree that  
10 we've got to sort of untangle this a little bit, and  
11 there's lots of conversations around ICR, and do you  
12 go to your agency--

13 COUNCIL MEMBER BREWER: [interposing] I've  
14 got six more questions about it, yeah.

15 DIRECTOR YU: Do you go to MONS? Do you  
16 go to MOCS? Do you go to OMB? I think we're happy  
17 to receive any sort of incoming and entangle--  
18 because I think individual provider maybe in a  
19 different situation, but big picture when they  
20 implemented the initiative, OMB was on the front line  
21 of pushing out what they projected the ICR-- the--  
22 I'm sorry. I'm confusing the initiatives. On the ICR  
23 we have resources available. There's a website that  
24 we can provide to you where any provider who has a

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2 question about their ICR is able to get in contact  
3 the City to untangle the ICR. And there's a--

4 COUNCIL MEMBER BREWER: [interposing] It's  
5 an OMB problem, not yours?

6 DIRECTOR SEDILLO: I'll just jump in real  
7 fast.

8 COUNCIL MEMBER BREWER: Have y'all tried  
9 to call OMB?

10 DIRECTOR SEDILLO: Yeah, I would say that  
11 is why it was so important for us for the ICR  
12 directive that it came from MOCS and OMB, so it was  
13 not like MOCS and MOCS or MONS saying this is  
14 something you ought to do, or pretty please. It was  
15 a directive from both OMB and MOCS to honor and make  
16 sure it-- if there's an accepted rate to pay that,  
17 not the de minimis. I also want to point out that OMB  
18 does have a Chief Nonprofit Officer, as does MOCS and  
19 Law, our oversight partners, and that's key for our  
20 agency partners who, you know, have to go through  
21 their taskforce. They should know that OMB has  
22 somebody there who's supposed to be there to help  
23 them solve problems like these.

24 COUNCIL MEMBER BREWER: Supposed to.  
25 Thank you.

2 CHAIRPERSON WON: Okay. My last set of  
3 questions is for DFTA. In Fiscal Year 2024, nearly  
4 90 percent of DFTA's contracts were registered  
5 retroactively. What are the root causes of delays in  
6 registering DFTA contracts, and what is the agency  
7 doing to address them?

8 DEPUTY COMMISSIONER OGNIBENE: If that's  
9 from the Comptroller's report from yesterday, we're  
10 still reviewing it, but the 90 percent number you  
11 mentioned may be a description of many agencies, not  
12 just us.

13 CHAIRPERSON WON: So that's even worse if  
14 all of you guys are 90 percent registering contracts  
15 retroactively.

16 DEPUTY COMMISSIONER OGNIBENE: However,  
17 we do take late payments and registration seriously,  
18 because providers deserve to be paid. We do have a  
19 shared goal here, and one of our priorities is to pay  
20 providers on time. You know, we have presented a  
21 face to the story, if I may say. Last year, for  
22 example, like why do we work at NYC Aging? Why does  
23 someone work at Aging or DYCD or DSS? Certainly, if  
24 you're on the program side, it makes sense, but if  
25 you're not, then why am I there? We had every single

2 staff visit an older adult center last year, every  
3 single staff no matter where you worked. You had to  
4 go out and to visit, because we wanted to put a face  
5 to the story. Here's the work that we do. It's  
6 important. It's ultimately about serving older  
7 adults. We can talk about contracts, paperwork, but  
8 really it's about delivering services for older  
9 adults. So, we connect our staff right to the work  
10 that we're doing. We-- every single staff wrote a  
11 letter to all of our caregivers last year thanking  
12 them for the work that they do. By doing that, we  
13 have a better connection with our provider community.

14 CHAIRPERSON WON: Okay. But what is the  
15 root cause of the delays? Is it because you guys are  
16 all out in the field and nobody's processing the  
17 work?

18 DEPUTY COMMISSIONER OGNIBENE: No, that's  
19 not it. I don't think that we have 90 percent late  
20 registration, but I will say that our-- we're very  
21 proud of our payment time. Once you submit an  
22 invoice to us correctly on time, we pay that within  
23 15 to 20 days.

24 CHAIRPERSON WON: Okay, but if the  
25 contract is not registered, you're not going to get

2 to the payment. So, can you help us understand? Is  
3 it certain types of contracts or services such as  
4 home-delivered meals or older adult--

5 DEPUTY COMMISSIONER OGNIBENE:

6 [interposing] Well, you've heard about--

7 CHAIRPERSON WON: [interposing]

8 [inaudible] programming?

9 DEPUTY COMMISSIONER OGNIBENE:

10 discretionary contracts that are late by definition.

11 CHAIRPERSON WON: So, for-- from your  
12 perspective, you believe that it's just going to  
13 continue this way? Just discretionary contracts is  
14 just how it is, is that your answer?

15 DIRECTOR SEDILLO: Well, I-- and I'll  
16 jump in, Chair Won. You know, it is not us-- and I'm  
17 sorry to be a broken record on this, but-- because I  
18 think there's a real shared opportunity for  
19 partnership with the administration and the Council  
20 on this. I just want to say again, two-thirds at  
21 least, and it could be more in some agencies in  
22 particular with DYCD, of those contracts that are  
23 retroactive are discretionary contracts. And I don't  
24 say that defeatist, right, because tomorrow morning,  
25 literally 8:30 we're meeting with your staff to go

2 through a grant-like process which would eliminate a  
3 registration process, right? Again, out-years and  
4 the multi-year vehicle, years two and three we don't  
5 have a registration process. We would do that for a  
6 significant portion of discretionary contracts. And  
7 so I do think that if we partner with that, that is  
8 the right thing to do, and it will significantly  
9 reduce the workflow for agencies and the amount of  
10 time that it takes for us to be able to just pay  
11 nonprofit providers and ensure that they are getting  
12 the services that you all understand, need-- are  
13 needed in your district done in a timely manner.

14 CHAIRPERSON WON: So, for discretionary  
15 contracts, do you still believe that nonprofits who  
16 are crying about like millions of dollars in not  
17 getting paid are crying over the Council's  
18 discretionary of \$5-\$10,000?

19 DIRECTOR SEDILLO: Thanks for the  
20 rephrase. I think where there's a retro-- where  
21 there's a contract backlog issue, more often than  
22 not, it is a discretionary contract. I'm not saying  
23 that we're proud of that. The cycle time on that is  
24 very high and it can be lowered, certainly. But if

2 the underlying issue is a retroactive contract, more  
3 often than not it is a discretionary contract.

4 CHAIRPERSON WON: So, let's continue to  
5 unpack that. So, what exactly is causing the issues  
6 of discretionary contracts being retroactively  
7 registered?

8 DIRECTOR SEDILLO: Great question. For  
9 one, we find out at schedule C who's getting the  
10 awards, right? So, again, by definition retroactive.  
11 Two, throughout the year there are transparency  
12 resolutions that further clarify it, of course. And  
13 so if you're a city agency, you're finding out in the  
14 fall, right, who is getting the funding, and months  
15 into the services provided. If you're a nonprofit  
16 provider, you're like, I got to contract that started  
17 on July 1<sup>st</sup>, or I was told I was-- I got it. Am I  
18 supposed to start? And then you have a situation  
19 where the registration process takes forever, because  
20 we treat it as if it was a competitively-bid millions  
21 of dollars contract, but it's not, right? And so,  
22 for us, we want to treat them like the grant that  
23 they are and be able to-- when you tell us they're  
24 getting this funding, we can move forward and go to  
25 an agreement and get them paid immediately.

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2 CHAIRPERSON WON: So, for DFTA, how much  
3 of your contracts are discretionary? What's the  
4 dollar amount for fiscal year, roughly?

5 DEPUTY COMMISSIONER OGNIBENE: \$40-odd  
6 million.

7 CHAIRPERSON WON: \$40 million out of--  
8 what is the total budget for how much you contract  
9 out with a vendor?

10 DEPUTY COMMISSIONER OGNIBENE: We have a  
11 budget of about \$500 million.

12 CHAIRPERSON WON: So, we're talking  
13 again-- out of \$500 million, you're talking about  
14 only \$40 million when there is clear complaints about  
15 90 percent of your contracts. So where is the rest  
16 of the money that is not being registered from  
17 outside of your discretionary, those not getting  
18 paid?

19 DIRECTOR YU: If I could, Chair Won, just  
20 to jump in and sort of provide some numbers. When  
21 we're talking about retroactivity, when we-- Michael  
22 is right. When we include the discretionary contract  
23 portfolio it does skew the data, and it looks very  
24 different. And I'll just sort of read off again just  
25 some information that I-- that the MOCS team tracks.

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2 So, for Fiscal Year 2024 for the human service cycle  
3 times for just-- for the discretionary contracts, the  
4 median cycle time was 337 days.

5 CHAIRPERSON WON: Bless you.

6 DIRECTOR YU: Bless you, Council Member  
7 Stevens. When you take the discretionary contracts  
8 out of that, the median amount of days drops to 228.  
9 And when you look at-- we do some of this by heat  
10 map. For Fiscal Year 2024 and 2025, if you just look  
11 at discretionary contracts, we are looking at numbers  
12 in the 90 to 100 percent range, but if you take the  
13 discretionary contracts out of the Fiscal Year 25  
14 contracts, we're about 54 percent on time, and then  
15 for the Fiscal Year 24 we're 73 percent on time. And  
16 just to-- in Aging's defense, for Fiscal Year 2025  
17 they were at 100 percent on-time registration for  
18 their contract portfolio.

19 CHAIRPERSON WON: Okay. For the contracts  
20 that are registered on time, how quickly does DFTA  
21 begin reimbursing providers?

22 DEPUTY COMMISSIONER OGNIBENE: As I said  
23 earlier, if they submit invoices on time and  
24 correctly, we have a proud track record of 15 to 20  
25 days.

2 CHAIRPERSON WON: 15 to 20 days, okay.

3 For our nonprofit providers who encounter delays due  
4 to missing documentation or compliance issues, we  
5 know that we were supposed to have document vault go  
6 live. It's on fully functional now. Do our providers  
7 all get to use it so that they don't have to upload  
8 the same document multiple times for each agency?

9 DIRECTOR YU: Thank you, Council Member  
10 Won, and thank you also for the legislation that you  
11 provided in this space. With Passport Release six we  
12 were able to increase Passport functionality to  
13 include a document vault. that was turned on live  
14 and it's available to our agencies. It's available to  
15 our vendors, and the other functionality that we  
16 introduce with Passport R6 was subcontractor  
17 functionality.

18 CHAIRPERSON WON: Okay, so Passport 6 is  
19 live?

20 DIRECTOR YU: Yes, that's correct.

21 CHAIRPERSON WON: Okay. Okay. We're  
22 going to close out the questions so that we can move  
23 into our testimonies, because I know people are  
24 getting very hungry because it's lunchtime. So,  
25 we're going to move on. Thank you so much for coming

2 to testify. We are still extremely frustrated as you  
3 heard from myself and my colleagues and who you will  
4 hear from next. I hope that you will remain to  
5 listen-- if not yourself, your staff. Yes?

6 DEPUTY COMMISSIONER OGNIBENE: Yeah, I  
7 just want to thank Director Yu for clarifying our  
8 position 100 percent. Thank you.

9 CHAIRPERSON WON: Thank you. Okay. Our  
10 first panel is going to be Louisa Chafee from the New  
11 York City Independent Budget Office. Okay, go ahead.

12 DIRECTOR CHAFEE: I made a joke and you  
13 missed it. I said good evening. So my name is  
14 Louisa Chafee. I'm the Director of the Independent  
15 Budget Office. It is a great honor to testify today  
16 to you, Councilwoman Stevens and Won, and other  
17 members of the Committee. I have a lengthy testimony,  
18 because I have been in this space for a long time,  
19 and I have to say I hear your frustration that some  
20 people came to the party late, but at least everyone  
21 is at the party, including the Comptroller who  
22 released a report yesterday. So, I think it's  
23 important to recognize that your Council oversight  
24 work and leadership has really elevated a critical  
25 issue to the nonprofit sector. So, the disclosure

2 is, I served on the Joint Taskforce for Nonprofits to  
3 get paid. I sat on the Board of the Human Services  
4 Council. I've worked in the nonprofit sector. I  
5 worked at the Mayor's Office of Contract Services. I  
6 led human service procurement reforms for City Hall,  
7 and I also led the Strengthening Nonprofit Committee  
8 which has a whole lot of institutional memory. So  
9 I'm just saying that so that you understand I'm not,  
10 you know, a neutral bystander. The Independent  
11 Budget Office welcomes the Council's longstanding  
12 efforts to ensure fiscal responsibility on the part  
13 of City agencies, especially to ensure that the  
14 critical work of nonprofit human service  
15 organizations under contract with the City can  
16 continue without fiscal disruptions. As IBO indicated  
17 in this year's response to the January financial  
18 plan, and testified at the April 16th Council hearing  
19 on preparing for changes in the federal funding, the  
20 financial stability of providers depends on City  
21 agencies paying their bills on time. To that end,  
22 IBO also welcomes both the Mayor's announcement  
23 yesterday of the various measures the Administration  
24 is now taking to clear the backlog of late payments,  
25 again, to nonprofit providers and distribute larger

2 advance payments for next year, and the ideas for  
3 potential Charter reforms in the procurement area in  
4 the Preliminary Report of the Mayor's Charter  
5 Revision Commission, released this morning.

