

**Written Testimony of the New York City Economic Development Corporation  
New York City Council Committee on Contracts  
June 4, 2024 Oversight Hearing on Evaluating Progress of Reforms to Accelerate  
Nonprofit Contract Payments  
Introduction 510**

My name is Jeanny Pak and I serve as the Chief Financial Officer of the New York City Economic Development Corporation (EDC). EDC is charged with creating a vibrant, inclusive, and globally competitive economy for all New Yorkers. Our work is guided by four strategic priorities: strengthening business confidence, growing innovation industries with a focus on equity, building neighborhoods as places to live, learn, work and play, and delivering sustainable infrastructure.

I am submitting testimony with respect to Introduction 510 which seeks to have EDC establish a bridge loan program for contracts valued at no more than \$500,000 where the City is committed to expend or does expend funds in return for work, labor, or services for contracts that are pending registration and where contractors are not reasonably expected to receive payments on the scheduled payment dates. EDC is strongly opposed to this legislation.

As I've outlined above, EDC is a mission-driven, non-profit organization that is focused on the economic development of the City for the benefit of all New Yorkers. Our mission and expertise are not in the establishment and administration of the proposed bridge loan program for eligible City contracts for work, labor, or services. EDC has no interaction with or knowledge of the vast universe of City contracts which this legislation intends to cover. These are not contracts with our organization, nor are we a City agency.

From a financial perspective, EDC does not have the financial resources to provide the proposed bridge loans, nor do we have the budget for the staff and expertise necessary to create and administer such a program. Such a program carries significant financial risks, and the proposed legislation lacks, for example, stringent requirements regarding eligibility, collateral, and avenues for repayment, and could expose the bridge loan program administrator to serious and significant unknown financial risk. Under the proposed legislation, EDC is taking the financial and credit risk of unknown contractors from agencies across the City which we had no role in selecting.

Additionally, the Administration has been committed to investing in the Returnable Grant Fund, which already offers interest-free loans to human services providers contracting with the City who are awaiting contract registration. This is an existing program which addresses many of the concerns raised by Introduction 510 and is the best vehicle for a program such as the one envisioned by this legislation.

For these reasons, EDC opposes Introduction 510.

**Testimony of Lisa M. Flores, MOCS Director**  
**Before the New York City Council Committee on Contracts**  
**MOCS Oversight – Evaluating Progress of Reforms to Accelerate Nonprofit**  
**Contract Payments**  
**June 4, 2024**

Good afternoon, Chair Won and members of the Contracts Committee. Thank you for inviting us to testify at this Oversight Hearing on Contract Processing. I'm joined by First Deputy Director Kim Yu, Special Counsel Charles Diamond, and Associate Director of Nonprofit Ombudsman, Ilke Denizli.

Since we last had the chance to convene, MOCS has continued to advance its efforts to modernize procurement and streamline processes that tackle long-standing pain-points and improve cycle times. Our four key strategic priorities remain unchanged: furthering our pursuit of digitization through PASSPort, procurement reform, maximized M/WBE utilization, and enhanced community engagement.

Modernizing the City's procurement process through digitization lies at the core of everything we do at MOCS. Our ability to propose, advocate for, and implement legislation and initiatives that speak to this mission are inherent to the years of dedication and investment that have been poured into PASSPort. With that in mind, we are pleased to announce that we are in the final stages of closing out remaining post-migration tasks resulting from the sunset of the legacy system HHS Accelerator into PASSPort. It is important to note that this essential step, while furthering MOCS' vision of a more centralized procurement system, was executed at an expedited timeline due to the ending of associated technical support from our software provider. Once it became clear that we had to transition away from the legacy HHS Accelerator system, we proceeded with careful consideration of our providers responsible for delivering essential services, given that many of them had worked with this much-loved system for over a decade.

In an effort to mitigate impacts during this period and ensure continuity of cashflow, our office issued a directive in December 2023, instructing human service agencies to issue an additional 15% advance where providers were expected to submit

invoices during the migration. Since December of last year, agencies have issued more than \$673 million in advance funding for the migration, offering providers much needed stability during this massive technology transition. The patience and support that we've received from the sector throughout this challenging period has been instrumental to the success of the migration and we thank them for their continued partnership.

