

**Testimony of Lisa M. Flores,  
Before the New York City Council Committee on Contracts  
Updates to PASSPort  
February 17, 2022**

Good afternoon Chair Won and members of the Contracts Committee, and congratulations to those of you who were recently sworn into office. My name is Lisa Flores, and I am the Director of the Mayor's Office of Contract Services (MOCS). I am honored to be here with all of you who are part of a historic women majority led City Council.

As you know, MOCS is an oversight agency charged with facilitating and monitoring the City's \$30 billion annual procurement ecosystem. Central to this mission over the past four years has been the implementation of digital tools and practices to bring greater transparency, accountability, and standardization to the procurement process. The Procurement and Sourcing Solutions Portal (PASSPort), is a cloud-based software-as-a-service application MOCS has put in place through technical design, widespread change management, and iterative system releases to serve as the City's central hub for doing business. I am happy to share that as the new administration takes over, PASSPort is now firmly established as the City's digital contracting system.

Before we dig into the details around PASSPort, I want to step back and share my personal story to put this project into its proper context. I served as a Deputy Director at MOCS for seven years, and then served as the Deputy Comptroller for Contracts for the past eight years. When I left MOCS, the procurement process was still mostly conducted through paper, with manual data entry of forms into the City's VENDEX system by our small staff and piles of paper being carted between agencies and to the Comptroller's Office for registration. To say the least, this was not a hospitable environment for doing business with the City. As I will cover more later in the testimony, PASSPort is in many ways a prerequisite to solving some of our problems in procurement, because it gives us the complete visibility into the process that we have lacked for so long. As I return to MOCS and a formerly paper process has been fully digitally transformed, I am excited to keep going with procurement reform.

To give a brief history of the PASSPort rollout, we modeled this system off similar successes we have seen in the human services space with HHS Accelerator. PASSPort was implemented in successive phases to build familiarity with the system and expand the network

of users. The first two Releases replaced the old VENDEX system and introduced goods catalogues, which brought process efficiencies in several vendor-related tasks. The next and largest phase, Release 3, digitized the full procurement process from sourcing to contract registration for agencies and vendors, allowing procurement staff to release solicitations, evaluate proposals, make award determinations, and author contracts before submitting to registration in one integrated platform. Vendors, likewise, can now find opportunities to do business with the City in one single portal, submit proposals, and if selected, complete all tasks necessary to move a contract to registration in this platform. This was a game-changer for New York City which brought enhanced transparency, process efficiencies, and an array of new tools for agency procurement staff. MOCS put an emphasis on making sure M/WBEs and small nonprofits were prioritized for support in the early phases of Release 3, in keeping with the goal of eliminating barriers to entry and leveling the playing field for all groups who want to do business with the City. Our current focus in Release 4 is bringing financials into the system, with agencies transitioning existing financial activities into PASSPort as we speak.

PASSPort has now delivered on our mission to provide an end-to-end digital platform for procurement with some key achievements thus far:

- Over 30,000 vendors in the system,
- Over 21,000 have filed the necessary paperwork to be ready to compete for contracts,
- The timelines for completing vendor disclosure forms have decreased from weeks and months in the paper VENDEX days to just a matter of days in PASSPort,
- Over 4,000 solicitations released,
- Over 6,700 contracts and continuations registered with the Comptroller that were procured through PASSPort,
- Nearly 1.7M workflow tasks completed since Release 3 go-live.

We also have a roadmap on updates to the PASSPort system which I have shared with your office in anticipation of this hearing. Some of the key features in the next phases include:

- Functionality to enable vendors to manage their contract budget in system,
- Bringing capital project management into PASSPort,

- Enhancing the ability to oversee and report on subcontractor work, and
- Routine platform upgrades.

Taken together, these upgrades will continue to further consolidate and centralize procurement-related activities into one system, make it easier for vendors to do business through a single digital portal, and implement tweaks and fixes requested by specific agencies to better align the system to their contracting workflows. Given the complex and constantly evolving nature of procurement in New York City, we expect that future releases will be needed to maintain the system – we will be sure to keep the Committee apprised as these developments continue.

Our team has learned valuable lessons from the progress we've made so far that continue to guide us in the reforms that lie ahead. The most important part of any major process transformation is the people, culture, and change management. We have completed hundreds of trainings, posted thousands of pages of materials, and responded to thousands of help desk tickets to make sure that our users have the knowledge and tools they need to complete their work. This feedback in turn helps our technical team to prioritize fixes and enhancements that improve the system. Similarly, our experience with PASSPort and procurement oversight in general has highlighted the importance of the simple but necessary step of planning procurements in advance and starting early. Procurement is sometimes considered as an afterthought when designing initiatives, but we have put the tools and awareness in place for leaders across the City to put procurement at the forefront of strategic planning decisions.

For the next phase of procurement in the City, re-orienting our organizational processes and taking a close look at the procurement regulatory structure will be even more important than the next set of technical updates ahead of us. The end goal of digitizing the procurement system was never just that – it was a starting place for managing performance, making sure all relevant parties see and understand the procurement process, and building a more strategic orientation to New York City procurement. Now, as we take stock of the new administration's priority initiatives, we can see how procurement data plugs in to support citywide decision-

making, such as using data to drive efficiency and performance management, partnering with the Comptroller to reduce burdens on nonprofits, and assessing areas for improvement in the capital and technology procurement verticals.