6 Additionally, IBO supports the Council's focus, both  
7 through legislation and oversight, to proactively  
8 avoid future payment delays. The Council's Commission  
9 to Strengthen Local Democracy has also identified  
10 procurement as a major area for reform. So, I'm not  
11 going to go over what the challenges are, because you  
12 know it's late registration and late payment. But I  
13 did want to highlight a couple ideas that are not  
14 included in your current suite of initiatives that we  
15 think would make some differences. So, IBO suggests  
16 that Intro 1247 be adjusted to consider adding a  
17 reasonable time frame for payments. Most bills  
18 require payments in 30 days from initial receipt of  
19 invoice. And that obviously is also linked to the  
20 idea of advances and the percentage of advances, but  
21 part of the challenge here is simply moving money  
22 through the system at a timely basis. So, we do  
23 think that adding some level of time frame would be  
24 beneficial. We also suggest, or we also suggest  
25 considering adjusting the timing of payments to align

2 with invoicing, such as monthly or quarterly. IBO

3 identified in its testimony to the Commission to

4 Strengthen Local Democracy a mandate in the use of

5 contract extensions for existing competitively-

6 awarded contracts when a new contract will not be in

7 place within six months of a contract's expiration.

8 So, why? When a City agency has a program that is

9 continuing, that they've issued a new solicitation,

10 but the program is not ready-- the new solicitation

11 process has not been completed on time. This often

12 leads to this incredible delay in contract

13 registration. So, IBO suggested that a rule that

14 would require the City agency, once it's six months

15 before the end of the existing contract, they could

16 do-- the City agency could do one of two things:

17 Either automatically register a contract extension on

18 the existing award even while continuing to work on

19 the new solicitation; or inform the provider to stop

20 providing services when the contract lapses. Now,

21 the first option is greatly preferable, as it would

22 allow for continuous service provision, but the

23 second, if invoked, would at least hold the City

24 agency accountable to the public for its delays. IBO

25 has analyzed how contract extensions could lead to

2 better results with data, and as of today, human  
3 service contracts using the Department of Youth and  
4 Community Development as an example-- and this is  
5 data for contracts in 2025. There are 896 contract  
6 extensions, which were registered, on average, 31  
7 days late. In contrast, there are 154 solicitation  
8 request for proposal awards, and those were  
9 registered, on average, about 97 days late. So,  
10 that's 66-day difference, and for a nonprofit, that  
11 is approximately four biweekly payrolls, nearly one-  
12 third of the year's rent, etcetera, not being paid.  
13 In other words, by requiring an automatic extension,  
14 the nonprofit would have significantly less pressure  
15 through the late contract registration. In addition  
16 to the problem of late registration for competitively  
17 awarded contracts, it's important to address the  
18 lateness issues around discretionary contracts. And  
19 as we heard today, the administration is considering  
20 moving into the grant process. We'd be happy to  
21 assist you in any kind of research we could do and  
22 also assist with research on exactly how the state  
23 advances its money, so as to simply move money  
24 through the process. Financial data on the City  
25 Council contracts for 2024 indicate that they were

2 registered about 13 months after their start dates,  
3 which would give an indicator that it's time for  
4 improvements. The Mayor's City Charter Revision  
5 Commission is proposing the potential grant process  
6 at least for smaller awards, and given the lateness  
7 of registration, IBO also suggests continued  
8 consideration of a requirement to pay 80 percent of  
9 the value of such awards, including the larger ones,  
10 at the time of registration. There's agreement  
11 between the Council and the Administration to  
12 reinforce real accountability by setting out a clear  
13 mandate and responsibilities for MOCS, similar to  
14 those already in place for other critical Mayoral  
15 functions, such as the Office of Management and  
16 Budget and the Office of Operations. Further, with  
17 the improvement of ContractStat, the Council  
18 oversight in this area could also be strengthened.  
19 So, with abbreviated testimony, I thank you for the  
20 opportunity to testify, and I'm happy to answer any  
21 questions.

22 CHAIRPERSON STEVENS: One, I have to  
23 start off by saying those glasses are fabulous.

24 DIRECTOR CHAFEE: So are yours.  
25

2 CHAIRPERSON STEVENS: Oh, thank you. But  
3 no, just-- I know you said the timeframe, the  
4 reasonable timeframe for 1247, that was actually the  
5 original bill, but you know, always trying to work in  
6 good partnership with the other side, they had some  
7 clear concerns about it, and so we adjusted it. But I  
8 will be looking to amend that bill to go back to its  
9 original state, because clearly it's needed. So,  
10 thank you. And your recommendations definitely were  
11 great, and we'll definitely be in contact to continue  
12 to have more conversation about them.

13 DIRECTOR CHAFEE: Great.

14 CHAIRPERSON WON: Thank you so much. I  
15 now open the hearing for public testimony. I remind  
16 members of the public that this is a formal  
17 government proceeding and that decorum shall be  
18 observed at all times. As such, members of all  
19 public shall remain silent at all times and the  
20 witness table is reserved for people who wish to  
21 testify. No video recording or photography is  
22 allowed from the witness table. Further, members of  
23 the public may not present audio or video recordings  
24 as testimony, but may submit transcripts of such  
25 recordings to the Sergeant at Arms for inclusion at

2 the hearing record. If you wish to speak at today's  
3 hearing, please fill out an appearance card at the  
4 Sergeant at Arms and wait to be recognized. When  
5 recognized, you'll have two minutes to speak today,  
6 and today's hearing topic: examining late payments to  
7 human service providers, Intros 1247, 1248, and 1249.  
8 If you have a written statement or additional  
9 testimony you wish to submit for the record, please  
10 provide a copy of the testimony to the Sergeant at  
11 Arms. You may also email the testimony to  
12 [testimony@council.nyc.gov](mailto:testimony@council.nyc.gov) or other email address  
13 within 72 hours of this hearing. Audio and video  
14 recording will not be accepted. Our first panel will  
15 be Michelle Jackson from the Human Services Council,  
16 Doctor Sophine Charles, Kristin Miller, and Greg  
17 Rideout.

18 MICHELLE JACKSON: Well, if you have that  
19 20/20 vision, you don't need it. Alright, we all  
20 here? Okay. Good afternoon, Chair Won and Stevens.  
21 My name is Michelle Jackson. I'm the Executive  
22 Director of the Human Services Council. I have to  
23 start by saying thank you for the passion that you're  
24 bring to this and the attention. I've been doing this  
25 longer than I want to admit, and I'm really grateful

2 to see the amount of like focus and dedication that  
3 this issue is getting, and it's really because of the  
4 two of you. So, thank you. I submitted a very  
5 lovely testimony, but today what I'll be saying is  
6 the testimony that made me upset. So, it's a little  
7 bit different. So, I want to start by saying passion  
8 doesn't pay the bills. I have the utmost respect for  
9 my city colleagues. I appreciate first that they  
10 still answer my calls in the midst of all of this,  
11 and I know they're working on some of what can feel  
12 like the most intractable, like, problems, and really  
13 making progress in ways that will, you know, have  
14 meaningful change. But passion doesn't pay the bills,  
15 and we did not really hear today answers on how we  
16 ended up here. How did we end up with a billion  
17 dollars in unpaid invoices with 90 percent contracts,  
18 you know, being registered late. There actually is a  
19 silver bullet: pay us on time. That's it. When  
20 we're not paid on time there are real consequences to  
21 communities. There's no space between the service  
22 and the contract. If we are not-- if a nonprofit is  
23 not paid is not paid on the contract, it impacts the  
24 service to the community. I will acknowledge that  
25 there has been big steps, allowance clauses, bigger

2 advances, lots of different processes and directives  
3 that have clarified things for city agencies, and yet  
4 there's a billion in unpaid invoices right now  
5 amongst my membership. The way this issue is spoken  
6 about is like money is a process. Money is money. I  
7 have providers who are missing payroll, who are going  
8 into debt, and who are closing programs. Those  
9 things impact real people who receive those services  
10 and work at those programs. And I have to-- I do  
11 have to spend a minute on calling out the kind of  
12 unspent fund issues. Providers are owed years of  
13 indirect, like going back to FY21. Some of them  
14 never got their approved workforce enhancement  
15 funding which means they were never able to give it  
16 out. Enhancement modifications, the indirect, all  
17 those different things, like, back up, and if you  
18 can't spend that money if you're contract is  
19 registered late-- sometimes you can't spend all that  
20 money in a year. So, they would spend all the money  
21 if their budget modifications were approved. I'm  
22 preaching to the choir here, but if I don't get a  
23 paycheck, I can't pay my bills. Providers are  
24 working with unregistered contracts, putting them at  
25 legal risk. Then, their invoices have slowed down,

2 meaning they can't get paid in a timely way which  
3 means they're not paying their bills. Then their  
4 budget modifications aren't getting approved, meaning  
5 they can't spend for those unapproved expenses, and  
6 that is why we have accruals.

7 CHAIRPERSON STEVENS: We love you, but  
8 you got 10 seconds.

9 MICHELLE JACKSON: I'm done. I'm good.  
10 That was it. I just had my last line. These are the  
11 reasons that we got here. It's not-- and this  
12 legislation will greatly improve the process going  
13 forward, but we do need more action now in the  
14 current fiscal year. Thank you.

15 KRISTEN MILLER: There we go. Good  
16 afternoon. I'm Kritsin Miller. I'm Executive  
17 Director of Homeless Services United, representing  
18 over 50 nonprofits that operate shelters and homeless  
19 service programs. Thank you so much today for this  
20 hearing. We are incredibly grateful for the  
21 attention that this issue is getting. We've been  
22 talking about it for a long time and greatly  
23 appreciate not only the hearing, but the bills that  
24 have been introduced. I echo a lot of what my  
25 colleague Michelle has said. It is wonderful to hear

2 that \$5.5 billion has been issued to nonprofits, but  
3 what is kind of terrifying is that there are still  
4 \$5.8 billion owed to nonprofits. We are seeing  
5 headway. I too am very grateful for my colleagues at  
6 the administration. We see-- we see improvements.  
7 We see cash starting to trickle, but I think it's--  
8 we're worried it's too little too late. We need big  
9 action, big bold action on multiple, multiple levels  
10 in order to just get us paid. My executive directors  
11 are lying awake at night wondering about cash flow,  
12 about payroll. It should not be this way. We hear a  
13 lot about contract registration. It is-- you can't  
14 do anything without having your contract registered,  
15 but what is also just as important is the invoicing,  
16 but it's getting to the approved invoice where we see  
17 the biggest logjam. So when you hear reports of this  
18 many invoices pending, this many paid, the nuance in  
19 between is what's in limbo. What have been approved  
20 by the City, by OMB, by the agency, but not yet in  
21 someone's line item budget so that they can invoice  
22 and get paid. And I think that is the devil in the  
23 details, and that is extremely time consuming.  
24 That's where we really, really encourage you to keep  
25 the heat on as we are to make sure that this stuff

2 moves. We also submitted lengthy testimony  
3 commenting on a lot more. Happy to answer questions,  
4 and again, thank you.

5 GREG RIDEOUT: I put good morning in my  
6 comments, but I'll start with good afternoon. My  
7 name Greg Rideout and I serve as Co-CEO for  
8 Organizational Advancement at Opportunities for a  
9 Better Tomorrow. We are proud members of both the  
10 Human Services Council and New York City Employment  
11 and Training Coalition. Every year, OBT serves more  
12 than 1,500 young adults and adults providing them  
13 with free educational and vocational programs to help  
14 them enter or advance in the New York City workforce.  
15 I first want to thank all of you for holding today  
16 hearing and for the legislation already drafted to  
17 address what can only be described as a longstanding  
18 deeply harmful crisis in nonprofit contracting and  
19 payment. For organizations like OBT, where over 75  
20 percent of our budget supports weekly payroll and  
21 participant stipends, timely payments from the City  
22 of New York are not just an operational issue. They  
23 are a lifeline. OBT's staff, many of whom come from  
24 the same communities we serve, are a workforce in an  
25 of themselves. When City payments are delayed, it

2 threatens our employees' stability and the essential  
3 services they deliver. Participant stipends allow  
4 us to keep our young people engaged, learning, and  
5 working towards a better future. Each year, OBT  
6 connects more than 300 young people to training and  
7 employment in healthcare, technology and  
8 construction/renewable energy mostly through City  
9 contracts with the New York City Department of Youth  
10 and Community Development. So, delays do not just  
11 slow payments. They slow real economic opportunity  
12 for particularly young New Yorkers. I go into much  
13 more detail in the testimony that I submitted, but  
14 let me close by saying nonprofits employ nearly 20  
15 percent of the City's workforce. We are the City's  
16 safety net during crises, during recovery and every  
17 day in between. We are asked to stretch and  
18 sacrifice in ways that for-profit partners never  
19 would. We're not asking for favors, we're simply  
20 asking for fairness. If this city truly values  
21 equity, community and opportunity, then it must show  
22 it through action.

23 SOPHINE CHARLES: Good afternoon. I am  
24 Doctor Sophie Charles from the Council of Family and  
25 Childcare Agencies, and my teeth are chattering [sic]

2 because I'm freezing here. I just want to thank the  
3 Chairs Won and Stevens for just really putting a  
4 spotlight on this in such a profound way. We thank  
5 you for your efforts for doing this, and on behalf of  
6 the agencies that we represent at COFCA, the agencies  
7 that provide the foster care and prevention services  
8 and those who really keep families stable and  
9 children at home, they're struggling. As many of our  
10 colleagues have already said, they need to keep the  
11 lights on. They need to keep-- to be able to make  
12 payroll and to pay their staff. Without those  
13 delayed, backed up payments, it's tough for them to  
14 continue to work with families, and your support on  
15 this is incredibly helpful, and I just want to say  
16 that the proposed City Council bills we appreciate.  
17 Very helpful. Really putting the spotlight on and  
18 hopefully speeding up and getting rid of the backlog  
19 and the bottleneck, and it's important also to  
20 acknowledge that our agencies, we did a financial  
21 health report on our child welfare agencies, and  
22 about 40 percent of the New York City organizations  
23 have less than 15 days of cash flow on-hand. Another  
24 47 percent of the child welfare nonprofits, they have  
25 less than one month of cash revenue, and that's a

2 real problem when they're not being paid. And the  
3 recommendation that I want to mention is streamlining  
4 New York City government contract processes. There's  
5 a clear need to reform the registration and payment  
6 systems to reduce the delays. And also, we need to  
7 have better forecasting when it comes to the future  
8 rates by keeping up with the CPI inflation rate. And  
9 I'll end by saying that we do have a city agency that  
10 works very effectively with our child welfare  
11 colleagues, and that is the Administration for  
12 Children's Services. They do a pretty good job in--

13 CHAIRPERSON STEVENS: [interposing] That's  
14 why they wasn't here today.

15 SOPHINE CHARLES: That's why they're not  
16 here today?

17 CHAIRPERSON STEVENS: Yeah.

18 SOPHINE CHARLES: Oh, okay.

19 CHAIRPERSON STEVENS: That's why they  
20 wasn't here. That's why we didn't invite them.

21 SOPHINE CHARLES: Oh, okay. Well, thank  
22 you anyway for your work on this.

23 CHAIRPERSON STEVENS: Absolutely. Thank  
24 you all for being here. You have questions? I  
25 guess, to me, the first question I would ask is to

2 HSC. I know you guys have been doing a lot of  
3 surveying with your members, and could you talk to us  
4 a little bit about, like, how much is owed to the  
5 collective of your members and also just even around  
6 some of the indirect costs? I know that's like a huge  
7 issue. Can you talk a little bit about what-- like,  
8 what that loss has been around the indirect? I know  
9 you mentioned it a little bit in your testimony.