Looking ahead, we are preparing for PASSPort Release 6, which will feature two key additions including PASSPort Vault (formerly known as Document Vault in HHS Accelerator) and Subcontractor Management. PASSPort Vault delivers on a critical recommendation from the Joint Task Force to Get Nonprofits Paid on Time, providing a secure platform for document storage and sharing. The new subcontractor management module will streamline subcontractor approvals and payment submission processes, providing increased transparency around M/WBE utilization goals. We look forward to launching these new features later this year.

In addition to these platform upgrades, MOCS has continued to address inconsistencies and barriers facing nonprofits through the implementation of key initiatives recommended by the Joint Taskforce to Get Nonprofits Paid on Time. Our progress in this area began with the "clear the backlog" initiative, which cleared over \$6 billion in payments owed to nonprofits. We subsequently built on this progress by supporting agencies to reach 81% on-time submissions to the Comptroller by July 1 in FY24, a 25% improvement from the prior year despite a 60% increase in contract volume. I also shared several major policy reforms at our preliminary budget hearing, such as the allowance clause, the multi-year discretionary contract, and enhanced Returnable Grant Fund (RGF). In addition to these successes, some of our latest achievements include:

- A Cost of Living Adjustment (COLA), which will entail an almost 9.27% increase to City-contracted human services workforce wages totaling \$741 million over three fiscal years beginning July 1, 2024 (Fiscal Year 2025).
- The Workforce Enhancement Initiative, which added \$174 million in baselined funding to human service contracts in FY23 and marked a significant advancement towards delivering better pay parity for our nonprofit partners.

The City is currently working on apportioning these funds through the contracting agencies. Fiscal Year 2025 COLA funding will be distributed to nonprofit providers that have human services contracts with the City of New York and a Fiscal Year 2025 budget term. Recognizing the importance of timely processing, contracting agencies have been instructed to reach out to eligible nonprofit providers by July 1 with COLA templates to confirm eligible contract funding. The City is working to get Fiscal Year 2025 COLA funding to providers expeditiously through Fiscal Year 2025 budget advances and will provide additional information through FAQs and other resources.

We will continue to support the implementation of reforms such as these and other ongoing programs and initiatives in the face of these challenging fiscal times. MOCS' total budget for FY24 is \$44.6 million, including \$21.2 million for personnel services and \$23.4 million for OTPS. The bulk of our budget is devoted to the Accenture and Ivalua contracts which maintains PASSPort, the City's procurement to payment system, and are valued at \$90 million over ten years for Ivalua, and nearly \$45 million over six years for Accenture. In FY24, during our Accenture maintenance contract renewal, OMB instituted the 15% PEG and MOCS worked diligently to reduce that contract by \$7.2 million over the 3-year lifespan of the contract, a total reduction of over 100,000 hours, to meet our PEG.

This Fiscal Year has been especially impactful because along with the contract reduction and PEGs, MOCS has been going through a huge transition. We completed a once in a decade decommissioning and migration of over one-third of our portfolio of active contracts from our legacy system HHS Accelerator to PASSPort and have begun a host of improvements and additional processes in PASSPort to better serve our users.

In addition to the PEGs: \$3.9 million in FY24 and \$2.5 million in the outyears, the City's prior year budget cuts and current year hiring policies are reflected in our FY24

budget and outyears. Between our FY24 adopted and our upcoming FY25 budget, we will have lost 14 MOCS-Direct budgeted positions, representing 8% of our total headcount. Along with a previous structural deficit from prior year budget reductions, we continue to face headcount challenges. As of June 3, 2024, MOCS has 18 vacant positions.

Turning to the eight bills presented today, we have some questions and concerns regarding implementation and impact, particularly those requiring a cost commitment, some of which are inconsistent with existing programs, or would impose additional burden on providers.

For Intro 243, 510, and 514, the administration cannot commit to legislation that would create an ongoing cost commitment in the present budget situation. Along with overlapping with the City's existing Indirect Cost Rate (ICR) program, the minimum rate required by Intro 243 would double the current indirect cost rate floor and reduce the amount the City can spend on direct services. Announced in October 2019 and claiming for indirect cost rates and funding opening in November 2019, the ICR Funding Initiative issues a standardized methodology for contractors to obtain a budgeted cost rate above ten percent through the Citywide Implementation Team and the HHS Cost Rate Manual.