Indeed, we have seen improvements from some of these initiatives playing out already. The Joint Taskforce on Nonprofits that was established between the incoming Adams administration and Comptroller Lander has developed a set of specific recommendations that will speed up contract registration and payment for nonprofits, standardize practice across agencies, and organize and staff the newly established Office of Nonprofits. The Taskforce also calls on the administration, Comptroller, and City Council to collaborate in identifying ways to alleviate the burdens on small nonprofits in the Council discretionary contracting process and we look forward to working with you to improve this process.

Another immediate output of our dialogue with the Taskforce will be the publication of dashboards to show vendors, nonprofits, elected officials, and the public where contracts stand in the registration process and how an agency's portfolio is progressing toward registration. We believe this will be another game-changer for New York City procurement, because it will give all parties a clear and accurate picture into where contract portfolios stand, allow us to benchmark performance, and create new opportunities to evaluate procurement practices and build reforms. We look forward to sharing further information on this initiative with the Committee as we get closer to launch.

Similarly, PASSPort now places us in an advantageous position to re-evaluate the City's M/WBE program and find ways to continue expanding on the gains we have seen thus far. Local Law 1 M/WBE utilization for Fiscal Year 2021 saw a slight dip from the previous year's peak, going from 27.9% to 25.3% during this period. While this represents a welcome improvement from as recently as five years ago, there is still much more work to be done. The disparity within the disparity still persists – for example, Black women-owned firms have a disparately low utilization rate. Meanwhile, delays in contract registration and payment timelines make it difficult for M/WBEs to float the capital necessary to compete on City contracts when they are not being paid in a timely manner. We are aware of these challenges and look forward to working with our partners and the City Council on devising solutions.

In closing, I would like to thank you for inviting us to testify today on this key initiative as we kick off this new term together. I want you to know that our office prides itself on transparency, so if any members of this Committee have questions you can always reach out to me or my team. Similarly, if there are any vendors or nonprofits listening in on today's hearing and you are having problems with a contracting issue, please reach out to us; we are always available to help. I am joined by First Deputy Director Ryan Murray and Chief Technology Officer Brandon Chiazza – we would be happy to take any questions you might have.

Good afternoon and thank you to Chair Won and the entire Contracts Committee for the opportunity to submit testimony on behalf of NYC Comptroller Lander on PASSPort, the City's technology tool for sourcing and contracting for goods and services.

For some context, the Comptroller's Office registered 15,517 contract actions in Fiscal Year 2021, representing over \$31.8 billion in contract value for the City's mayoral agencies, City affiliated agencies, elected officials, and the City Council. As the "last step" in the procurement process, we often bear witness to the consequences of earlier inefficiencies.

Delays and cumbersome steps in the procurement process wreak havoc on cash-strapped vendors, particularly nonprofits, MWBEs and small businesses who are providing critical goods and services in support of our communities.

As a former Agency Chief Contracting Officer at multiple agencies, and someone whose entire professional career has been working in NYC procurement, I can personally attest to the gains made by digitizing parts of the procurement process that were archaically still in paper until only too recent.

Launched in 2017, the first release of PASSPort, known as Vendor Management, transformed how vendors submit information as part of a system previously referred to as VENDEX, used by agencies to ensure that they contract with vendors that have the requisite business integrity to be awarded public dollars. This made it easier for vendors, but also more efficient and quicker for the City by eliminating a backlog at MOCS fueled by the submission of sometimes hundreds of pages in hard copy by just a single vendor.

This phase also allowed for agencies and vendors to more efficiently and transparently manage the evaluation process, which is key to City agencies tracking performance.

As a participant in a 2014 City task force aimed at improving the capital procurement process, it was also fantastic to see the implementation of those recommendations into PASSPort, that reduced redundancies across agencies, further reducing cycle times.

Since that time, more sourcing functions have launched in PASSPort addressing the lack of an end-to-end system that captures all phases of a procurement from inception and planning to Comptroller registration. As conceived, PASSPort has the intention of streamlining and making more efficient and transparent the entire sourcing process.

Earlier this week, our office, jointly with the Mayor's administration, proudly released an action memo, *A Better Contract for New York: A Joint Task Force to Get Nonprofits Paid On Time*. While aimed at the significant challenges that our nonprofit partners face, these recommendations form the basis of procurement reform applicable to all City vendors. Importantly, several of these reforms can be best executed through maximizing the potential of PASSPort.

While PASSPort has yielded some significant improvements, there's more work to be done.

This includes the City fully investing in the system to ensure complete integration and use of the tool by the Comptroller's Office, broader adoption by the DOE, feeding data from agency legacy systems into PASSPort to avoid duplication of data entry and use of multiple systems, and expanding training of the City's procurement workforce and vendors on use of the tool to build proficiency.

The City should enhance the functionality that exists within the milestone tracker in PASSPort to allow vendors to see the status of their contracts. This level of transparency will provide visibility into how long a contract has been at a certain stage in the process and allow for proper planning as well as establishing KPIs to measure cycle times.

The Bureau of Contract Administration welcomes these recommendations, and we look forward to working with our agency partners, and particularly MOCS, to streamline the registration process for vendors while ensuring accountability and oversight. The recommendations on enhancing PASSPort and broadening its use and capacity building for users will go a long way towards addressing the issues that plague the City's procurement process.



**Testimony – February 17, 2022**  
**Committee on Contracts**

**Oversight Hearing: Updates to the Procurement and Sourcing Solutions Portal (PASSPort)**

Good afternoon Chair Won and members of the Committee. Thank you for holding today's hearing on this very important topic.