10 MICHELLE JACKSON: Yeah, absolutely.

11 Thank you for that. So we did a survey, not of our  
12 full membership, but the ones who responded were owed  
13 \$582 million as of about three weeks ago, a month  
14 ago, and obviously the Comptroller has better data,  
15 because everyone fills it out and also our non-  
16 members. So that's, you know, the \$582 million is  
17 just for my membership. And then when it comes-- you  
18 know, I think the indirect is a good example of like  
19 why they problem is the worst it's ever been, it's  
20 that we're not just seeing late contract  
21 registration, we're also seeing the slow invoices and  
22 all these budget modifications that are stacking up,  
23 and indirect is certainly kind of the worst offender  
24 in that area. Providers every three years have to  
25 get an approved indirect cost rate, and every year

2 it's retroactively put into their budget which makes  
3 no sense when it should just be incorporated into  
4 their budgets, you know, after they have an approved  
5 rate. So, they have to submit a budget modification.  
6 Once you submit a budget modification, you can't  
7 submit another and you have to wait for it to get  
8 approved, and so these budget modifications stack up  
9 on top of each other, and we've seen particularly in  
10 DFTA, and I know Live On and others will testify with  
11 much more detail than I will, some of the providers  
12 are owed literally from FY21 when the initiative was  
13 created. They have not been paid indirect, and so  
14 they don't know if they're ever going to see that  
15 money at this point honestly, and so that's where  
16 some of the accruals come from. They don't know--  
17 you know, and then they have accruals, and that means  
18 they actually get less indirect, because it's a  
19 percentage of the budget that you spend, and so it's  
20 a full mess. Your face says it all, and so-- but you  
21 know, some of our organizations end up being owed a  
22 million or two million dollars just on indirect that  
23 they're not sure-- there's no guarantee that they're  
24 going to paid for it. We haven't heard from-- you  
25 know, we know there's a directive out about it which

2 is great, but we're not seeing the city agencies  
3 really step up and pay that and clear that backlog.

4 CHAIRPERSON STEVENS: Thank you. Greg  
5 Rideout, I just have a question even around some of  
6 the loan stuff that was, like, kind of talked about  
7 today, and I know your agency specifically has had  
8 like some challenges, and I know we talked  
9 extensively about the amount of interest that your  
10 agency has had to pay on it and where it's left you  
11 guys. So, could you talk a little bit about that  
12 experience?

13 GREG RIDEOUT: Sure. It is exceedingly  
14 frustrating to hear that cited over and over and over  
15 again as the solution. I mean, it's fairly comparable  
16 to the idea of releasing as much advance as is  
17 proposed for fiscal year 26 when it requires  
18 contracts to be registered and we all know how long  
19 that takes. But the fund is-- while it is interest-  
20 free, it is not easy to complete the forms. And so  
21 while I'm not surprised to hear the numbers that were  
22 cited earlier today in terms of how much money has  
23 been distributed or how many applications have been  
24 made, I don't think it is an issue that agencies are  
25 not aware of it, because every city agency when you

2 go to them and you ask them for help in getting  
3 contracts registered or invoices approved, budgets  
4 approved, they will tell you to go and apply to Fund  
5 for the City of New York. They see it as the  
6 solution. But you have to put in a grave amount of  
7 detail in terms of expenses already incurred, and  
8 there are a number of different categories, budget  
9 categories that are not included, including indirect.

10 KRISTIN MILLER: Chair Stevens, if I may?

11 We did a sample survey and just 12 of my members  
12 about six weeks ago were owed \$170 million by DHS,  
13 and I have a number of members who have paid over in  
14 interest on lines of credit in just one year.

15 CHAIRPERSON STEVENS: And so obviously  
16 agencies do know about the Fund for New York and this  
17 loan, although that was stated that a lot of  
18 organizations probably don't know, because you guys  
19 are also seeking not only from there, but from other  
20 places which is also acquiring the interest. And I  
21 know my colleague has a bill, Justin Brannan, around  
22 like the City should have to pay the interest if  
23 that's happening and that's another one, you know,  
24 another good bill as well. I don't have any more  
25 questions. Do you have any questions for this one?

2 Well, thank you guys all for testifying today and we  
3 appreciate the work that you continuously do.

4 CHAIRPERSON WON: Thank you. Our next  
5 panel is Jody Rudin, Tierra Labrada, Gregory Morales  
6 [sp?], Lauren Siciliano, Hailey Nolasco, Terry Troia,  
7 Greg Morals [sic], Morris.

8 REVERENED TERRY TROIA: Good afternoon  
9 and thank you, Chair Won and Chair Stevens. My name  
10 is Reverend Terry Troia. I'm the President and CEO of  
11 Project Hospitality in Staten Island. In September  
12 of 2022 we took on two new family shelters on Staten  
13 Island, and after an initial advance of two months in  
14 each shelter, we saw no additional funding until a  
15 few months ago. We went more than two and a half  
16 years with any funding to manage those two shelters.  
17 We carried those shelters and an additional family  
18 shelter for nearly two years without reimbursement.  
19 In May of 2024, New York City owed us \$16.2 million  
20 for services rendered, and I know that that's peanuts  
21 compared to the numbers that you've just heard. I met  
22 with former Deputy Mayor Williams-Isom who directed  
23 us to meet ongoing with Mr. Vincent Pullo of the  
24 Department of Social Services. He's the CFO there.  
25 These meetings have been ongoing weekly since May 1<sup>st</sup>

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 184  
2 of 2024. Mr. Pullo has been incredibly gracious and  
3 his staff incredibly helpful, and nine months later  
4 we are now owed only \$4.5 million, but that was last  
5 week, and then it went up to \$11.5 million, and it  
6 goes up and down. We are grateful for the  
7 intervention of both the former Deputy Mayor and Mr.  
8 Pullo, but the impact of living through more than two  
9 years of very late payments and no payments at all,  
10 particularly for the new family shelters we opened on  
11 Staten Island, have had a profound effect on our  
12 agency. We can't pay our bills. We have huge bills  
13 and our budget is about \$50 million, and most of that  
14 is city contract dollars. We've taken a new \$7  
15 million in a line of credit. We've applied for a \$10  
16 million line of credit to follow the \$7 million line  
17 of credit. We spent \$50,000 in loan interest and  
18 FY2024 and we expect to pay a minimum of \$100,000  
19 just by the end of June of this year. We haven't paid  
20 our contracted security force for our 24-hour drop-in  
21 center by the Staten Island ferry for more than two  
22 years. What happens? And then you want them to bid,  
23 the lowest bid on the contract in order to get the  
24 contract again. What happens when we can't pay  
25 payroll, and how much more loan money can we take

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 185

2 out before we're denied a loan and then what happens?

3 We need the City Council to do a comprehensive  
4 analysis of the situation of late payments and for  
5 the City Council to implement legislation to correct  
6 the late payment situation and take on the  
7 responsibility of paying interest rates--

8 CHAIRPERSON STEVENS: [interposing] 10  
9 seconds. Please wrap it up. Thank you.

10 REVEREND TERRY TROIA: for these loans  
11 that we nonprofits have to bear to keep our doors  
12 open. Thank you.

13 JODY RUDIN: Good afternoon, Chair Won  
14 and Chair Steens. Thank you for the opportunity to  
15 testify and thank you for your leadership and  
16 attention on this matter. I'm Jody Rudin. I'm the  
17 President and CEO of an organization called the  
18 Institute for Community Living, or ICL. We're a  
19 nonprofit that supports 13,000 New Yorkers each year  
20 across 140 programs providing housing, healthcare and  
21 recovery services. I want to express ICL's support  
22 for the legislative package under consideration  
23 today. We need cash. We need accountability, and  
24 we're grateful for your leadership. The City  
25 currently owes ICL \$30 million for services we've

2 already delivered, including housing, treatment, job  
3 support, and more. Like many nonprofits in this  
4 city, we spend an inordinate amount of time managing  
5 cash flow, because the City is late paying us. It's  
6 not just an administrative burden, it is an  
7 existential threat. At times we've been peril of  
8 missing payroll. We've had to take out loans to  
9 cover basic operating costs, effectively acting as a  
10 bank for the City of New York. I do want to say that  
11 while the system has been broken for too long, I want  
12 to acknowledge that ICL has seen good progress and  
13 good faith efforts from our partners and agencies in  
14 recent months. We were at \$60 million outstanding  
15 three months ago. Now we're at \$30 million. I want  
16 to give credit where it's due. I also feel a little  
17 bit vulnerable disclosing this, because I'm worried  
18 if there's a sense of progress the City will move on  
19 and perhaps focus on nonprofits in more dire shape,  
20 and we can't continue to have \$30 million in  
21 receivables. Nonprofits like ICL, as you know, the  
22 backbone of the City safety net, and it's time for a  
23 contracting system that supports us, too. Thanks  
24 again for the opportunity and your leadership.

2 TIERRA LABRADA: Exactly two minutes.

3 That was fantastic. Alright, let me see if I can do  
4 this. Thank you, Chair Stevens. Thank you, Chair  
5 Won. Thank you for this hearing today and I really  
6 do appreciate your leadership. My name is Tierra  
7 Labrada and I'm the Director of Policy and Advocacy  
8 at the Supportive Housing Network of New York. We're  
9 a nonprofit membership organization representing the  
10 developers, owners and operators of supportive  
11 housing, collectively operating about 62,000 units  
12 across the City. I'm not going to preach to the choir  
13 here, but I'm going to read from my testimony. As  
14 you know, supportive housing providers routinely  
15 began delivering services and housing tenants before  
16 contracts are registered or payments are received.  
17 While we do recognize the administration's progress  
18 in clearing some of the backlogs and the announcement  
19 about advances, the underlying structural issues do  
20 remain. At this time, just five of our members are  
21 collectively owed about \$318 million, \$165 million of  
22 that from previous fiscal years. Jody is one of  
23 those. That's not even including Reverend Troia's  
24 over here. One of our members are reported \$4  
25 million in delayed payments on a contract of-- on a

2 budget, an organizational budget of \$18 million. In  
3 other words, 22 percent of their entire budget is  
4 outstanding. With that, we do support the legislation  
5 under consideration today, and again, thank you for  
6 your thoughtful approach. We also strongly support  
7 increasing the budget for the returnable grant fund  
8 and including the ICR in that. Supportive housing  
9 providers are unique in that their contracts can  
10 expand across various agencies, and the discrepancies  
11 between each agency's contracting and invoicing  
12 process is cumbersome and confusing. I was very  
13 pleased to hear about the rollout of some updates to  
14 Passport including a dashboard that tells you where  
15 your invoices are in the process. I think that's  
16 going to be great. A couple of other recommendations  
17 that we have is like simplifying the data entry  
18 process by creating auto populated fields in  
19 Passport, streamlining again the contract and  
20 approval process across agencies, and I know that's  
21 something that this legislation is going to support,  
22 and there's like-- this is very nuanced, but like  
23 blocking errors that our members are always talking  
24 about. And so, creating some sort of database that  
25 allows for providers to understand why they are not

2 able to submit their invoices in Passport. Thank you  
3 so much. Look at that, I got seven seconds left.

4 LAUREN SICILIANO: Good afternoon, Chair  
5 Won and Chair Stevens. My name is Lauren Siciliano  
6 and I'm the Chief Operating Officer of the Legal Aid  
7 Society. I'm here today on behalf of a coalition of  
8 legal services providers whose work benefits millions  
9 of New Yorkers each year. We defend people against  
10 incarceration, deportation and eviction, and are a  
11 lifeline to New Yorkers in need. We're grateful for  
12 the package of legislation introduced by the Council  
13 to address the contracting and payment issues, and  
14 greatly appreciate the Council's focus on tracking  
15 procurement and registration timelines. We certainly  
16 believe this is an imperative step, but we also  
17 believe that additional steps must be taken to  
18 address the issues that cause delays after  
19 registration, and I want to highlight just a couple.  
20 The first is budget approval. Just to take one  
21 example from Fiscal Year 25. Despite timely  
22 registration of our housing contracts, our coalition  
23 only started receiving budget approvals in late  
24 January. That meant that more than seven months into  
25 the year we were still not able to submit invoices

2 for payment. After months of advocacy alongside with  
3 providers who were at risk of not making payroll or  
4 had to take out high-interest loans, we were  
5 ultimately able to secure additional advances, and  
6 working with Director Sedillo and others we were able  
7 to start receiving payment after these delays. The  
8 second issue that I'd like to highlight is invoice  
9 review. There's been a lot of discussion on that  
10 today, so I'll just echo that when submitting  
11 invoices or budget modifications we face an  
12 incredibly onerous and ever-changing process that  
13 varies from agency to agency and these delays have an  
14 enormous impact on cash flow as well. The last issue  
15 I'll highlight is that payments to nonprofits are  
16 often delayed when funding is confirmed late. There  
17 was some discussion on this around the indirect cost  
18 rate. So just to highlight, the rate is confirmed  
19 through the MOCS application process, but the exact  
20 dollar value is often confirmed very late in the  
21 fiscal year or even sometimes after which makes it  
22 very difficult to access that funding. I just want to  
23 thank the Council for your leadership on these issues  
24 and urge you to consider causes of delays after  
25 registration.