Similarly, the cost component of Intro 510 and inconsistencies with existing programs also contribute to our concerns around implementation of this legislation. As we have previously testified, this Administration has been committed to investing in the Returnable Grant Fund (RGF), which already offers interest-free loans to human services providers contracting with the City. In January 2024, the Administration delivered on a key recommendation from the "Joint Taskforce to Get Nonprofits Paid on Time" by expanding access to the RGF and streamlining the application to ensure that provider partners of all sizes have access. In addition to this overlap, the bill would only apply to work, labor, or services contracts under \$500,000 that are pending registration with the Comptroller, which would limit eligibility as compared to the RGF.

We also find Intro 514 to be both unachievable in this budgetary environment and contradict our ongoing efforts; in this instance those around contract timeliness. Pursuant to PPB Rule 4-12, we provide summary data on the timeliness of agency contract submissions in the annual indicators report. In the FY23 report, we shared that

“the Citywide Chief Procurement Officer has not deemed any agencies to be substantially late, [but] recognizes that there is still progress to be made.” Although there is still much to do—alongside the implementation of PASSPort Public, a public transparency portal that provides data on contract processing and retroactivity, these transparency tools are an important means to enforce accountability, with the ultimate goal of getting nonprofits paid on time. While we support the general goals evident in Intro 214, 510 and 514, we are seeing progress in the initiatives currently underway, and the administration cannot commit to any new legislation which would incur a fiscal impact in the current budgetary environment.

For Intro 508, 801, 802, and 803, we have some questions and concerns around implementation, and would appreciate further discussion with the Council. While late payments are a major pain point in City contracting with significant impacts on vendors, we would caution that Intro 508 would only add additional layers of process and burden to an already fragmented system. Many payments are also deliverable based, not time based. Mandating a payment reporting system based solely on time does not take into account the breadth of the procurement system and could lead to significant adverse consequences. While we are open to further discussion on Intro 801, we would like further detail from Council as these detailed submissions described in the bill could have negative effects on contract timeliness by imposing additional burden on the subcontractor approval process. For Intro 802 and 803, we would need further discussion with the Council on the goals of this legislation. As a general matter, we are wary of introducing additional barriers and process requirements which could further slow and complicate City contracting – a historical issue that we are currently addressing through much of the reform work I mentioned at the beginning of my testimony. We are happy to continue the conversation around these bills.

Finally, there is one bill presented today that we find to be fully in line with this administration’s efforts to reduce cycle times and streamline processes: Intro 863. Intro 863 makes critical reforms to section 312(a) of the New York City Charter, commonly referred to as Local Law 63, by increasing the threshold of the law’s applicability to contracts valued at \$1,000,000 (up from \$200,000) and decreasing the public notice period from sixty days to at least ten days prior to certain unplanned contract actions.

The City's contracting budget continues to grow, rendering the \$200,000 threshold outdated. In FY23, roughly \$39 billion of the City's \$41 billion in contract awards resulted from contracts over \$1 million. Raising the threshold would continue to account for the vast majority of applicable contract dollars, while reducing the administrative burden and resulting increases in procurement timelines for lower value awards. Additionally, this reform will increase the effectiveness of City contracts with our M/WBE vendors by exempting M/WBE Small Purchases from the law, which will reduce contracting delays with this essential vendor community. In addition to these streamlining efforts, Intro 863 clarifies and codifies agency compliance processes aimed at increasing transparency for contracts that were not included on the annual plans.

In closing, I would like to thank Chair Won and the Committee for your continued partnership and look forward to further discussion on the bills presented today, in addition to identifying opportunities to advance existing programs and initiatives. Although there is still much to do, the work we've accomplished together has consistently set the standard for equity, transparency and accessibility, and we will continue to prioritize these values across all workstreams. Along with my colleagues, I am now happy to take any questions you may have.



**Testimony to the City Council Committee on Contracts**

**June 4, 2024**

**Regarding:**

**Oversight - Evaluating Progress of Reforms to Accelerate Nonprofit Contract Payments; and**

**Intro 514, Interest to be paid on late contract payments to non-profit contractors; and**

**Intro 863, Procurement procedures for certain contracts, and public notice requirements for changes to planned contract actions.**

The American Council of Engineering Companies of New York (ACEC New York) is the voice of the professional engineering community, representing 300 engineering and affiliate firms throughout New York State that collectively employ 30,000 people statewide, with a concentrated presence within the five boroughs of New York City.