The American Council of Engineering Companies of New York (ACEC New York) is the voice of New York's consulting engineering businesses. Our association represents roughly 300 firms that employ 30,000 professionals in New York. By the way, Chair Won, four of our member firms are located in District 26.

Our members provide professional design services to public agencies including NYC DEP, DOT, DDC, SCA, NYCHA and many others. Our members' work with the public agencies – whether it be on schools, housing, hospitals, streets and bridges, water mains and sewers, or coastal protection systems – is designing the City's infrastructure to deliver a more sustainable, resilient, equitable future.

It is no secret, however, that inefficient procurement processes have vexed the City for too long. Some of the most severe problems include unacceptable delays in contract and change order registration and delays in payments. These problems impede services to the City. They increase costs and cause major challenges for firms that partner with the City. These problems also fall disproportionately on our smaller member firms and on emerging MWBE companies.

It took a major effort by the City, working with ACEC New York, to expand the number of engineering firms who were willing to work with agencies. Now, we are hearing again from some firms that they may not seek City work because of delays in payment and delays in contract and change order registration. They can't afford to make what, in effect, are interest free loans to the City and the City cannot afford to shrink the number of engineers willing to provide services to the City at a time when the infrastructure needs are so great.

As we sit here today, New York is on the cusp of receiving a once-in-a-lifetime investment of federal funds from the federal *Infrastructure Investment and Jobs Act*. It is therefore urgently important that the City Council and Mayor's Administration prioritize procurement reform across the capital agencies at this critical time. Capital projects are at the heart of our communities and the economy. They physically transform the City, create good-paying local jobs and spur economic activity. Without them, we cannot meet the urgent need for sustainability and resiliency.

Our members have worked closely with the Mayor's Office of Contract Services (MOCS) to develop and test the PASSPort procurement database. They welcomed the upgrading of what had been the Vendex portion of the procurement process and the electronic filing of proposals. But the promise of PASSPort was its ability to transform the procurement process, and that has yet to be realized.



We recommend the following specific reforms be prioritized:

**PASSPort.**

- Publish and use the digital procurement system's data to increase transparency, identify bottlenecks and share the status with the engineering professionals, and to agency accountability and performance.
- Allow engineers flexibility to submit graphics without artificial limits for evaluation of their proposals. Engineers are encouraged in the RFP process to propose innovative design concepts, the benefits of which can be missed when an agency insists on text submissions only; a picture speaks a thousand words in many cases.

**Contract & Change Order Registration.**

- Accomplish contract registration within 60 days, and change order registration within 30 days.
- The COVID emergency provided a window into how projects can be managed more efficiently.
- It is worth noting that the federal government prohibits continuing work on their projects until a change order is properly registered. The City routinely expects its engineering professionals to continue work without having any idea of when they can submit an invoice and get paid.

**Design-Build.**

- Improve this contracting method at City agencies by including use of *Progressive Design-Build*, a specific form of design-build used around the country and a best practice laid out in our [policy paper](#).

**Payment Processing.**

- Agencies should adopt electronic invoicing ASAP and achieve payment within 30 days. For engineering firms, especially small- to medium firms including many of our member MWBEs, delays are very harmful. The pace of introducing electronic invoicing should be accelerated and uniform across agencies.

ACEC New York would welcome the opportunity to work with you on these efforts. Our member firms are poised to roll up their sleeves, share their expertise, and team with you to craft solutions.

**For further information please contact:**

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**Testimony**  
**New York City Council**  
**Committee on Contracts**  
**Oversight: Updates to the Procurement and Sourcing**  
**Solutions Portal (PASSPort)**  
**Thursday, February 17, 2022**

Submitted by Richard Bertin  
Manager of Administrative Services  
Catholic Charities Community Services, Archdiocese of New York

Dear Chair Won and members of the New York City Council Committee on Contracts,

I am the Manager of Administrative Services for Catholic Charities Community Services, Archdiocese of New York, have used PASSPort since it was first being developed as part of a test group MOCS launched in 2016, and have been very encouraged by the results thus far.

The City's adoption of PASSPort has represented an important step toward modernizing the contracting process and embracing technology to increase efficiencies. The digitalization of forms removed the need to send hand-signed documents in the mail, thereby reducing wait times and eliminating the possibility of lost documents. In addition, being able to upload forms, and having certainty as to what documents are received or pending, has expedited contract preparation and submission and resolved much of the uncertainty that came with wondering if document requests issued by City agency contract managers were fulfilled.

These digital improvements to the procurement process, particularly the acceptance of electronic signatures, were especially helpful during the pandemic, allowing workers to prioritize safety while fulfilling City requests.

As we recognize these positive improvements, we would like to highlight three issues we have experienced that interfere with PASSPort reaching its full potential.

1. The inability to obtain a fully executed contract after its documents have been submitted online and executed electronically helps prevent PASSPort from being a true one-stop contract management solution.

Prior to PASSPort, contract managers would mail a fully executed contract that contained all attachments, including Riders and Appendices. Now nonprofits receive a single page PDF file that represents an executed contract, which requires us to take the additional steps of individually downloading every document of the contract submitted on PASSPort, printing each attachment, and then rescanning them to manually construct a complete contract. The single page PDF received through Adobe

DocuSign and saved on PASSPort is insufficient for contract recordkeeping and unacceptable for audits, many of which are done by City agencies.

Implementing a one-click solution that allows nonprofits to download contracts in their entirety will expedite recordkeeping and auditing procedures and provide value to smaller nonprofits that cannot afford to license modern contract management platforms.