2 HAILEY NOLASCO: Good afternoon, Chair  
3 Stevens and Won. My name is Hailey Nolasco and I'm  
4 the Senior Director of Government Relations at the  
5 Center for Justice Innovation. Thank you so much for  
6 the opportunity to testify today. Nonprofit and  
7 human services organizations are the backbone of our  
8 city with 13,000 nonprofits contributing nearly \$78  
9 billion annually to the local economy and employing  
10 nearly one in five New Yorkers, most of whom are  
11 women and people of color. This sector not only  
12 empowers our economy, but also advances equity in  
13 communities too often left behind. In the Bronx  
14 alone, over a third of residents work in nonprofits.  
15 These workers keep our hospitals, schools, courts,  
16 and family services running, forming the heart of our  
17 social safety net. Yet, we're in crisis. According  
18 to the Human Services Council which I believe just  
19 testified earlier, 68 nonprofits with over a thousand  
20 city contracts are owed \$385 million due to delayed  
21 payments. Nearly half have had to take out loans  
22 totaling over \$87 million, accruing to \$6 million in  
23 interest, money that could have been going to serve  
24 our communities in need and not banks. The Center  
25 for Justice Innovation is no exception to that. We

2 are currently waiting on approximately \$38 million  
3 from the City. That's money already spent on grants  
4 to local businesses, youth stipends, case management  
5 for thousands of-- for thousands in supervised  
6 released and diversion programs and violence  
7 intervention and prevention services. In 2022, we  
8 paid \$400,000 in interest alone, significant funds  
9 that again could have gone directly to our  
10 communities. At a time when critical funding is also  
11 at risk, we must resolve the City issue of delayed  
12 payments. Nonprofits need timely reimbursement to  
13 fulfill our mission. Delays force cuts, stress  
14 staff, and compromise care for those who need it the  
15 most. Thank you both so much for your leadership in  
16 addressing this important issue. Thank you.

17 GREG MORRIS: Thank you very much for  
18 making this time. My name is Greg Morris. I'm the CEO  
19 of the New York City Employment and Training  
20 Coalition. I'm going to defer to members of the  
21 coalition on what has become an agonizing effort for  
22 them to support workforce development and workforce  
23 development providers given the City's broken  
24 contracting system. Instead, I'm going to pivot to  
25 some open-ended questions from this hearing that you

2 have either asked directly, teed [sic] up, or I think  
3 we're all wondering about which goes like this: The  
4 city's announcement of unprecedented advance payments  
5 raises a simple question. Why now? And more  
6 importantly, once the money has been recouped, will  
7 nonprofits still be trapped in a contracting maze  
8 that is supposed to enable the public good, but has  
9 instead become one of the greatest barriers to it?  
10 Why is the process for compensating essential work so  
11 slow, opaque and punitive? Are there enough staff in  
12 place to make it less slow, opaque and punitive?  
13 Have we invested enough in the technology, digital  
14 platforms, increased the speed, transparency, and  
15 accuracy of the systems that can make contracting  
16 less slow, opaque and punitive? Who's responsible  
17 for improving performance at the end of the day, and  
18 who does that person report to? And is that  
19 contracting crisis at the top of that person's  
20 agenda? For how long will it be at the top of the  
21 agenda? Are those people going to be in those  
22 positions for very long enough to fix the particular  
23 problems we're talking about? Is the City's  
24 nonprofit contracting failure by design? And if so,  
25 what does that say about what we value in our city?

2 What does that say about who we value? Don't we  
3 value public safety? If so, do we tell Police  
4 Departments to wait for backpay? And why isn't there  
5 the same emergency for hiring social workers and  
6 childcare workers as there is for hiring police  
7 officers? Is this a matter of perception? Why do we  
8 fail to appreciate the full value that nonprofits  
9 provide? Do we falsely assume that some aspect of  
10 city life is untouched by nonprofit services? Do we  
11 fail to respect nonprofits because the sector is  
12 predominantly staffed by Black and Brown women whose  
13 labor is chronically and historically undervalued?  
14 Now, how do we feel about that? Do we understand  
15 that nonprofits are not optional accessories? Do we  
16 see them as connective tissue between public systems  
17 and private markets? Do we understand that there are  
18 essential businesses, not charitable add-ons? Can we  
19 choose not to act incrementally or symbolically, but  
20 instead strategically and structurally, stabilizing  
21 an advanced sector that commits \$80 billion a year to  
22 New York City's economy, nearly 10 percent of its  
23 GDP. If we continue to sideline and stifle  
24 organizations that hold communities together, aren't  
25 we further fueling the collapse of public trust,

2 deepening inequities and destabilizing the City  
3 itself? Can we see us begging-- can we be seen as  
4 building, not begging? Can we be seen as essential  
5 economic engines? Can the city afford to fund and  
6 fix systems failing our nonprofits? Can it afford  
7 not to? We support your legislation while we work  
8 towards answering those questions.

9 CHAIRPERSON STEVENS: Well, thank you  
10 very much. I think those are some great questions,  
11 and the beautiful thing is, the Executive Director  
12 has stayed behind. Give a shout out to him, because  
13 they typically don't stay. You should give him those  
14 questions so he can get back to us. But thank you so  
15 much.

16 UNIDENTIFIED: I didn't even notice.

17 CHAIRPERSON STEVENS: No, he's here.  
18 He's here. Shout out to him. He said I'm going to  
19 stay and listen.

20 CHAIRPERSON WON: I didn't even see him.  
21 Thank you so much.

22 CHAIRPERSON STEVENS: Yeah, thank you.

23 CHAIRPERSON WON: Okay. You have  
24 questions?  
25

2 CHAIRPERSON STEVENS: I did, but they  
3 already leaving.

4 CHAIRPERSON WON: Okay. Our next panel  
5 is going to be Faith Behum, Molly Eckerly, Sophia  
6 Cohensmith, Rachael Gazdick, Joseph Rosenberg, and  
7 William Jourdain.

8 FAITH BEHUM: Thank you, Chairpersons  
9 Won, Stevens, and members of the Committees on  
10 Contracts and Children and Youth, for holding this  
11 oversight hearing and for the opportunity to submit  
12 testimony. My name is Faith Behum. I'm the manager  
13 of Government and External Relations at UJA  
14 Federation of New York. Established more than 100  
15 years ago, UJA Federation is one of the nation's  
16 largest local philanthropies. Centrally UJA's  
17 mission is to care for those in need, identifying and  
18 meeting the needs of New Yorkers of all backgrounds  
19 and Jews everywhere. UJA supports and expansive  
20 network of nearly 100 nonprofit organizations serving  
21 the most vulnerable and allocates of \$185 million  
22 annually to address the needs of communities across  
23 New York City, Westchester and Long Island. UJA's  
24 nonprofit partners host some of the largest social  
25 services programs in the City, including but not

2 limited to Summer Youth Employment Programs, Summer  
3 Rising programs, kosher food pantries, supports for  
4 Holocaust survivors, and older adult centers.

5 Nonprofits in UJA's networks have experienced delayed  
6 payments from several city agencies, including New  
7 York City Public Schools and the Department of Youth  
8 and Community Development. Recently, DYCD has been  
9 the worst offender, struggling to register contracts  
10 and approve budgets and invoices, resulting in  
11 delayed payments and nonprofits. A very small  
12 sampling, but recently I was told by one agency they  
13 stated as of late April 2025, their DYCD Fiscal Year  
14 25 discretionary contracts which amount to over \$1.4  
15 million are either partially registered or not  
16 officially registered. Another agency is owed over a  
17 million dollars from DYCD between unpaid invoices  
18 from Fiscal Year 2024 and 2025, stating DYCD's  
19 process for approving budgets and invoices takes too  
20 long to complete. Nonprofits have also struggled to  
21 benefit from the indirect cost rate funding. In  
22 January 2025 nonprofits were asked to begin gathering  
23 information needed to receive the ICR in Fiscal Year  
24 2026. Meanwhile, they still did not receive the  
25 funding for the ICR from Fiscal Year 23 through 25.

2 We thank the members of the City Council for  
3 recognizing how late payments impact human service  
4 providers and the programs they offer their  
5 communities.

6 RACHEL GAZDICK: Thank you to the Chair  
7 and members of the Committee for your-- for  
8 championing these bills and for your longstanding  
9 support of New York Edge. I'm Rachel Gazdick, the CEO  
10 of New York Edge. We serve 33,000 student and 136  
11 schools throughout all five boroughs of New York. We  
12 have four Beacon Centers, 21 community schools, and  
13 four food pantries. Just to give the panel a sense,  
14 our line of credit before the Passport  
15 implementation, our interest would run about \$70,000  
16 a year. It's now at \$1.1 million and continues to  
17 grow and we have maxed out our line of credit and  
18 have had to meet with the banks around whether  
19 they'll continue the line. This is a very serious  
20 issue. I have a expansive staff probably unlike  
21 smaller not-for-profits. I have nine people that can  
22 process this in our finance department, but with  
23 three fiscal years open-- so, if we're going to give  
24 the City 20 people, I need somebody to give me 20  
25 people, because I have about 10 that can handle a

2 year's worth of work, not three years. And every  
3 time we have to-- and DYCD has been great in working  
4 with us and the City as well, but the volume and our  
5 staff continuously having to shift their priorities  
6 back and forth because the system can only handle one  
7 thing at a time. When contract amendments go in, it  
8 moves and rejects all the pending budget mods, and it  
9 creates a freeze on invoicing, and we go through this  
10 constantly. So, it's not unlike what anyone else has  
11 said today, but it is crucial that these issues are  
12 addressed immediately so we can continue. And we  
13 also provide Summer Rising, about 15,000 kids in  
14 Summer Rising, and that's becoming increasingly  
15 challenging. Thank you.

16 WILLIAM JOURDAIN: Good afternoon, Co-  
17 Chairs Won, and Stevens, I guess, walked out for a  
18 little bit. To our city officials who stuck around--  
19 my name is William Jourdain and I have the honor and  
20 blessing to serve as Executive Director of Woodside  
21 on the Move, a grassroots nonprofit serving western  
22 Queens for nearly 50 years. We provide critical  
23 services and youth development, housing advocacy,  
24 economic empowerment and cultural programming. We're  
25 also a proud member of the Stabilizing NYC Coalition,

2 working to protect affordable housing and empower  
3 tenants across the City. We meet and often exceed  
4 our contractual obligations. We deliver, but the City  
5 doesn't. for example, we're still owed roughly \$1  
6 million from HPD, and that's just one city agency,  
7 and we're unable to fully process FY23 deliverables  
8 due to delays in documentation from HPD which  
9 highlights the complete bureaucratic maze. This  
10 isn't just frustrating, it's destabilizing. We've  
11 applied for RGF loans just to stay afloat, but that  
12 process is another bureaucratic maze. First the  
13 agency, then MOCS, costing us time and capacity we  
14 can't afford to lose. Discretionary contracts are  
15 even worse. They're rarely processed within the  
16 fiscal year and there are no advances. We're forced  
17 to start services without funding, effectively  
18 floating the City's obligations with nonprofit  
19 dollars. Let's be honest, if we were a year late  
20 submitting deliverables, our contracts would be  
21 cancelled. When the City is a year late on payments,  
22 nothing happens, no accountability, no urgency. This  
23 is not a bookkeeping problem. It's a public  
24 accountability failure. Late payments jeopardize  
25 programs, delay hiring and weaken the very

2 infrastructure of our communities. We urge the  
3 Council to pass Intro 1247, 1248, and 1249. These  
4 bills set real deadlines for registration and  
5 payments, increase transparency, and begin restoring  
6 trust between the City and its nonprofit partners.

7 Thank you.

8                   SOPHIA COHENSMITH: Good afternoon, Chair  
9 Won. My name is Sophia Cohensmith and I'm honored to  
10 serve as the Senior Development Manager for PowerPlay  
11 NYC. On behalf of our executive team, I want to  
12 express our sincere gratitude for your leadership and  
13 continued support of youth-serving organizations  
14 across the City. For 27 years, PowerPlay has remained  
15 steadfast in our mission to empower girls, primarily  
16 young women of color from under-resourced  
17 communities, through sports-based youth development.  
18 Every year we serve over a thousand youth across all  
19 five boroughs of New York City, helping them grow  
20 stronger physically, emotionally, and academically.  
21 Our programs are completely free, offered in  
22 partnership with Title I schools and community-based  
23 organizations and serve as lifelines for many young  
24 people who would otherwise have no access to safe  
25 spaces for physical activity, mentorship or

2 leadership development. Today, I urge the City  
3 Council for support in ensuring timely payments to  
4 human service providers like ourselves. The  
5 continued pattern of delayed reimbursements from city  
6 contracts places immense strain on organizations that  
7 are already navigating an increasingly hostile fiscal  
8 landscape, particularly those like PowerPlay whose  
9 work centers on equity and inclusion. As you know,  
10 the national backlash against diversity, equity and  
11 inclusion, or DEI, efforts has intensified, and with  
12 it, funding opportunities for community-based  
13 organizations advancing racial and gender equity are  
14 rapidly shrinking. Compounded with delays in  
15 payments to human service providers such as  
16 ourselves, we are expected to do more with less, less  
17 funding, less flexibility, and less time while still  
18 meeting the deepening needs of the communities we  
19 serve. In this climate, delayed payments from public  
20 agencies are not just inconvenient, they are  
21 existential threats. What's at stake is cash flow  
22 crises. Delayed payments disrupt our ability to  
23 maintain programming, rent safe place spaces, pay  
24 staff, and fulfill contractual obligations, talent  
25 recognition. The inconsistent cash flow jeopardizes

2 staff morale and retention as well as service  
3 disruptions, delays risk force [sic] and cancellation  
4 of high-impact programs for girls and young women who  
5 rely on our services for physical activity,  
6 mentorship and leadership development. It is  
7 critical that the City honors its commitments by  
8 releasing payments on time so that organizations like  
9 PowerPlay can remain focused on what we do best,  
10 serving communities. Thank you for the opportunity  
11 to testify today.