Our members are involved in all aspects of engineering for the public sector. We plan and design the structural, mechanical, electrical, civil, environmental, plumbing, fire protection and technology systems for the city's infrastructure, including transportation, energy, and wastewater treatment facilities, as well as public buildings, schools, residential buildings, museums and libraries.

We applaud the Committee's attention to procurement processes. This area is in critical need of reform. **We request your oversight focus be expanded to include reforms to the city's procurement of professional services based on the experience of our consulting engineering members.**

The issues you have identified regarding delays in payment to non-profit contractors also impact consulting engineers. While these may be private entities, they are performing critical work to benefit the public: designing and managing the city's infrastructure. This has negative effects to public projects (delays and costs), the ability to assign top engineers to city projects (as opposed to other government agencies which operate more efficiently), and to MWBE goals, as the burden of late payments falls hardest on smaller firms, many of which are certified. Delayed payments are a deterrent to such firms even seeking work with the city.

In this regard, we urge your Committee to address that city agencies often direct contractors to begin working on a contract before that contract is officially registered. In these cases, the engineering firms are being directed by agencies to work "at risk" and, in effect, to subsidize the city through an interest free advance of funds for which they are not compensated. This is sufficiently egregious that the same conduct on a federal contract would be illegal.

While our business community greatly appreciates that the city is actively seeking reforms to its capital procurement process and contract management system, and indeed the Administration has thankfully prioritized this important work, the fact remains this effort has a long way to go and reforms are aspirational, but not mandated.

**The solution is to fix the contract/change order registration process *now*; it is not for the city to keep directing professional service providers -whether private or non-profit- to begin working before their contract is registered.**

In this context, we submit the following comments regarding the legislation being heard today:

**Intro 514, in relation to interest on late contract payments to non-profit contractors.**

- **ACEC New York supports this concept and requests it be applied to professional service contracts and specifically engineering contractors when they are not paid on time in accordance with their contracts with city agencies.**
- The city's practice of making delayed payments to engineering contractors impacts all firms who seek to do business with the city, and ultimately increases the costs of delivering public infrastructure projects.
- Late payments impact the financial health of engineering firms of all types and sizes, becoming too burdensome for firms who thereafter choose not to pursue public work with the city, reducing the competition pool.
- Late payments are especially harmful for medium- and smaller-sized firms, including many of the MWBE businesses in our association. For these firms, we have been made aware of cases where large sums of money are owed for months and even years. This presents a risk or existential threat to firms such that they are unable to pursue city projects, even while the city has a public policy stating an intention to increase the pool of contractors and specifically MWBEs. The city's payment delays undercut MWBE goals set by the City Council and Local Law 1.
- Simply put, agencies take advantage of their leverage to delay payments through antiquated review processes and arbitrary rejection of invoices, just as they do with non-profit providers. Many of these practices were created at a moment in history when the city was in dire financial straights, fifty years ago, and are now baked into the sense that agencies are entitled to float the cost of public works on the shoulders of those performing the work. This hurts the city, by turning away otherwise qualified private entities from competing for city projects, and it hurts the firms who do participate on city projects.

**Intro 863, Procurement procedures for certain contracts, and public notice requirements for changes to planned contract actions.**

- **ACEC New York supports this bill's goal to streamline procurement procedures.** On the heels of the Bipartisan Infrastructure Law and increased investment in public projects across the country, and at a time when public and private workforces are stretched, it is important to streamline public procurement procedures. New York is competing with municipalities across the nation for funding and for human resources to

deliver infrastructure at this time. The more inefficient the city's procurement process is, the less public infrastructure will be delivered for New Yorkers.

- We **support** the bill's provisions where, for RFPs outside the city's pre-planned/scheduled list capital projects, the amount of public notice the mayor must give before the agency issues its solicitation is reduced from 60 days to 10 days.
- However, other provisions in the bill contradict the purpose of streamlining. These provisions are concerning and we recommend they be removed:
  - Change Orders ("amendments" in the bill language) will now also be subject to the public notice rule; albeit 10 days (reduced from 60 days that currently applies to solicitations). This builds an added delay into a process that is already unacceptably long and subject to delays.
  - For Change Orders, the bill would add a 30-day delay before award can be made, during which time the Council can hold a hearing if it wishes. The 30 day clock starts once the Council receives an "analysis" from the agency. (note: currently this delay/review period exists and applies to other contract actions). As above, this builds an added delay into a process that is already unacceptably long and subject to delays.
  - The inherent flaw in adding "amendments" to the category requiring delay -of any length of time- is that *by definition* none of the "amendments" could have been anticipated *before the procurement ever took place*.