2. PASSPort document upload requests do not always line up with City agency contract manager processes.

We have received “Task Requests” that ask us to upload documents, such as scopes of work and contract attachments, which we do not have possession of and which traditionally come from City agency contract managers. One example of this issue is that requests for “Budget Detail” forms (which come from HHS Accelerator) arise in PASSPort before budgets are unlocked for us to complete.

Ensuring that contracts and budgets are sent to users before corresponding upload requests are generated would improve clarity and request fulfillment times. In general, it seems as if PASSPort moves faster than the City agency contract managers with whom we work. It can be confusing when we log onto PASSPort and are given a long list of pending Task Assignments that we are unable to complete due to documents that have not been delivered by City agency contract managers.

3. Discrepancies in contract naming protocols complicate contract identification and tracking efforts.

Some City agencies have used specific “Contract IDs” for multiple years that have become familiar to nonprofits, but it appears these IDs cannot be included in a contract’s Header section for swift identification. The e-Pins that are currently shown do not carry the same familiarity, causing delays as users work to identify which contract corresponds to these longer codes.

Allowing City agency contract managers to add a Contract ID or description to the Header section is a simple fix that would make contract tracking faster and easier.

Thank you for the opportunity to testify and provide feedback on PASSPort.

Please do not hesitate to contact me for additional details.

Richard Bertin  
Manager of Administrative Services  
Catholic Charities Community Services, Archdiocese of New York



## TESTIMONY

**New York City Council**  
Committee on Contracts  
Oversight Hearing:

Updates to the Procurement and Sourcing Solutions Portal (PASSPort)

Submitted by:  
Michelle Jackson  
Executive Director  
Human Services Council of New York

Good morning and welcome Chair Won, and members of the New York City Council Committee on Contracts. My name is Michelle Jackson, and I am the Executive Director of the Human Services Council (HSC), a membership organization representing over 170 human services providers in New York City. HSC serves our membership as a coordinating body, advocate, and intermediary between the human services sector and government. We take on this work so that our members can focus on running their organizations and providing critical direct support to New Yorkers. These are the nonprofits that support our City's children, seniors, those experiencing homelessness, people with disabilities, individuals who are incarcerated or otherwise involved in the justice system, immigrants, and individuals coping with substance abuse and other mental health and behavioral challenges.

I am happy to be with you today to discuss PASSPort, an important procurement tool and vehicle to streamline an arduous and stubborn contracting system. Procurement reform is of great importance to the human services sector, and a lack of meaningful reforms doesn't just create headaches for nonprofit administrators, it greatly impacts the ability of the sector to deliver lifesaving services.

Nonprofits came to the pandemic already confronting their own crisis: as of 2018, almost 20 percent of New York City human services nonprofits were fiscally insolvent because the true cost of delivering services was rarely covered by government contracts. The pandemic laid bare the gross fissures in the State and local infrastructure for supporting human services providers, who grappled with the new complexities of the pandemic as well as the decades-in-the-making consequences of bad government policymaking. Instead of rising to the occasion, the City procurement system simply broke during the pandemic, leaving my members with years- yes years- worth of pending contracting documents and millions owed to them while waiting for progress.

In 2021, HSC convened a human services recovery taskforce, and two of the four recommendations that group put together revolve around procurement. This does not show a lack of imagination on behalf of the taskforce- convened with leaders in the sector, philanthropy, business and labor- but

how crucial this system is to delivering quality services. As part of the taskforce, we surveyed our members, and it was no shock that delays in payments from the City and State wreak havoc on nonprofits, with 70% of organizations reporting a delayed payment from the City and 60% from the State in the last year. Last year, the average value of delayed payments from the City was \$8,025,000. Nearly 46% of respondents were forced to take out loans or draw on a line of credit due to withheld or delayed payments—sometimes at significant cost. The average annual cost of interest for those loans is reported as \$223,000.

PASSPort was supposed to be the vehicle to solve the major contracting issues and can still be that vehicle. First, MOCS must be resourced to ensure that PASSPort can be updated and expanded to fit the needs of the sector, City agencies, and to enact changes outlined in the Joint Procurement Task Force convened by the Mayor and Comptroller, of which HSC participated.

PASSPort must be used to establish timeframes for contract registration. I have spent 15 years seeing progress in registration that does not last. This new Council and Administration can set firm timeframes in which contracts must be registered, and PASSPort can be a useful tool in giving insight into what those timeframes should be. But the sector cannot wait years for that insight to be gathered and implemented.

City agencies must be trained on PASSPort, and there needs to be measures put in place to prevent agency staff from circumventing the system and defaulting to email communication and requesting documents out of the system.

PASSPort must be end-to-end, inclusive of all processes through registration with the Comptroller, and transparent so that there is one universal system and vendors can see where their contract is, and the public can see where bottlenecks are in the system.

HSC is happy to see our longtime partner Lisa Flores, and the Director of MOCS and the Chief Procurement Officer. She brings experience from every angle of the process, and we look forward to partnering with her on improving the system. We are also happy to see many familiar – and new!- faces on the Council Committee on Contracts, and your dedication to all things procurement and contracting. The sector has renewed energy that some of the longstanding issues can be addressed with the recommendations of the Joint Task Force, and your continuing oversight of PASSPort and other contracting issues.

Thank you for providing me with this opportunity to testify, and I look forward to working on our shared issues in the coming months and years.