12 MOLLY ECKERLY: good afternoon, Chair  
13 Won, Chair Stevens. Thank you for holding this  
14 hearing today and your continued leadership on this  
15 issue. My name is Molly Eckerly and I'm a Policy  
16 Associate at the Metropolitan Council on Jewish  
17 Poverty. Met Council is the country's largest Jewish  
18 charity dedicated to fighting poverty, providing a  
19 wide array of support to over 320,000 New Yorkers  
20 annually regardless of religious observance. Met  
21 Council's capacity to provide support services to  
22 hundreds of thousands of New Yorkers every year is  
23 directly tied to funding from city contracts. An  
24 immense burden is placed on the organization when  
25 contract registration is delayed and when contracts

2 are not paid in a timely manner. Particularly in the  
3 face of recent and looming federal funding cuts, it's  
4 essential that the City act and minimize late  
5 payments to nonprofit organizations. Without timely  
6 payments from the City, organizations are put in a  
7 position to begin spending money on services before  
8 they receive funds. Met Council provides essential  
9 services to New Yorkers in all five boroughs every  
10 day, and any delay in service dramatically impacts  
11 the health and wellbeing of vulnerable New Yorkers.  
12 The Mayor's commitment to dramatically increase  
13 advanced payments to nonprofits is encouraging and  
14 definitive step in the right direction to ensure that  
15 nonprofits can provide the services New Yorkers need.  
16 Additionally, we want to thank Speaker Adams and  
17 Chair Brannan and the Council for your continued  
18 efforts to support New York City's nonprofits. The  
19 three proposals under consideration today have the  
20 potential to significantly reduce the burdens  
21 currently faced by Met Council and other nonprofits  
22 with city contracts. These changes working together  
23 could make a real change to the financial stability  
24 of New York City's nonprofit sector. Nonprofits have  
25 shouldered the challenges of retroactive contract

2 registration and delayed city payments for decades.

3 This issue is now more urgent than ever before. The

4 Federal Government is making sweeping cuts to the

5 social safety net and eliminating supports for low-

6 income Americans. Met Council and other nonprofits

7 are facing unprecedented funding cuts, and for Met

8 Council alone millions of dollars in federal funding

9 have already been frozen, cut or under threat. In

10 this time of immense uncertainty, the role of the

11 City is vital and prompt and reliable payments are

12 not just helpful, they're essential to sustaining the

13 services New Yorkers rely on every day. We thank you

14 for your time today, and we hope to continue to work

15 with this committee and City Council to meet the

16 needs of all New Yorkers.

17 JOE ROSENBERG: Good afternoon, Chair

18 Won. I'm Joe Rosenberg, Director of the Catholic

19 Community Relations Council representing the

20 archdiocese of New York and the diocese of Brooklyn

21 and Queens. Thank you for your long-term support of

22 nonprofit human service providers and our need for

23 contract reform. For over a century, Catholic

24 Charities of both dioceses have served the basic

25 needs of New Yorkers of every day of every year.

2 There are food pantries for those who are hungry,  
3 housing for the homeless and the elderly. Support  
4 services and legal representation are provided for  
5 refugees, immigrants and unaccompanied minors who  
6 have fled the violence of their home countries. Youth  
7 programs deliver early childhood support, school  
8 dropout prevention, and vocational training. At  
9 times we must be reminded that there is not just a  
10 public sector and a private sector that serve our  
11 city. There's also a nonprofit sector, one that is  
12 often the first responder to natural, economic, and  
13 even political crises. Right now, all nonprofit human  
14 service providers are in a critical situation. As  
15 federal programs serving vulnerable Americans are  
16 being eliminated or severely cut, the need for our  
17 services have never been greater. The challenges we  
18 face have rarely been more threatening or extreme.  
19 The continuing and longstanding obstacles that all  
20 nonprofit providers confront in our city is the lack  
21 of prompt payment when awarded service contracts.  
22 With unprecedented federal budget cuts targeted at  
23 the nonprofit sector, it is crucial that the city  
24 expedite all contract payments. Without such reform,  
25 New Yorkers will encounter difficulties obtaining the

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2 services they need while providers will continue to  
3 face precarious financial situations. No  
4 justification exists for awarded monies to be delayed  
5 for months and even years from being delivered to  
6 nonprofits. We support all three bills that are on  
7 today's agenda, especially Intro 1247 which would  
8 require immediate payment to a nonprofit provider of  
9 80 percent of an awarded contract following the  
10 contract's registration by the Comptroller. This  
11 reform would provide nonprofits with a greater  
12 percentage of funds earlier in the procurement  
13 process and would be invaluable in assisting our  
14 clients. Thank you.

15 CHAIRPERSON WON: Thank you so much. Our  
16 next panel is Lauren Schuster, Cristina Abbattista,  
17 Doctor Roderick Jones, Catherine Trapani, Chris Mann,  
18 and Christopher Walters. Oh, Christopher Walter.  
19 Thank you.

20 CATHERINE TRAPANI: good afternoon.  
21 Thank you so much for your leadership and frankly for  
22 your patience on a very long hearing. My name is  
23 Catherine Trapani. I am the Assistant Vice President  
24 for Public Policy at Volunteers of America Greater  
25 New York. I've submitted much lengthier testimony

2 for the record, but for the sake of brevity I'm just  
3 going to give you the highlights, or in our case  
4 perhaps the lowlights. We are owed \$32 million by the  
5 City of New York, and payments for services already  
6 rendered for services such as supportive housing,  
7 shelter and economic empowerment services. We have  
8 spent last year \$1 million on our line of credit and  
9 are projected to spend \$1.5 million in Fiscal 25. The  
10 fiscal strain has become untenable and it has already  
11 impacted our ability to provide high-quality  
12 services. We've delayed the opening of one shelter,  
13 returned the contract for two more, and we still have  
14 not been able to give our staff much needed increases  
15 that were promised for them under them the COLA  
16 initiative. It's really unconscionable. The  
17 following actions are needed immediately to preserve  
18 the sector and frankly our survival. We need a huge  
19 infusion of cash in that returnable loan fund. Our  
20 estimate is \$500 million. The fact that \$30 million  
21 was characterized as healthy to me is offensive when  
22 I alone am owed \$32 million, and the fact that the  
23 fund is underutilized is really not because there's  
24 not a need, but because we've submitted over 40  
25 applications, six of which have been approved. So

2 the process is slow. It is limited and it is very  
3 challenging, and that's why we're forced to rely on  
4 private loans. We also need to ensure that every  
5 outstanding budget amendment for the current and  
6 prior fiscal years is immediately cleared.

7 Everything for FY26 is due tomorrow, and so we want  
8 to make sure that our budgets for FY26 are started  
9 with the true cost of doing business. We also applaud  
10 the committee's efforts to get additional staffing  
11 for MOCS, DSS, DHS, DOHMH so that they have the  
12 infrastructure to do all of the good work. Finally, I  
13 just want to express my support for the legislative  
14 solutions and believe that an 80 percent advance  
15 would go a huge long way to repairing these issues in  
16 the future. Thank you very much.

17 LAUREN SCHUSTER: Good afternoon and  
18 thank you. My name is Lauren Schuster. I'm the Vice  
19 President of Government Affairs at Urban Resource  
20 Institute. Thank you, Chair Won and to the staff,  
21 for this very long day and for holding this hearing.  
22 It signals your recognition of the impact that late  
23 payments in contracting have on our agencies and the  
24 people who we serve. It also signals your continued  
25 partnership on this issue for which we are truly

2 grateful. URI is the largest provider of domestic  
3 violence shelter services in the country. We're also  
4 a leading provider of transitional housing to  
5 families experiencing homelessness. Today, we are  
6 currently owed more than \$20 million from the New  
7 York City Department of Social Services. That means  
8 combined, Catherine and my organization, are owed \$52  
9 million from the City. Our funding is-- our  
10 receivables are dated as far back to fiscal year  
11 2023. Working closely with DSS we've made progress  
12 and received payment on some of these outstanding  
13 invoices. We're grateful for that, but we need to be  
14 made whole to ensure-- and to ensure that we don't  
15 get this backed up again. Payment delays of this  
16 magnitude create significant cash flow issues. We  
17 recently pulled a line of credit that cost us \$38,000  
18 in interest. This is money that we will never get  
19 back. It is money that we will never be able to use  
20 to support our residents, our participants, or our  
21 staff. URI supports Intro 1247, 48 and 49. Taken  
22 together, these bills will help accelerate the future  
23 payments and create accountability among agency  
24 staff. It's also critical that these agencies have  
25 the resources that they need in terms of training and

2 headcount to get this done. We are grateful for your  
3 partnership and look forward to continuing to work  
4 together to address these issues. Thank you.

5           CHRIS MANN: Good afternoon, Chairs Won  
6 and Stevens. Thank you for the opportunity to  
7 testify. My name is Chris Mann. I'm the AVP of  
8 Policy and Advocacy at WIN, the largest provider of  
9 shelter and supportive housing for families with  
10 children in New York City. Every night, nearly 7,000  
11 people, including 3,800 call WIN home across our 16  
12 shelters and nearly 500 units of permanent supportive  
13 housing. But we, like many providers, are being  
14 destabilized by chronic delays in city payments.  
15 WIN's currently owed \$4.5 million in back payments  
16 from the City. Sad to say that that's one of the  
17 lower numbers at this table. On average, it takes at  
18 least six months for our contracts to get registered.  
19 We're forced to open sites and house clients months  
20 before any payments are issued. We've lost key  
21 contractors including those repairing essential  
22 infrastructure such as plumbing, elevators, because  
23 we were waiting on funds from the City to pay them.  
24 When the City doesn't pay us, it's not just a budget  
25 issue. It delays critical repairs, hampers services

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 212  
2 and significantly erodes quality of life for families  
3 that call WIN home. That's why we strongly support  
4 Intros 1247, 1248, and 1249. You know, providing 80  
5 percent of contract value up front after registration  
6 would go a long way to resolving some of these  
7 issues. 1248, which creates a centralized Department  
8 of Contract Services to simply and standardize  
9 contracting processes across agencies. 1249 requires  
10 agencies to submit annual reports and corrective  
11 actions. Again, all of these would go a long way  
12 towards helping resolve some of these issues. New  
13 York's nonprofit sector is holding up the safety net,  
14 but the procurement system is breaking us. These  
15 reforms are necessary, overdue and meaningful steps  
16 towards fixing this broken system. Thank you.

17           CRISTINA ABBATTISTA: Good afternoon,  
18 Chair Won, Chair Stevens and members of the  
19 committees. My name is Cristi Abbattista and I'm the  
20 Policy Analyst at Urban Pathways, a nonprofit  
21 homeless services and supportive housing provider  
22 serving over 2,500 single adults annually. Thank you  
23 for the opportunity to testify today. We appreciate  
24 the Council's understanding of the detrimental effect  
25 that compounding late contracting issues has on human

1 COMMITTEE ON CONTRACTS WITH COMMITTEE ON CHILDREN AND YOUTH 213  
2 services providers and the communities we serve. The  
3 backlog initiative created meaningful reforms to  
4 address the procurement challenges faced by  
5 nonprofits. However, there continue to be months of  
6 catch-up needed in the contracting process in getting  
7 reimbursements for services provided. The lack of  
8 timeliness in payments threatens the sustainability  
9 of our programs and organization. It makes it  
10 difficult to pay staff, vendors, and run programs for  
11 the people we serve. Currently, Urban Pathways is  
12 owed almost \$1.5 million by DHS, which contracts our  
13 Drop-in Center, Safe Havens, and stabilization beds,  
14 and around \$2 million by DOHMH which contracts our  
15 permanent supportive housing. The City must hold each  
16 agency accountable to pay invoices on time and clear  
17 the backlog of contracting actions. To create a fair  
18 and transparent contracting system, the Council must  
19 stand with the human services sector by passing the  
20 following bill package. Intro 1247 requires the City  
21 to immediately release 80 percent of contract funds  
22 upon registration. Timely access to these funds  
23 ensures we can meet ongoing program needs and  
24 continue supporting the most vulnerable New Yorkers  
25 without interruption. Intro 1249 requiring agency

2 corrective action plans for retroactive contract  
3 registration. Human services providers should not be  
4 penalized for delays that are entirely out of our  
5 control. Intro 1248, create a Department of contract  
6 services to oversee contracting and ensure consistent  
7 policies across agencies. A centralized office would  
8 reduce bureaucratic redundancies by streamlining  
9 agency payment practices. Thank you for your time,  
10 and there's more details in my written testimony.