Thank you, again, for the opportunity to provide comments on this important subject. If you have any questions or if our association can be of assistance to you, we are happy to work together.

Contact:

Bill Murray  
VP of Metropolitan Region  
ACEC New York  
[bill@acecnyc.org](mailto:bill@acecnyc.org)

Taylor Palmer  
Director of Government Relations  
ACEC New York  
[taylor@acecnyc.org](mailto:taylor@acecnyc.org)



**Testimony on behalf of Volunteers of America-Greater New York  
The New York City Council Committee on Contracts  
Oversight - Evaluating Progress of Reforms to Accelerate Nonprofit Contract Payments  
June 4, 2024**

Introduction and Thanks

My name is Catherine Trapani, and I am the Assistant Vice President for Public Policy for Volunteers of America-Greater New York (VOA-GNY). We are the local affiliate of the national organization, Volunteers of America, Inc. (VOA). I would like to thank Chair Won and members of the Committee for the opportunity to submit testimony for this hearing.

About Us

VOA-GNY is an anti-poverty organization that aims to end homelessness in Greater New York through housing, health and wealth building services. We are one of the region's largest human service providers, impacting more than 12,000 adults and children annually through 70+ programs in New York City, Northern New Jersey, and Westchester. We are also an active nonprofit developer of supportive and affordable housing, with a robust portfolio permanent supportive housing, affordable and senior housing properties—with more in the pipeline.

Overview of Payment Process and Current Challenges

We are grateful for the City's commitment to improving the procurement process. While substantial changes have been made to streamline the contracting and payment process, we have found the implementation of key reforms to be uneven and sometimes counterproductive.

Contracts continue to be registered late and once registered, payments are often slow. While bridge loans should be available, we have found that resource to be limited and are often told that our needs are not a priority or, that the fund may not have sufficient dollars to support our operations. Therefore, to bridge the gap in funding, VOA-GNY has been forced to rely on our line of credit and incur interest costs that are not reimbursable. Last fiscal year, VOA-GNY spent \$700,000 on interest fees in order to keep our NYC contracted programs running and project spending \$1,000,000 in interest fees for FY25.

The PASSPort system was created to improve timely contracting and payment but, it continues to be plagued with issues stymying progress:

- The timing of the migration of invoices from HHS Accelerator into PASSPort financials caused significant payment delays. Despite VOA-GNY submitting invoices prior to the cutoff dates provided for HHS, the City did not clear the backlog of HHS invoices prior to the migration such that most of those invoices were rejected and we were forced to re-enter into PASSport upon the migration being completed.

- Migration of budgets from Accelerator to PASSPort was done incorrectly causing errors making it impossible for nonprofits to invoice until the budget migration issues were resolved.
- VOA-GNY has been informed that the impact of these delays will not be limited to the current fiscal year and are likely to impact timely registration for FY2025 as well.
- In addition to migration issues, the PASSPort system itself has limited functionality.
  - o Contracts awaiting signature cannot be viewed by nonprofits in PASSPort. The system only displays the signature page depriving nonprofits the opportunity to review critical documents before signing. Because we cannot sign something we haven't had the opportunity to read, we have experienced significant delays in contract registration due to this system-level flaw. In one instance, VOA-GNY waited 3 months for a copy of a contract pending signature and was only successful in receiving it after elevating the issue to the Commissioner of MOCS.
  - o It is still not possible for the system to allow providers to invoice while any other action on the contract is pending even if the value of the invoice is low enough to not be impacted by any other pending modifications on the contract or budget. This means that you cannot invoice for services rendered while awaiting approval of a budget modification of any amount, robbing providers of needed flexibility to manage program budgets effectively.
  - o The system does not allow for partial payment. This means that if the agency has a question or dispute about 1 item on an invoice, no monies can be released until that one item is resolved. Nonprofits must withdraw the entire request for payment and resubmit in order to get paid
  - o Because the system is buggy and the user interface unintuitive, program staff still routinely field requests for documentation from the contracting agency via email and are often asked to upload the same materials for numerous contracts in PASSPort in addition to emailing them to staff at the contracting agency.