Michelle Jackson  
Executive Director  
jacksonm@humanservicescouncil.org

# NONPROFIT NEW YORK

A relentless,  
collective  
force for good.

**To:** New York City Council Committee on Contracts  
**From:** Chai Jindasurat, Vice President, Policy, Nonprofit New York  
**Date:** Thursday, February 17, 2022  
**Re:** Testimony on Updates to the Procurement and Sourcing Solutions Portal

Good afternoon Chair Won and members of the City Council Committee on Contracts. Thank you for the opportunity to testify on behalf of Nonprofit New York. Nonprofit New York is a membership based organization of approximately 1,000 nonprofit organizations in the New York City area. Our mission is to strengthen and unite the nonprofit sector, through our member services, capacity building work for the sector, and policy advocacy to promote nonprofits. Nonprofit New York's testimony this afternoon is informed by member stakeholder interviews we held about the City's contracting process throughout 2021, and our CEO, Meg Barnette's, participation in the joint Mayoral and Comptroller Task Force: *A Better Contract for New York*.<sup>1</sup> **Nonprofit New York supports the Joint Task Force recommendations** to increase accountability and transparency; establish new processes to streamline and modernize procurement and contracting to reduce inefficiencies and delays; promote equity and fairness in contracting; establish leadership and management practices at the highest levels of government; and strengthen the capacity of both nonprofits and the City's contracting workforce.

## New York City's Nonprofit Sector, Economy, and Contracting

New York City's nonprofit sector consists of over 40,000 registered nonprofits,<sup>2</sup> contributes 9.4% of the City's GDP, at roughly \$78 billion, and employs 18% of the City's workforce.<sup>3</sup> A majority of the nonprofit workforce are women and people of color, and over one third are immigrants.<sup>4</sup> Nonprofit providers are contracted to carry out the government's statutory work,<sup>5</sup> providing homeless services, domestic violence response, youth programming, language access, promoting arts and culture,<sup>6</sup> education, environmental justice, economic development, and parks, among many other missions. While we do not have comprehensive data on the number of jobs supported by city contracts, we do know that in FY16 human service contracted jobs were double that of city agency employees.<sup>7</sup> Nonprofits help

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<sup>1</sup> Office of the City Comptroller and Mayor's Office. (February 2022). [A Better Contract for New York](#).

<sup>2</sup> Baruch College Marxe School of Public and International Affairs and Nonprofit New York. (March 2021). [New York City Nonprofit Data](#).

<sup>3</sup> Office of the City Comptroller and Nonprofit New York. (July 2020). [The Economic Impact of NYC Nonprofit Organizations](#).

<sup>4</sup> *Id.*

<sup>5</sup> New York State Social Services Law articles 1 through 11.

<sup>6</sup> New York State Arts and Cultural Affairs Law.

<sup>7</sup> Office of the City Comptroller. (2017). [Strengthening the Frontline: An Analysis of Human Services Contracts in NYC](#).

make New York City operate - yet face pervasive and ongoing challenges through the procurement process.

## **PASSPort Has Brought Some Transparency to the Contracting Process but the City Still Has Few Deadlines within Internal Processes**

The City's contracting process has historically been very extremely slow, with overwhelmingly late contract registrations.<sup>8</sup> This has come at a significant cost to nonprofits. Out of a sample of 1,025 organizations, registration delays represented a \$675 million cash flow burden.<sup>9</sup> The Mayor's Office of Contract Services recently digitized the contract registration process through PASSPort, which allows for providers to digitally track their contracts in the registration process.<sup>10</sup> This is a welcome reform, as the bureaucratic process of contract registration has historically been opaque. Several members discussed significant operational challenges ongoing for years for their organizations, because nonprofits may not know where their contract is in the registration process. However, under the City Charter,<sup>11</sup> the only office required to respond to a contract within a specified timeframe is the Office of the City Comptroller. The Comptroller has 30 days to respond to a contract.

Nonprofit New York acknowledges the importance of the City's due diligence process, but **recommends expanding the use of timelines such as the 30-day timeline** required of the Comptroller would balance due diligence with the needs of nonprofit service providers.

## **The City Must Continue to Streamline Across Agencies**

Nonprofit organizations that have contracts with multiple agencies bear a significant administrative burden because the City contracting process is not streamlined across agencies. Agencies maintain different timelines, reporting requirements, negotiation protocols, and notarization requirements. Nonprofit New York members mentioned that both PASSPort and HHS Accelerator were intended to streamline contracting processes among agencies and promote transparency. However, several members described these systems as duplicative and inconsistent. Seasoned administrative and operations professionals reported regularly making mistakes due to the confusing nature of the portals. Invoicing processes place the onus on the vendor to communicate with multiple departments. PASSPort includes a "steps from award" checklist that includes 21 steps. Recent reforms to standardize processes include the Standard Health and Human Service Invoice Review Policy, Indirect Cost Rate Manual, and PASSPort, however nonprofit providers shared implementation has been inconsistent across agencies.

The implementation of PASSPort is a meaningful starting point, but **the City must further streamline and standardize application processes, documentation systems, contract management, and invoicing systems across and within agencies.** This would enable nonprofit organizations to

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<sup>8</sup> Office of the City Comptroller. (2019). [Still Running Late: An Analysis of NYC Agency Contracts in FY 2018](#).

<sup>9</sup> SeaChange Capital Partners. (August 2018). [New York City Contract Delays: The Facts](#).

<sup>10</sup> City of New York. (2022). [ABOUT PASSPort](#).