11 CHRIS WALTER: Thank you to the Chairs  
12 and to the Council. I appreciate your leadership on  
13 this important topic. I've submitted my testimony,  
14 so I'll try not-- you've heard, I think, very  
15 compelling from my colleagues the challenges  
16 nonprofit community face. My name is Chris Walter.  
17 I'm the Executive Vice President at the Center for  
18 Employment Opportunities. We're the largest provider  
19 of transitional employment services for people  
20 leaving incarceration. We are a proud member of the  
21 New York Employment Training Coalition. And you  
22 know, the people who come to us at CEO are people who  
23 are desperate, in need of employment, in need of  
24 jobs, and our work helps them to connect to  
25 employment in this city. So, we serve employers that

2 are local. We serve justice-impacted people who are  
3 leaving, and the evidence in our program shows that  
4 it reduces recidivism. I'm here today really in  
5 support of the bill package. You know, our New York  
6 City office is owed about \$8 million, \$5.7 million of  
7 that are from city agencies, and when you think about  
8 what that pays for, it pays for our staff. It pays  
9 for support services, for people who are coming home.  
10 There's not really dedicated funding for people who  
11 are justice-impacted and leaving incarceration as  
12 there are for other populations. So, we really rely  
13 on the ability of our government partners to pay for  
14 services. The other point that I want to make, too,  
15 that I think is important, CEO, the success of our  
16 model that began here in New York City-- we're now in  
17 30 cities across the country in 12 states. No other  
18 jur-- everyone in government pays slow. We measure  
19 in other states by months how long it takes to get  
20 paid-- in New York City, by years. And I'll give you  
21 one example in my brief time left. We stood up in an  
22 emergency during COVID in April of 2020 to support  
23 the hotels for people who were coming out of  
24 incarceration. We did not get paid for that work  
25 until 2023 even though we provided for our city at

2 that point. Our crews went out and supported the  
3 City in the time of crisis. So, it's an example of  
4 the challenges that we all in the nonprofit community  
5 face. So, thank you very much for listening.

6 CHAIRPERSON WON: Okay. Thank you so  
7 much. Executive Director Sedillo, did you have any  
8 questions? If you ever have questions, just let me  
9 know. Okay. Great. Our next panel is Jeremy  
10 Kaplan, Marcus Jackson, Christopher Hanway, Caryln  
11 Cowen, Kate Connolly, and Winn Periyasami.

12 JEREMY KAPLAN: Thank you, Chairs, Won  
13 and Stevens. My name is Jeremy Kaplan. I'm the  
14 Executive Director of Encore Community Services. We  
15 provide 800,000 meals a year, case management,  
16 affordable and supportive housing, and critical  
17 community services for older adults. At the end of  
18 2021, at the same time that our organization was  
19 called on by the City to provide emergency meals to  
20 9,000 people daily across Brooklyn, Bronx and Staten  
21 Island, our CFO completed all of the required  
22 processes to get Encore's actual indirect cost rate  
23 approved. Leading up to a December 31<sup>st</sup> deadline  
24 after weeks and week of asking the MOCS help desk for  
25 technical assistance with their own spreadsheet,

2 specifically assistance with a formula in the MOCS  
3 spreadsheet, we got absolutely no response from the  
4 MOCS help desk. We submitted the application and the  
5 spreadsheet anyway before the deadline. Our verified  
6 indirect rate was denied because of an error in a  
7 cell related to the exact questions for which we were  
8 asking technical assistance. We were reverted to an  
9 ICR de minimis of 10 percent when our verified and  
10 true indirect rate was 19 percent, and we were told  
11 by MOCS to take the difference from programs and  
12 services that we're providing to older New Yorkers.  
13 two years later, Director Flores and her team  
14 reviewed the situation and agreed that the original  
15 decision was wrong and that MOCS reversed the  
16 decision and said that Encore is in fact owed our  
17 true indirect rate, and they instructed all of our  
18 city funding agencies to pay Encore retroactively to  
19 fiscal year 2022 using our allowance amendment,  
20 totaling up to \$2 million. Today, we're owed \$3  
21 million. To this day, we have not seen a dime of  
22 that money for services that we rendered back to  
23 2021. Despite the rate being verified and accepted  
24 by the city, despite MOCS directing the agencies to  
25 pay for it. Our funding agencies tell me that it's

2 being held up by OMB. OMB tells us that it's being  
3 held up by the City agencies. It's just a vicious  
4 cycle. We need to get paid. We need help. We can't  
5 make payroll. We can't pay our vendors. Thank you  
6 so much for your attention to this matter.

7           MARCUS JACKSON: Good afternoon, Council  
8 Members. I appreciate your time today. My name is  
9 Marcus Jackson. I'm the Aging Friendly community  
10 organizer with Encore Community Services. I just want  
11 to say that Encore exists because New York committed  
12 to care for its most vulnerable and chose nonprofits  
13 like ours to do the work. Though we appreciate the  
14 announcements made about increased advances, we also  
15 know the City will recoup them back faster than they  
16 pay us for our actual invoices. our partnership with  
17 the City is now strained to the breaking point, and  
18 here's some reasons why. My colleague just mentioned  
19 some unpaid bills, but Encore is owed up to \$3  
20 million at any given time with reimbursements going  
21 back as far as Fiscal Year 2022, including indirect  
22 cost claims that the City has already approved. We  
23 have uneven enforcement while funds sit in limbo.  
24 The City is quick to fine us. Last month, we got  
25 collections notice from the City which is frankly

2 ridiculous considering that the City owes Encore  
3 millions. Program impact: delays force us to stretch  
4 meal budgets, postpone supply orders, freeze new  
5 programs, despite rising need. We hesitate to hire  
6 and retain staff without guarantees salaries. Front  
7 line workers stay late, spend their own money and  
8 show their extra stress, because the mission can't  
9 pause. It's a ripple effect on small businesses as  
10 well. Many vendors we pay are minority and women  
11 owned. We can't meet our obligations, their cash  
12 flow and their employees' livelihoods suffer.  
13 There's a community credibility impact. I personally  
14 recruit local businesses and institutions to join  
15 Encore's Aging Friendly Discount Network, and it is  
16 hard to ask them to step up when the City is lagging  
17 on its own bills. These are problems that are  
18 systemic. Slow contract registrations, chronic  
19 reimbursement delays, and no clear accountability,  
20 New York cannot call itself a progressive leader  
21 while treating nonprofit sector as an afterthought.  
22 We are not asking for handouts. We're not asking for  
23 favors, only for the City to honor its signed  
24 contracts and pay promptly, fairly, and consistently.  
25 Doing so will stabilize essential services, protect

2 small vendors, and uphold promises the Council has  
3 made for older adults. Encore stands ready to keep  
4 delivering. We need the City to be a reliable  
5 partner our community deserves. Thank you for your  
6 time and I'm open to any questions.

7 CARLYN COWEN: Good afternoon, Chair Won  
8 and Chair Stevens. Thank you so much for the  
9 opportunity to testify at today's hearing. My name's  
10 Carlyn Cowen, pronouns they/them, and I'm the Chief  
11 Policy and Public Affairs Officer at CPC, the  
12 Chinese-American Planning Council. As you know, CPC  
13 serves over 80,000 Asian-American immigrant and low-  
14 income New Yorkers each year. It's been a long day,  
15 so I'll try to keep this quick, but I have submitted  
16 a full written testimony. CPC is waiting on over \$2  
17 million from the City, and from the sounds of today's  
18 hearing and rally, we are some of the lucky ones,  
19 because a lot of providers here are owed a whole lot  
20 more. While we appreciate the City's announcement  
21 about providing more advances-- that's really  
22 exciting news-- the reality is when we wait for often  
23 times over a year for our contracts-- I'm not an  
24 English major but advances is maybe not the word that  
25 I would use for that. So, a word that I will offer

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2 today for how nonprofits like CPC feel is scrambling.  
3 We are often scrambling to figure out how we are  
4 going to make payroll by, again, life-saving things  
5 for our community members through our programs, and  
6 then when contracts finally do get registered and  
7 advances do get paid, often seemingly randomly, we're  
8 then scrambling to spend down before the contract is  
9 over. So, thank you so much for your leadership on  
10 this. We are grateful to both of you, to Speaker  
11 Adams, Chair Brannan, for putting forth these  
12 important bills, and we hope that instead of  
13 scrambling nonprofits will be able to be stable when  
14 you pass them. Thank you.

15 CHRISTOPHER HANWAY: Good afternoon,  
16 Chair Won, Chair Stevens, and no other committee  
17 members right now. Thank you for allowing me the  
18 opportunity to testify today. My name is Christopher  
19 Hanway and I'm the Executive Director of Jacob A.  
20 Riis Neighborhood Settlement, a 136-year-old  
21 community-based organization that provides holistic,  
22 multigenerational services to the residents of public  
23 housing in western Queens. We are proud to be  
24 represented by Council Member and Contracts Chair Won  
25 in the Council and we are very grateful for the work

2 that she, Chair Stevens and others here today  
3 continue to do to alleviate the situation around late  
4 contract registration and payment in our city. Yet,  
5 the problem persists and appears to be getting worse  
6 because the executive branch over several  
7 administrations simply is not taking this crisis  
8 seriously enough. Resettlement is currently owed  
9 over \$600,000 in overdue payments from our two  
10 primary government funders, DYCD and DFTA, and almost  
11 half of these funds are for services provided in the  
12 previous year, FY24. While this might seem like a  
13 small amount compared to some of our larger  
14 colleagues, it is important to note that about a  
15 month ago that amount was almost \$1 million, and keep  
16 it in mind that the amount in question is a  
17 significant percentage of our overall budget of \$8  
18 million. Combine that with the almost quarter of a  
19 million dollars owed to us by our New York State  
20 partners, and the crisis is compounded further. In  
21 addition to affecting how we work with community, I'd  
22 like to highlight some of the lesser-known dilemmas  
23 that this situation puts us in. First is the human  
24 capital that is expended by myself, our contracts  
25 manager, our fiscal team, and our program leaders in

2 trying to collect these funds through emails, phone  
3 calls, conversations, outreach to our elected  
4 officials for assistance, etcetera. This consumes  
5 time and energy that we should be devoting to  
6 strategic program development, evaluation and  
7 improvement of programs, deepening ties with  
8 community, and in my case, raising private funds.  
9 Second is the reliance on "advances." We have spent  
10 countless hours employing funders for additional--  
11 two minutes already-- for additional advances. And  
12 as many have said, the advances are not advances  
13 because this is money we should have had long ago,  
14 and those advances have to be recouped just as much  
15 as the initial advances. So, I'll stop there, but  
16 there's more in my submitted testimony. I clearly  
17 read way to slowly. Thank you very much.

18 KATE CONNOLLY: Hello and thank you for  
19 the opportunity to testify. My name is Kate Connolly  
20 and I'm a Senior Policy Analyst for United  
21 Neighborhood Houses, an umbrella organization that  
22 represents settlement houses across New York State.  
23 We'll submit a more detailed written testimony, but  
24 I'll use my time to comment on what we've heard  
25 today. First, we appreciate that multiple agencies

2 are working on the issue of late payments every day.

3 However, despite recognition that this is a major

4 issue, the City still owes human service providers a

5 lot of money. From a survey of some of UNH's

6 members, we calculated that the City owes over \$90

7 million across 16 of our members. They're not alone.

8 Earlier at the rally some folks referenced, we heard

9 providers sharing that they're owed \$15, \$20, \$32

10 million for services already provided. Late payments

11 are not the fault of any one particular agency, but

12 are a consistent fact of life for all human service

13 providers at this point. And like we mentioned, the

14 advances that have been announced are not actually

15 advances. in fact, I've heard from providers who've

16 utilized the returnable grant fund to hold them over

17 until they can get their advance which will help them

18 float programming until they're actually paid for

19 their work. I was also going to end by suing DYCD's

20 Summer Rising program as an example of the flaws in

21 this system and how they impact providers, but Chair

22 Stevens beat me to it. That situation is not at all

23 unique, and it's often compounded by late payments

24 across multiple programs. When nonprofits are owed

25 funding across multiple contracts and from multiple

2 city agencies, payroll is threatened, program  
3 delivery is limited, and program staff and community  
4 members are the ones who wind up bearing the brunt of  
5 these delays. Thank you.

6 WINN PERIYASAMI: Thank you, Chairs Won,  
7 Stevens, Speaker Adams, Chair Brannan, members and  
8 central staff from the Council, for your attention to  
9 this hearing and to this work over so much time. My  
10 name is Winn Periyasami. I'm the Director of  
11 External Affairs, speaking on behalf of President Rod  
12 Jones of Goddard Riverside who unfortunately had to  
13 step away. We're a multi-service social services  
14 agency and settlement house serving 20,000 New  
15 Yorkers from youth through older adulthood. We as a  
16 sector have been here many, many times before. You  
17 know this. We know this. And we share many-- like,  
18 our agency shares many of the problems and  
19 experiences of our colleagues across the sector,  
20 across services, across communities, with our DYCD  
21 contracts experiencing some of the worst delays. As a  
22 result, Goddard is one of the organizations Kate just  
23 mentioned that is experiencing an overall \$15 million  
24 in delayed payments across the board. This is past  
25 work rendered but unpaid, work we can't start because

2 of past payments we still await, and staff capacity  
3 and care towards reconciling payments of often far  
4 past that could be put towards work present and  
5 future. We've seen improvements, and we appreciate  
6 the attention and care from government partners like  
7 you all that has helped us get here. We echo our  
8 partners in the sector now and ongoing when we ask  
9 you to keep your eyes and fire on this work. Goddard  
10 supports the legislation on the agenda today and  
11 thinks there's additional lessons that could be  
12 learned from places like federal procurement which  
13 can have up front lines of credit and simplified  
14 auditing processes, and we'd be happy to discuss in  
15 future conversations. These are painful cycles, and  
16 we need ongoing partnership and creativity to ensure  
17 both providers and government can focus most on the  
18 point of these contract services for New Yorkers.  
19 Thank you so much for the time and the work.

20 CHAIRPERSON WON: Thank you so much. Our  
21 next set of panelists is Katy Gaul-Stigge, Kevin  
22 Kiproviski, Andrew Sta. Ana, Sharon Brown, Nadia  
23 Swanson, and Trenton Price.