Planned budget cuts for the Mayors Office of Contract Services (MOCS) will only exacerbate these issues by undermining their technology budget and by reducing headcount. We urge the City to consider restoring MOCS's budget cuts to ensure they have the resources necessary to solve these problems.

At the contracting agency level, adherence to Citywide policy on timely payment also continues to be an issue.

- The Department of Homeless Services only allows providers to submit 2 invoices at any given time to control their workflow, meanwhile, providers are unable to submit invoices for payment that often stack up while awaiting contract registration. The result is that providers are never able to invoice in real time, further delaying payments even after a contract is registered.
- The agency also routinely asks for 100% up front verification of expenses prior to payment even though the policy is designed to have most of those reviews happen on the backend, post-payment.
  - o These reviews can be particularly time consuming because not only does the finance team have to approve the payment but so do program analysts and

administrators. Because so many people are reviewing the same materials, it is not unusual for the invoice to be returned more than once by different staff for revision. Each time invoices are re-submitted to respond to issues flagged by various reviewers, they must go through each stage of the approval process again, even if the invoice had previously cleared one of the stages of review. It takes an average of 12 levels of approval before a payment is made.

- Invoices are often delayed awaiting approval from the program teams since the staff at the agency at the program level responsible for approval invoices is the same staff that are also tasked with field supervision and programmatic oversight limiting their availability to sit and review pending invoices. There are simply not enough hours in the day for the average program analyst to fulfill both their fiscal and programmatic oversight duties in a timely manner, particularly given the size of the backlog.

In addition to these process related reasons for payment delays, some contracts have structural issues that impact the City's ability to pay VOA-GNY on time for our services. HRA has short-funded several contracts for our SRO Supportive Housing such that while the agency is aware that the costs of operating the program for the duration of a multiyear contract is higher than the budgeted amount in the system. Rather than right-size the contract amount prior to registration, the agency registers the contract without sufficient funding and asks us to amend it half-way through the contract period to encumber the required funds in the out-years of the contract when those years come up. Because the agency does not allow us to begin the process to amend the contract until the short funded year us upon us, there are delays in payment every time.

#### A better solution: Consolidated Fiscal Reporting

As I have outlined, New York City's contract and payment system is riddled with inefficiencies making slow payment a nearly inevitable function of its design. In contrast, New York State's contracting and fiscal reporting model features a healthy amount of oversight but also allows for prompt payment. That system is known as Consolidated Fiscal Reporting. In that model, once the State selects a vendor to provide a service, they negotiate the budget and register the contract. At that point and in each quarter of the contract period, the vendor/provider is issued a 25% advance and is permitted to draw down funds as expenses are incurred. At the end of the quarter, the provider works with the contract agency to report on how those monies were spent reconciling any differences between expenses and budgeted amounts. This process repeats each quarter until close such that every quarter there is the opportunity to reconcile, adjust and report on spending but, because the funding is advanced each quarter, the provider is not left waiting to drawn down dollars necessary to conduct business. Consolidated Fiscal Reporting also allows providers with multiple contracts for the same service (for example, operating several housing programs with the same scope of services at different sites) to consolidate reporting across contracts reducing duplication while preserving oversight. We strongly urge New York City to adopt a similar approach which balances the need for oversight with the practical needs of service providers who need to access funds to effectively do their work.

## Legislation

VOA-GNY is deeply appreciative of the Council's attention to the myriad of issues plaguing the nonprofit sector and your legislative efforts to improve the situation. We respectfully offer the following comments on selected bills before the committee today.

- [Int 514](#) - By Council Members Brannan, Yeger, Hanif and Brewer - A Local Law to amend the administrative code of the city of New York, in relation to interest to be paid on late contract payments to non-profit contractors.

VOA-GNY strongly supports the intent of this legislation which would make interest a reimbursable expense when the City of New York fails to pay for services on time. Our one note of caution regarding the language of the bill is that, as written, it may mean that while providers could bill the City for interest payments, that funding may come out of the monies budgeted for programming. While in some instances, that may mean that providers simply serve fewer people (an outcome that is undesirable but possible), shelter providers do not have the option to reduce services because our clients are in residence irrespective of when the contract is scheduled to renew. Regardless, our costs are fixed regardless of occupancy and, there is a right to shelter making scaling back programs impractical in any case. Therefore, while we could in theory be reimbursed for interest payments, unless new funding is added to the contract to pay this cost, we would still be operating at a deficit.