<sup>11</sup> New York City Charter §§ 312 - 328.

dedicate less of their limited staff resources to compliance processes. As changes are made, the City must continue to invest in training for its staff to ensure uptake and implementation.

## **Data Disaggregation, Contracting, and Racial Equity**

Process challenges also pose a significant barrier for smaller, often people of color-led, organizations who cannot dedicate the staff resources required to partner with the City. The nonprofit sector, like most institutions within the United States, reflects the legacy of white supremacy. Nationally, people of color are less likely to be in nonprofit senior leadership positions<sup>12</sup> and there are stark disparities between the revenues and unrestricted net assets of Black- and white-led organizations.<sup>13</sup> **Nonprofit New York supports a specific certification process to designate Black, Indigenous, and other People of Color (BIPOC) led and serving nonprofits** to track how City resources are reaching BIPOC-led nonprofits and communities.

Finally, current public data on nonprofit contracting is too limited to inform appropriate public policies. The City's contracting data does not disaggregate city contracting into for-profit and nonprofit vendors. As a part of digitization reforms, **the City should increase the data it collects and discloses on all contractors**, beginning with a breakdown of which contracts are with nonprofit versus for-profit contractors, and include **demographic data collection on leadership and communities served**. Certain nonprofit contracted wages have historically been significantly lower than wages paid for the same work by City workers.<sup>14</sup> The City should also **release data on nonprofit worker salaries** funded within contracts to promote equity and living wages for the nonprofit workforce.

Sincerely,



Chai Jindasurat

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<sup>12</sup> Building Movement Project. (2017). [Race to Lead: Confronting the National Nonprofit Leadership Gap](#).

<sup>13</sup> Echoing Green and the Bridgespan Group. (May 2020). [Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table](#).

<sup>14</sup> SeaChange Capital Partners and United Neighborhood Houses. (March 2019). [Closing the Gap: A True Cost Analysis of Early Childhood Education in New York City](#); p. 3.



**Sunnyside Community Services Testimony for NYC Council Committee on City Contracting Hearing– February 27, 2022**

Hello, my name is Donna Russo and I am the Contracts Manager for Sunnyside Community Services, a community-based nonprofit located in Sunnyside Queens. SCS serves a diverse community of over 16,000 people of all ethnicities and income levels throughout Queens with programs that range from pre-K to college and career readiness, home care and home health aide training, Beacon and Cornerstone community centers for children and families, a vibrant older adult center and full range of services for at-risk older adults including social adult day care for individuals with Alzheimer's, and a city-wide program of supportive services for those who care for them. We have been serving our diverse community since 1974.

We process over 40 contracts a year. From a contracting perspective, the move to a paperless, digital contracting process through the Passport platform was a significant process improvement:

- It eliminated the need to sift through 100's of pages of paper documents
- Streamlined the signature process with digital signatures through DocuSign
- Eliminated the need to mail paper contracts back and forth

However, with any new process there are challenges. The largest challenge we have experienced since the launch of Passport is the significant delay in contract creation (i.e. the start of the contracting process) within the Passport platform. This is the case specifically with Discretionary contracts. In FY 21, we had several discretionary contracts that were not initiated in Passport until four to six months after the beginning of contract year. This year, we are in the same situation. Several Discretionary contracts were initiated by the funding agency in

December. There are a handful of others, that are beginning now or haven't even started yet. Sadly, last year, in the face of a global pandemic, when our community was relying on services more than ever, we couldn't spend \$69,423 in funds that were designated to us via a discretionary contract for Case Management Services because of a lack of certainty if and when the contract would go through.

While that was an unfortunate example, it is not the only one. In FY 20 we didn't get initial notice until November. This year we received notice in September. Every year it's been the same result: We receive notice in the Fall for programming that could have started in July in continuation from the previous year. Staff from the previous year have already been laid off so we have to find qualified Social Workers to come on for a six-month job only to terminate them because we don't know the status of discretionary on June 30<sup>th</sup>. The result is that vulnerable seniors have to be moved around to different social workers. This year, there was funding for \$2 million in discretionary funds for case management programs across New York City – and organizations got notice three months after the overall budget has been allocated.

A discretionary process that provided continuous support to the community members it is designed to serve is what is needed so that nobody experiences a gap in service. We urge this committee to connect with the Council's fiscal office and the Department of the Aging so that every dollar supports older adults in their time of need.

We appreciate the opportunity to share our experience with PASSPort and the city's contracting process and we look forward to efforts by the City Council to improve the timeliness of the Discretionary Contracting process.



Testimony of Bridget McBrien, Director of Government Relations, The Jewish Board  
New York City Council Hearing of the Committee of Contracts  
Oversight Hearing on Passport; February 17, 2022

Good afternoon Council Committee Chair Won and members of the Committee. My name is Bridget McBrien and I am the Director of Government Relations at The Jewish Board of Family & Children's Services.

As one of the largest providers of community-based mental health services in New York City, The Jewish Board is grateful that the Comptroller Lander, Speaker Adams, and Mayor Adams' Administrations have committed to a significant review of the contracting procurement process. We fully support the recommendations put forth by the recent report, A Better Contract for New York, and want to highlight the most important recommendations we believe will improve not only the contracting process but also our services for the most vulnerable New Yorkers.

**Support: Efficiency and Streamlining: Goal 7**

- Standardize documentation templates across human services agencies. The City should create a consistent set of templates for all documentation requirements when contracting for health and human services across city agencies. These templates will create certainty for providers and therefore reduce the need for multiple exchanges between the nonprofit organizations and the contracting agency, which causes delays and frustration. The standardized template should be downloadable and easily accessible from a City website.