24 KATY GAUL-STIGGE: Hi, good afternoon.  
25 Thank you so much for your time. I'm Katy Gaul-

2 Stigge. I'm the CEO of Goodwill New York, New Jersey,  
3 and I really appreciate the legislation put forward  
4 today. Goodwill was founded in Brooklyn in 1915 and  
5 we provide employment services to over 9,000 New  
6 Yorkers each year here. To focus on late payments,  
7 let me just tell you, we're owed \$8 million from HRA  
8 and from Department of Health. We provide mental  
9 health, autism services, and TANF supports. This  
10 also includes, as was mentioned earlier, City Council  
11 Speaker's Initiative, but that is just \$200,000 of  
12 all of that. So, it's certainly not the majority.  
13 We are also paying this year and every year about  
14 \$500,000 in interest on our lines of credit. So, in  
15 total, if I had all of that up, it's about \$8.4  
16 million. Essential services are just assumed to be  
17 covered with our late contracting, not just late  
18 payments, but obviously the contract registration.  
19 We have-- our contract registrations with HRA have  
20 consistently been five to eight months late in  
21 registering. I just want to point out some of the  
22 important things that you've already heard, but that  
23 staff are spending countless hours dealing with  
24 administrative issues that could be better spent  
25 enhancing services, developing new programs, or

2 working directly with the people we serve.

3 Additionally, we must spend time fund raising for

4 money. No one has a gala to raise \$500,000 to pay

5 the bank, and unfortunately, that is what is

6 happening. Everyone wants to make sure that their

7 donors and their committees and their community

8 members are getting funding for services they want.

9 We really appreciate this. I also want-- appreciate

10 the Department of Contract Services, and I want to

11 suggest single audit, like the single federal audit,

12 and I also want to make sure that we-- you are

13 looking at the metrics in Passport. We have had many

14 things cancelled in Passport. It's like pushing the

15 plane back, and then saying it's an on-time

16 departure. They are cancelling the items in Passport

17 and then saying that they are done. So, I would

18 appreciate you looking at that as well. Thank you.

19 KEVIN KIPROVSKI: Thank you so much Chair

20 Steven and Won for holding this hearing. my name is

21 Kevin Kiproovski and I am the Director of Public

22 Policy for LiveOn New York. We represent over 110

23 community-based nonprofits that provide core services

24 under the New York City Aging portfolio. Basically,

25 if it keeps an older person independent in their

2 home, we probably represent them. This has been an  
3 issue for years and years, but it is particularly  
4 problematic now for two reasons. One, the Federal  
5 Government got rid of the Administration for  
6 Community Living which is what pays all of the aging  
7 services out for everyone in our network, and two,  
8 the Mayor has decided to cut \$100 million from DFTA's  
9 \$500 million budget. So, our members are  
10 particularly scared about money that they haven't  
11 been paid yet and getting paid in the future. There  
12 are a few key issues that I think are specific to  
13 aging. I'm not going to repeat everything that  
14 everyone else has. One, ICR Deltas [sic] have not  
15 been paid for five full years of service and that  
16 have already been rendered. There are people in our  
17 network that need \$5 million, \$8 million, and across  
18 our network it's probably closer to \$50 million.  
19 These are people who have been putting together  
20 ungodly coalitions of funding to make sure that they  
21 can keep their programs running, and at this time  
22 we're starting to find issues that are making them  
23 question if they can make payroll. So, we're really  
24 at a critical level there. Second, the Passport  
25 system has unnecessarily created bottlenecks in

2 payments. I've been told that Passport can't process  
3 multiple-year ICRs at the same time which doesn't  
4 make sense to me. I don't know how that works, but it  
5 should be able to do that, and the second thing is we  
6 were told that you had to pick COLA or ICR because  
7 Passport can't process two separate payments streams  
8 at the same time. So there definitely needs to be a  
9 review of Passport functionality, because it is  
10 preventing money from getting out the door. And you  
11 know, we don't think that the system that's meant to  
12 facilitate payments should be stopping payment.

13 Next, we need a standardizes payment processes across  
14 all agencies. There's a lot idiosyncratic decision-  
15 making among program officers that just leads to  
16 capricious denials of invoices and budget models  
17 that, you know, there's no standardization there that  
18 our members can see. So even though, you know, once  
19 things are invoiced properly they get paid out. What  
20 is properly depends on what day you're talking to  
21 who. And the last one, we support the passage of all  
22 the bills on today's agenda. 1247 will alleviate some  
23 of these cash flow intros. 1248 will alleviate some  
24 of these standardization issues, and 1249 will bring  
25 to light the scale of the issue, but we just need

2 this money out. Thank you so much. Have a great  
3 day.

4 NADIA SWANSON: Good afternoon Chair  
5 Stevens and Chair Won. My name is Nadia Swanson,  
6 pronouns they/them. Director of Technical Assistance  
7 and Advocacy at the Ali Forney Center. We're a 24/7  
8 365 program for LGBTQ unhoused youth. I'll keep this  
9 brief since our situation is sadly not unique and I  
10 don't need to tell you the impacts of late payments  
11 on young people. But over half of our budget has  
12 been years behind. We can't go into FY26 without  
13 fixing the system, especially as the Federal  
14 Government is removing housing vouchers for youth and  
15 threatening our contracts for serving trans youth and  
16 those with HIV. We have taken out over \$4 million in  
17 loans in the last year, with \$240,000 in interest.  
18 We are regularly taking out last-minute loans for  
19 payroll. We're behind on rent for 14 different sites.  
20 We are paying check to check for all of our bills at  
21 our subcontractors, ruining our relationships with  
22 them and not being able to make payments, and every  
23 week there's a decision about who can get paid as a  
24 vendor, and anytime there's payroll, no vendors are  
25 getting paid. So, we need a guaranteed reimbursement

2 of 30 to 60 days, faster transparent, provider-  
3 centered reimbursement, and increase percentage of  
4 contract advancement. Thank you.

5           ANDRE STA. ANA: Thank you, Chair Won,  
6 Chair Stevens, and the Committees on contracts and  
7 Children and Youth. I'm Andrew Sta Ana, Deputy  
8 Director of Research and Policy at the Asian American  
9 Federation where we represent over 70 member  
10 nonprofits and serve 1.5 million New Yorkers. At AAF  
11 we recognize New York City's procurement process is  
12 crucial for delivering essential services, like the  
13 ones AAF members provide regularly. Through City  
14 funding we serve, feed, educate, house, support  
15 seniors, youth, survivors of violence, immigrants,  
16 small businesses and many other New Yorkers across  
17 the five boroughs. The current system, however,  
18 fails New Yorkers. It is slow, complicated and puts  
19 an excruciating burden on the providers and  
20 ultimately the New Yorkers that rely on our services.  
21 These delays are particularly harmful to Asian  
22 American nonprofits which are historically  
23 underfunded. According to the Asian American Pacific  
24 Islander institute of philanthropy, only 20 cents of  
25 every \$100 awarded to foundations goes to AAPI

2 organizations, and given that disparity, many  
3 community-based organizations rely on government  
4 funding. As a result, payment delays can weaken  
5 community-based organizations, causing them to go in  
6 debt, miss payroll, reduce staff, eliminate programs,  
7 and rather than providing language and culturally  
8 specific programs, they're in a contract abyss.

9 Delayed contracts result in delayed service, delayed  
10 safety, delayed justice, delayed housing, delayed  
11 healing, prolonged hunger, and prolonged suffering.

12 I want to be blunt, given the financial and political  
13 environment we are currently in, there's widespread  
14 fear among our communities about their ability to  
15 endure this current climate. Indeed, while our  
16 communities are acutely targeted, our members  
17 continue to provide life-saving services because the  
18 stakes have never been higher. It would be an  
19 extraordinary foreseeable and preventable tragedy if  
20 a key reason a community-based organization closes is  
21 due to late payments by the City. AAF supports a  
22 simpler procurement system. We know we've been here  
23 before, and we know the City revisits this on a  
24 regular basis. While there have been some  
25 technological advance to ease the system, chronic

2 issues exist, late payments persist. We need a  
3 system that is efficient, fair, and accountable. We  
4 support the initiatives 1247, 1248 and 1249 under  
5 discussion here, and I have more detailed testimony  
6 with other recommendations that I'll submit later.  
7 Thank you.

8                   TRENTON PRICE: Thank you, Chair Won,  
9 Chair Stevens and members of the Committee on  
10 Contracts and Children and Youth. My name is Trenton  
11 Price. I'm the Executive Director of the Salvadori  
12 Center. At Salvadori, we provide STEAM education  
13 services-- that's STEM plus the A for Arts, and in  
14 our case, Architecture-- to schools, afterschool  
15 sites and NYCHA community centers across the five  
16 boroughs, focusing on the built environment. Last  
17 year for context, we served over 12,000 students. We  
18 are grateful to have the support of the Council  
19 through multiple CASA and digital inclusion and  
20 literacy grants, as well as the afterschool  
21 enrichment and Speaker's Initiative at numerous NYCHA  
22 afterschool sites. At Salvadori we have seen  
23 firsthand the impact of delayed contracts and  
24 payments on our ability to operate. Our FY24  
25 contract, for example, with DYCD has been delayed for

2 the last year. It has forced us to dip into our  
3 reserve. We are a small but mighty organization with  
4 an annual budget of \$2.6 million. I know that pales  
5 in comparison to some of my fellow panelists, but it  
6 makes a big difference. Hundreds of thousands of  
7 dollars in outstanding contracts makes a huge  
8 difference in our ability to operate and provide the  
9 much needed services that we provide. Moreover, this  
10 delay in FY 24 contracting and payments has then  
11 meant that we cannot start our FY25 contract for  
12 which even more work is happening currently. This  
13 amounts to Salvadori fronting over \$700,000 of work  
14 to the City of New York and the young people we serve  
15 with a fingers-crossed hopes that we will paid  
16 sometime. This is not sustainable for Salvadori, for  
17 the nonprofit sector and for the much-needed services  
18 we provide to young people. To support the need for  
19 quicker contracting processes and payments to  
20 nonprofits, there needs to be an investment in the  
21 personnel needed to do the work at DYCD and at city  
22 agencies in general. Second, the model the  
23 Department of Cultural Affairs uses is something to  
24 consider: 80 percent of the contract paid out in the  
25 spring of that fiscal year with the remaining 20

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2 percent upon completion at summer. We support 1247,  
3 1248 and 1249. Thank you again for facilitating this  
4 really important hearing.

5 SHARON BROWN: Hello, my name is Sharon  
6 Brown. Before I begin, remember Israel. Release the  
7 hostages, let Yahweh's--

8 CHAIRPERSON STEVENS: [interposing] Please  
9 stay on topic. Thank you.

10 SHARON BROWN: people go. Defend Israel.

11 CHAIRPERSON STEVENS: Please stay on  
12 topic.

13 SHARON BROWN: Yeah. I'm prefacing it.  
14 Okay, the not-for-profit shelters are abusive and  
15 perpetuate homelessness, so I think they should be  
16 defunded. The contracts are not being paid out, and  
17 this is a good time to look at what services are  
18 being provided and if they are actually essential.  
19 So, an essential service is a home of your own, not a  
20 shelter bed along with 20 other women, 30 other  
21 women, 20 other men, 30 other men. That's not an  
22 essential service. That is abusive. We need real  
23 services. I am happy the City is not paying out on  
24 many of these contracts. The only ones I am not  
25 happy out-- we need to prioritize the payouts for the

2 Jewish organizations. We need to make sure the  
3 Jewish community is well taken care of, considering  
4 the Holocaust. People are calling for new Holocaust  
5 and things like that. We need to always make sure  
6 the Jewish community is well cared for. Their  
7 contracts need to be paid first and in priority  
8 status as emergency status, but a shelter is not an  
9 essential thing-- essential service. Someone being  
10 taken to an apartment, to a house, to get a home of  
11 their own, that's essential. After school services  
12 for children, that's perfectly fine. We would want  
13 those to be paid out, but someone keeping people in a  
14 shelter bed-- some people haven't been paid for five  
15 years for shelter. A person has lived--

16 CHAIRPERSON WON: [interposing] Thank you.

17 SHARON BROWN: in a shelter for five  
18 years. That's sad that a person--

19 CHAIRPERSON WON: [interposing] Okay,  
20 thank you.

21 SHARON BROWN: I just want this last  
22 thing. I just want to reiterate it. A person has  
23 lived in the shelter the same amount of time the  
24 contract has not been paid. That means the service  
25 is not essential.

2 CHAIRPERSON WON: Thank you. Next panel,  
3 please. Next panel is going to be Hannah Jang,  
4 Gregory Brender, Ariane Cruz, and Christopher Leon  
5 Johnson.

6 HANNAH JANG: Thank you to the Committee  
7 Chair and Council Members for the opportunity to  
8 testify today. My name is Hannah Jang and I serve as  
9 the Community Outreach Advocate for the Korean  
10 American Family Service Center. For over 36 years,  
11 KAFSC has been providing culturally and  
12 linguistically-affirming services and programs to  
13 empower immigrant survivors of gender-based violence.  
14 As someone who has personally experienced gender-  
15 based violence, comes from an immigrant family, and  
16 now works at a culturally-specific organization,  
17 supporting immigrant survivors, I want to emphasize  
18 how critical these bills are. Too often, nonprofits,  
19 particularly those serving youth, children in  
20 underserved communities are forced to operate under  
21 enormous financial strain while waiting for city  
22 agencies to register contracts and release funds.  
23 These delays jeopardize our ability to deliver life-  
24 saving services. For too long, nonprofit  
25 organizations, including many of our culturally-

2 specific service providers, have shouldered the  
3 City's essential work without timely contracts or  
4 payments. The resulting cash flow crisis threatens  
5 the very services that vulnerable New Yorkers,  
6 including immigrant survivors of gender-based  
7 violence, rely on every day. These reforms are not  
8 just about efficiency, they're about equity,  
9 sustainability, and basic respect for the nonprofit  
10 workforce that sustains our communities. Thank you  
11 for your time and leadership on this critical issue.