The Jewish Board contracts with more than four City agencies and has experienced a wide range of requirements in the contracting process between each agency. After MOCS published its standardization process more than three years ago, several agencies have asked for extraneous spreadsheets outside of the standard forms. One case required a spreadsheet of the names of more than 150 employees and delayed payment when we opposed such a requirement. We have seen a marked improvement in contract processing since MOCS standardized the requirements and we urge all agencies to continue to abide by the agreed-upon process.

City agencies are also required to follow-up on newspaper articles written about providers. Recently we have received the same questions from multiple city agencies regarding an inaccurate article written about the The Jewish Board. We received this inquiry each year for three years from multiple agencies and had to respond with the same answer to each agency each year before they could move a contract forward. We would suggest newspaper articles should not be used as a source of allegations against a provider at contracting time and that there should be a centralized way for NYC to handle such inquiries before contract processing.

## **Equity and Fairness: Goal 11**

- Explore the feasibility of reimbursing interest on private loans borrowed to cover operating expenses for unregistered, retroactive Nonprofits often seek out private loans to cover operating expenses while their contracts are pending registration with the City. To lessen the financial burden of contracting with the City, officials should reimburse interest incurred from these loans. One method could involve adding contingency funding to human services contracts that allows for interest costs to be reimbursed on top of the base value of the contract. In addition to other considerations, interest reimbursements should only be permitted when contractors are not eligible to receive a loan from the Returnable Grant Fund, and are operating at risk.

The Jewish Board is one of the state's largest social services providers, with more than \$138 million of annual revenue from government contracting and services. Given the delay between contract registration and program services, we maintain a \$2 million line of credit for day-to-day costs. Interest payments for this credit availability routinely cost \$100,000 a year to bridge across both New York City and New York State contracts. Those funds would have otherwise been spent on service delivery and staff salaries for the talented people who have continued to work through the pandemic. Seachange and other advocacy organizations have recently published reports about the sector-wide needs for interest-free lines of credit and refundable costs. We strongly support this recommendation.

## **Equity and Fairness: Goal 12**

- Commit to maintain the indirect cost rate initiative to fully fund organizations' indirect cost rates and deliver on the City's promise to increase funding to nonprofits and human service The City's commitment to increase indirect cost rates for nonprofits was a ground-breaking initiative thwarted by the COVID-19 pandemic. Despite the City's inability to deliver on its promise, human service providers worked relentlessly to support residents during the pandemic. Now, as the City's recovery has begun in earnest, officials should ensure that funding for the ICRs is maintained and sustained over time, and that any backlogged ICR amendments are registered.

By neglecting to pay for necessary expenses the city government has stripped human services providers of fundamental resources needed to successfully operate. It was this structural flaw that led New York City to recently implement the Indirect Cost Rate Funding Initiative, allowing nonprofits to qualify for a higher and individualized indirect rate. Yet the funding has fallen short. The FY22 budget includes \$60 million to fully fund the initiative for the next year, below the full cost to implement ICR. Mayor Adams must ensure that the city makes a permanent commitment to the Indirect Cost Rate Funding Initiative to cover costs on future contracts.

## **Other Issues Not Currently Discussed**

The NYC Comptroller can also take immediate action to resolve the cause of contract delays for minor violations from City Agencies. When the Jewish Board provides a residential service but has incurred a Sanitation, Department of Buildings, or other such City-violation at the site, a contract ready to be registered is unnecessarily delayed. We have experienced weeks-long delays

for Sanitation fines costing under \$100 on multi-million dollar contracts. Even when the violation is paid timely, the City's OATH processes are slow to show the date of payment, holding up a contract registration and necessitating interest payments on the open line of credit.

Non-for-profits are also subject to the same fines for violations as for profit entities. The Department of Buildings is particularly slow to update their violations history. We must devote precious staff time and resources to navigate their processes, especially for minor violations that don't threaten safety. The Council should consider whether fines for non-profit owners should be different for profit-making entities.

## **Conclusion**

The anticipated influx of COVID-associated anxiety and depression, substance use, loneliness, and domestic violence, combined with an increased risk for contracting and transmitting COVID-19 among patients with underlying behavioral health conditions, is putting tremendous stress on our city's behavioral health infrastructure. In addition to anxiety about the coronavirus itself, many New Yorkers are struggling with the societal changes resulting from the pandemic, such as isolation from community, uncertainty about the future, or new childcare responsibilities. The financial strain caused by widespread job loss decreases New Yorkers' ability to afford mental health care and increases other risk factors for poor mental health.

As the gravity of the situation became apparent, The Jewish Board moved quickly to ensure that all our programs, which provide services to over 40,000 clients, did not experience significant disruption. We hired temporary staff, purchased personal protective equipment for staff and clients, implemented new cleaning protocols, and instituted a bonus program for residential direct care staff, in recognition of their commitment in coming to work when most New Yorkers were staying home. For our community-based programs, we quickly pivoted to tele-health and are now providing approximately 25,000 tele-health visits per month.

The Jewish Board was asked to continue vital social services when the nonprofit FEGS Health and Human Services collapsed quickly. We know the relationship between government and social services agencies must be strong and honest. Many of the issues discussed here today and in the recent report, A Better Contract for New York, have been considered in the last five years. We have seen improvements and thank our partners in government for their efforts to ensure fairness while safeguarding the taxpayer's dollar. We also thank the new Administrations for considering these reforms and urge all parties to move swiftly to enact change.

For further comments, I can be reached at [bmcbrin@jbfcs.org](mailto:bmcbrin@jbfcs.org).

Thank you.



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

**Oversight - Updates to PASSPort**

**Submitted by J.T. Falcone, Senior Policy Analyst  
March 11, 2021**

Thank you Chair Won and members of the New York City Council Committee on Contracts for the opportunity to testify. My name is J.T. Falcone, and I am a Senior Policy Analyst at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing 45 neighborhood settlement houses, 40 in New York City, that reach 765,000 New Yorkers from all walks of life.

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

**Contracting Overview**

UNH's settlement house members contract with a variety of New York City agencies to provide essential services, including the Department of Education (DOE), Department of Homeless Services (DHS), Department for the Aging (DFTA), Department of Youth and Community Development (DYCD), and the Human Resources Administration (HRA). These contracts provide crucial services for New Yorkers, including early childhood education, services for homeless new yorkers, senior centers and congregate/home delivered meals, afterschool and youth workforce programming, workforce development, and case management and benefits administration. When New Yorkers need assistance, settlement houses and community-based organizations (CBOs) are there to help and go above and beyond to meet any needs they have.

Unfortunately, the City's contracting process creates significant burdens for their nonprofit partners. While settlement houses and CBOs work tirelessly to ensure uninterrupted access to social services for New Yorkers, the City is chronically delayed with contract registration and

payments. In FY2022, over three quarters of contracts were registered after their start date, and payments for programs with some agencies take months, even years to process. UNH and our partners have long advocated for improvements to make this process more efficient. Most recently, UNH joined other advocates and government partners on Mayor Adams' and Comptroller Lander's joint task force to get nonprofits paid on time. This task force released an action memo this week titled "A Better Contract for New York" with five recommendations to reform the City's procurement process and ensure contracts are executed and paid in a timely fashion:

1. Create new processes and routines to hold City stakeholders accountable for timely procurement and contracting procedures and make information about the process transparent to nonprofit providers and the public.
2. Establish new processes to streamline and modernize the procurement and contracting process to reduce inefficiencies and delays.
3. Increase fairness and equity by reducing costs incurred by nonprofits when contracting with the City.
4. Establish leadership and management practices at the highest levels of city government to demonstrate a renewed commitment to timely nonprofit contracting and registration.
5. Strengthen the capacity of nonprofit organizations' administrative and contracting capabilities and enhance the skills of the City's contracting workforce.

UNH looks forward to working with this committee to ensure that these recommendations move forward and the City's contracting process for social services is made more efficient for nonprofit partners.

#### **Procurement and Sourcing Solutions Portal (PASSPort)**

The Procurement and Sourcing Solutions Portal (PASSPort) is a project of the Mayor's Office of Contract Services (MOCS). MOCS developed PASSPort with the intent to reduce contracting backlogs by leveraging technology to make the process simpler and more transparent, and the technology is incredibly promising. The "Better Contract for New York" action memo acknowledges that PASSPort has helped to streamline aspects of the procurement process, but there is work to be done. Since launching PASSPort, providers have uncovered minor, technical challenges with the system. For example, our members have found that the agency contacts listed in the system were inaccurate, and also noticed that documents were sometimes overlooked by agency staff if they did not follow a particular naming convention. However, as these issues have come up, MOCS has worked hard to resolve them quickly in an effort to make the system work better for providers. We are optimistic that MOCS is committed to working with partners to make continual improvements to the technology.

The biggest issue with the rollout of PASSPort has been inconsistent adoption across agencies. More complete integration and system-wide implementation will be necessary to realize the full potential benefits of this new technology. As of now, while some agencies have moved over most or all of their processes to the new system, most still rely on older technologies in conjunction with PASSPort, meaning that nonprofits are forced to do double the work, reporting and using both systems while the agency transitions.

In part, agency hesitancy is due to a lack of familiarity with the new technology. For this reason, **UNH recommends that MOCS offer trainings on the best practices for using PASSPort to both agency staff and nonprofit providers.** We recommend that these trainings are open to all and

conducted in tandem so that each party understands both ends of the operating system. Often, trainings are divided such that agency staff only learn one end, and providers only learn the other. By allowing all parties to hear the full process, MOCS could reduce the possibilities of discrepancies and confusion later.

Once these trainings have taken place, **UNH recommends that all City agencies fully adapt PASSPort and this committee take all reasonable steps possible to ensure that legacy systems are phased out.** Every moment that agencies delay in full implementation and embrace of PASSPort, providers must waste time filling out multiple applications, forms, and reports across two or more systems. Further, the sooner that all agencies are using the same tool for applications, the sooner providers can streamline their backend operations, saving time and money that could be better spent on programs. Training new staff, for example, will be made more efficient when one system is being used across all City agencies.

In summary: While there are minor technical challenges to using PASSPort that providers have brought to UNH, MOCS has worked quickly to resolve those challenges as they arise. Because of this, we are confident that PASSPort can reach its full potential and achieve its goal of increasing transparency and communication in the City contracting process. The highest priority at this time would be broader adoption of the technology across all City agencies that contract out work.

In the future, UNH looks forward to working closely with this Committee on more of the recommendations included in the “Better Contract for New York” action memo. Thank you for your time and the opportunity to testify today. For more information, or to answer any additional questions, you can reach me at [jfalcone@unhny.org](mailto:jfalcone@unhny.org).