12 GREGORY BRENDER: Good afternoon. Thank  
13 you, Chair Stevens and Chair Won for this hearing,  
14 and really for following this issue and fighting on  
15 this issue over so many years. I'm Gregory Brender  
16 from the Daycare Council of New York. We're the  
17 membership organization of New York City's Early  
18 Childhood education providers. We have some written  
19 testimony with some data from our members about this  
20 issue, but as you know, it's just been a crisis a  
21 long time. Contractors have gone out of business.  
22 Others have-- are holding on by a thread, taking out  
23 actions including lines of credit and personal loans  
24 if they can't do a line of credit. We have-- our  
25 recommendations are aligned with those of the Human

2 Services Council and we support the recommendations,  
3 and just want to add to it that very often programs  
4 funded by DOE or NYCPS including all the childcare  
5 centers and family childcare networks and the  
6 Division of Early Childhood Education are excluded  
7 from these actions because of not being part of MOCS  
8 and mayoral control. So, we would urge that the City  
9 commit to ensuring that when these are put in place  
10 that they also apply to Early Childhood education  
11 providers with the EC contracts. And thank you so  
12 much for this hearing.

13           ARIANE CRUZ: Good afternoon, Chair Won  
14 and members of the Committee on Contracts. My name  
15 is Ariane Cruz and I'm here on behalf of Philanthropy  
16 New York, representing over 260 grant-making  
17 institutions that invest over \$7 billion annually in  
18 the wellbeing of New York City. We are here with a  
19 clear and urgent message. PNY supports the City  
20 Council's leadership and proposed legislation to  
21 address the impacts of delayed contract payments on  
22 nonprofits. We deeply appreciate the Council's clear  
23 recognition and particularly Chair Won, Council  
24 Member Stevens and Brannan, that nonprofits are  
25 essential to New York's functioning, yet face actions

2 pushing them to a breaking point. We commend your  
3 efforts to address the systemic inefficiencies that  
4 fuel this crisis, including the range of bureaucratic  
5 bottlenecks such as contract registration backlog,  
6 staffing shortages, issues that-- issues with the  
7 City's procurement system and invoicing  
8 complications, all of which deeply resonate with our  
9 members and nonprofit colleagues. Your commitment to  
10 tackling these root causes alongside securing crucial  
11 COLA increases, although it was quite disheartening  
12 to see how little of our colleagues have had that  
13 paid out. We see that you recognize the invaluable  
14 contributions of the nonprofit sector. PNY is deeply  
15 invested in our nonprofit ecosystem and stand in  
16 allyship with our nonprofit colleagues. As the  
17 Comptroller report highlights, this \$80 billion  
18 sector employing over 18 percent of the City's  
19 workforce is a critical social safety net. While PNY  
20 members offer essential grant funding, we know that  
21 philanthropy alone cannot replace government  
22 contracts, which total roughly \$12 billion annually  
23 for human services and often represent the largest  
24 portion of a nonprofit's income. Passport data  
25 analyzed by our colleagues at C Change reveal

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2 concerning multi-year realities, all of which have  
3 been said today. We appreciate the Council's ongoing  
4 engagement with us and our partners at HSC and  
5 Nonprofit New York and their members to allow  
6 meaningful dialogue and collective action on this  
7 urgent issue. Thank you so much.

8 CHRISTOPHER LEON JOHNSON: Hello, Chairs  
9 Won and Stevens. My name is Christopher Leon  
10 Johnson. First, I want to say that today's press  
11 conference outside the steps on City Hall was nothing  
12 but a photo op, and nothing but a gaslighting photo  
13 op. Let me keep it real what's going on, that the  
14 Speaker of the City Council, Adrienne Adams, is  
15 running for Mayor of New York City. She's  
16 weaponizing this budget and this contract process to  
17 make sure that all these nonprofits and all you  
18 leaders and all you policy directors support her  
19 campaign for mayor over Andrew Cuomo and Brad Lander.  
20 And what's going on is she is threatening--

21 CHAIRPERSON STEVENS: [interposing] Can  
22 you please make sure you stay on topic?

23 CHRISTOPHER LEON JOHNSON: I am on topic.  
24 This is on topic. She spoke out the City Council  
25 here today. If you don't support her for mayor,

2 she's going to block all budgets, block all payments  
3 from you nonprofits. So, the reason you guys get  
4 paid late is because she's weaponizing these payments  
5 to make sure that you vote for her for mayor. If you  
6 don't support for mayor over Andrew Cuomo, you're not  
7 going to get paid. You nonprofits, like I said, you  
8 nonprofits, instead of you standing with her, y'all  
9 need to stand against her. You need to come out  
10 outside in front of her office and in front of 250  
11 Broadway and speak out against her and say that what  
12 she's doing wrong. You people are being screwed by  
13 this Speaker. This Speaker is nothing but a demon.  
14 She's a demon, a big time demon in the City Council.  
15 The biggest demon--

16 CHAIRPERSON STEVENS: [interposing] Can  
17 you please refrain from personalizing things?

18 CHRISTOPHER LEON JOHNSON: Well, it's--  
19 it's nothing personal. What's personal is that these  
20 nonprofits are not getting paid. What's personal is  
21 that these vendors are not getting paid. That's  
22 personal. If you-- you're getting paid \$140,000 a  
23 year, you don't have to worry about not getting paid.  
24 These people have to worry about getting paid. These  
25 people, they deserve to get paid. So, my personal

2 attacks, if you're not getting paid, it's personal.

3 You work, you bust your butt for your money, you

4 deserve to get your-- you deserve to get your money.

5 That's the truth. But Adrienne Eadie Adams want to

6 weaponize her budget to blackmail all these

7 nonprofits to support her for mayor. I'm telling you

8 this right now, all you people need to report her to

9 the FBI and the Department of Investigations. Report

10 her to the FBI, 26 Federal Plaza, because if y'all

11 don't, she's going to keep on doing this to you guys.

12 Like I say, vote for Andrew Cuomo. Cuomo's going to

13 be our mayor, nothing you can do about it. So, screw

14 Adrienne Adams, the demon. Take care.

15 CHAIRPERSON STEVENS: Greg, I just had a

16 quick question around you, because I know you

17 represent the Daycare Council, and DOE is separate

18 from it. Could you talk a little bit about some of

19 the delays that they're also experiencing, because I

20 know that that's also been a huge part of the

21 conversation, and for me, it's also really

22 frustration, because it's separate so that means it

23 has its own entities where it's like we should really

24 be thinking about how do we streamline all these

25 processes opposed to having all these different

2 agencies. So, could you talk a little bit about some  
3 of the issues you guys have been having on that  
4 front? Just because I just want to have it on  
5 record as well.

6 GREGORY BRENDER: Absolutely. Yeah.

7 There's kind of issues at every step of the process.

8 There's-- as with all human services, there have been

9 issues with late contract registration, but after

10 registration there continue to be issues. As you

11 know, contracts don't go through Passport. They go

12 through the Pre-kids [sic] system with the Division

13 of Early Childhood Education. There have been

14 problems with if there is a question or any issue

15 with submission of either attendance, enrollment

16 data, or if a previous month's fiscal data has some

17 issue, it can hold up payments for months. And we

18 need people to-- we need organizations to be able to

19 do things like submit batched invoices and also just

20 have people to like call if they're-- you know,

21 something is getting flagged, like they can't confirm

22 attendance, they can't confirm expenses, because that

23 may be-- you go months where you're submitting your

24 invoices, but you're not getting paid. So we've seen

25 providers even after contract registration unable to

2 get paid because there's some issue that can't be  
3 resolved with the operations analyst working with the  
4 Division of Early Childhood Education. And we saw  
5 particular huge sort of flare up of this,  
6 particularly at the beginning of the current  
7 administration when there was a mass exodus of staff  
8 within the Division of Early Childhood. So the  
9 people who were actually processing these contracts  
10 weren't working there anymore and you had just fewer  
11 operations analysts, fewer policy folks within the  
12 division able to handle these.

13 CHAIRPERSON STEVENS: Yeah. Thank you  
14 for that, because I think it's just important, like,  
15 even the need of how we need to be streamlining all  
16 of these city agencies, because when we have  
17 different processes that means each nonprofit also  
18 have to have different people dedicated to those  
19 contracts and also being stretched thin with that in  
20 addition to not being paid. And so I think as we are  
21 thinking about steps of improving, those are the  
22 things we should be thinking about, streamlining it  
23 so that it's not different processes from different  
24 contracts, because again, across the nonprofit sector  
25 one nonprofit could be-- have different contracts

2 with like four different agencies with four different  
3 processes, and that is a huge burden on the nonprofit  
4 which is something that I don't think was even  
5 brought up in detail at this hearing, but that is  
6 definitely something that we need to address. Also,  
7 I just want to address some of the comments and  
8 statements that was made by the gentleman who's  
9 already left. Let's be clear, our side is not in  
10 charge of processing contracts. If we were, you  
11 would have your money. So I just want-- I want to  
12 make that clear that today was not a photo op. Today  
13 was about making sure this issue in the front and  
14 showing how important it is to the Council and making  
15 sure that we're standing together and understanding  
16 we're hearing what the nonprofits are going through  
17 and support it. And we're wanting to work with the  
18 administration to come up with real concrete  
19 solutions to get you guys paid on time. So I just  
20 want to make sure that that is cleared and that is on  
21 the record, because the statements that were made  
22 were totally false, totally not acceptable, and  
23 something that I want to make sure that we have on  
24 record. So, thank you.

2 GREGORY BRENDER: And just back to your  
3 earlier point, and I know I don't need to tell you  
4 this because of your years working in the Settlement  
5 House, but many Early Childhood education providers,  
6 a lot of our members are multi-service. So having  
7 that kind of streamlining where you have a similar  
8 process say for your DCYD or DFTA contract as you  
9 have for your Early Childhood contract would be very  
10 helpful.

11 CHAIRPERSON STEVENS: Yeah, absolutely.  
12 Yeah, I mean, Settlement Houses, we like to say--  
13 what do we say, twinkle to wrinkle. So we're serving  
14 all the sectors and serving the whole family which  
15 means we are working with almost every agency in the  
16 City which is-- makes it hard, and I remember having  
17 fiscal each department had a different fiscal person  
18 because there were different requirements for each of  
19 the agencies. So, again, as we're thinking about  
20 processes, we really need to be thinking about  
21 streamlining all of them, because it would just make  
22 things that much more easy and even processes and for  
23 us to hold the other side accountable. So, thank  
24 you.

25 GREGORY BRENDER: Thank you.

2 CHAIRPERSON WON: Thank you so much.

3 Now, we're going to move to online testimony. We  
4 have Steven Grimaldi from the New York Common Pantry.  
5 Please unmute yourself. You have two minutes to  
6 testify.

7 SERGEANT AT ARMS: You may begin.

8 STEVEN GRIMALDI: Hi, can you hear me?

9 CHAIRPERSON WON: Yes, we can hear you.

10 STEVEN GRIMALDI: Great, great. Thank  
11 you Co-Chair Stevens and Won and members of the  
12 Committees. My name is Steven Grimaldi. I am  
13 Executive Director of the New York Common Pantry, and  
14 a representative of the Roundtable Allies for Food  
15 Access. As a nonprofit in its 45<sup>th</sup> year of community  
16 service, we receive City Council funding through a  
17 variety of sources to support our programs and we've  
18 grown into one of the largest emergency food  
19 providers in New York City, serving more than 11  
20 million meals in FY 24 to over 730,000 low-income and  
21 unhoused individuals through New York City. Put  
22 simply, this hearing has been sobering as we've been  
23 hearing organizations have faced-- are faced with  
24 having to borrow millions because of delays in  
25 contract execution and reimbursement, and the choice

2 to delay community services until funding is received  
3 is detrimental to those we serve. We've heard many  
4 examples today from across the sector, but let me  
5 cover a different funding delay, that's the City's  
6 capital project funding for vehicles. As you know,  
7 nonprofits are required to submit bids, but because  
8 the process is lengthy with multiple layers of  
9 approval, the submitted bids are outdated by the time  
10 funding approval is granted. Again, this causes  
11 unnecessary delays. Additionally, it takes years for  
12 grants to be executed. For an organization like  
13 ours, where purchasing vehicles such as vans and box  
14 trucks to deliver food across the City, the delays  
15 have real consequences for health, wellness and  
16 survival for the most vulnerable in our city. For  
17 example, we received approval to purchase a van for  
18 our Nourish Senior Program in 2018. We only received  
19 payment for that vehicle in December of 2022. That  
20 took four years. We're still waiting for seven truck  
21 contracts that goes back as far as 2020 to either be  
22 reimbursed or registered. So in closing, New York  
23 Common Pantry would like to voice its support for  
24 bills 1247, 1248 and 1249, all of which will be major  
25 steps forward to addressing many of the issues

2 nonprofits face in contracting with New York City.

3 Thank you.

4 CHAIRPERSON WON: Thank you so much. So,  
5 that concludes our testimonies for today. So, we're  
6 going to wrap up our hearing. We're-- do you have  
7 any questions?

8 CHAIRPERSON STEVENS: No, I don't have  
9 any questions, but special shout out to our last two  
10 designated survivors who are in the room who stayed,  
11 and the Executive Director who stayed with us through  
12 the whole thing to hear out the nonprofits. Whether  
13 you believe it or not, I'm sure that meant a lot to  
14 all the providers who stayed here and been here since  
15 nine o'clock this morning at the rally, and seeing  
16 you stay also just underlines the commitment and all  
17 the good things that they have said about you, and I  
18 have not met you, so they all said good things about  
19 you. So, happy to have you here as a partner.

20 CHAIRPERSON WON: Yeah, thank you for  
21 staying here. We have not had that in the last three  
22 years. So, we're going to close out, and I now  
23 hereby claim that this committee is now adjourned.

24 [gavel]

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date June 15, 2025