The second flag we have for the bill as written is that the "The applicable interest rate for such interest payments shall be the rate set by the commissioner of taxation and finance for corporate taxes pursuant to paragraph (1) of subsection (e) of section 1096 of the tax law". This seems unnecessarily complicated; if the Council wishes to make interest payments reimbursable, the rate should be paid at the actual interest rate charged to the nonprofit provider.

- [Int 243](#) - By Council Members Hudson, Ayala, Won and Restler - **A Local Law** to amend the administrative code of the city of New York, in relation to indirect costs of nonprofit city service contractors.

While we appreciate the intent of this bill, we have concerns that by requiring the City to adopt a specific methodology to set indirect rates that differs from what providers already spent significant resources to establish under the current Indirect Cost Rate Initiative. Instead of mandating a new methodology entirely, we would encourage the City to first pay out all monies owed on the existing initiative. Next, we recommend a review of the existing cost manual and changes to address aspects that have been problematic when trying to implement the policy. Changes we would seek include but are not limited to allowing providers to draw down indirect funds on budgeted spending rather than limiting claiming the rate based on actual spending, reexamining the exclusion of certain subcontracts in the cost base and, other issues. The key issues to consider are that indirect costs are fixed and are a function of what it takes to successfully operate an organization capable of delivering the services required under the human services contract. Artificially reducing the cost base on which indirect can be applied shrinks available resources to support those costs even though they are fixed forcing nonprofits to operate at a deficit.

- **Int 508** - By Council Members Brannan, Yeger and Hanif - **A Local Law** to amend the New York city charter and the administrative code of the city of New York, in relation to reporting of promptness of agency payments to contractors.

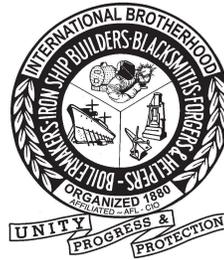
For the purpose of being able to better manage and plan cashflow, it would be helpful to establish timeframes that govern what constitutes timely payment and, to hold the administration accountable for these timeframes via regular reporting.

- **Int 801** - By Council Members Won, Brooks-Powers, Louis, Stevens, Farías, Banks and Williams - **A Local Law** to amend the administrative code of the city of New York, in relation to explanations for subcontractor denials in city contracting.

Homeless services providers like VOA-GNY have experienced many challenges related to getting subcontractors approved in a timely manner. The City's policy for subcontract approval (known as "65a" for the related form) is cumbersome and, for providers already operating shelter programs, any delays in subcontractor approval places providers in a precarious position of having to work with vendors that have yet to be approved to avoid disruption of critical services like food and security; this arrangement forces nonprofits to absorb all of the financial risk while waiting for the City to make a determination on the subcontractor. In many cases, the pool of eligible vendors for certain services is not large and, therefore many vendors for certain services have opted out of the bidding process due to the volume of requests making it difficult for providers to meet the threshold for the required number of bids. When you are left with a relatively small pool, to have a selected vendor rejected can be problematic since in most cases, providers will already have expended funds to vendors pending approval given the need for continuity of care. Intro 801 begins to try and solve for such problems by requiring an explanation for denials but, what would be more helpful would be a faster approval process with more assistance in either broadening the pool of subcontractors, such as continuing to host WMBE fairs or, by accepting attestations that alternative vendors cannot be found in instances where there are no qualified, available alternatives.

### Conclusion

Thank you for the opportunity to testify. We are grateful to the Council for your commitment to supporting the nonprofit sector. Should you have any questions or require further information I can be reached at [ctrapani@voa-gny.org](mailto:ctrapani@voa-gny.org) or 917-658-0435.



TOM RYAN  
Business Manager  
Secretary-Treasurer

KEVIN O'BRIEN  
President  
Assistant Business Manager  
Zone 5

## **BOILERMAKERS LOCAL LODGE No. 5**

MICHAEL BOGUE  
Assistant Business Manager  
Zone 7

GREGORY PETERSON  
Assistant Business Manager  
Zone 175

WILLIAM BAILEY  
Assistant Business Manager  
Zone 197

## **MEMORANDUM OF SUPPORT**

### **LEGISLATION [INT. NO. 803-2024](#)**

#### **TITLE**

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

#### **SUMMARY OF PROVISIONS**

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

#### **JUSTIFICATION**

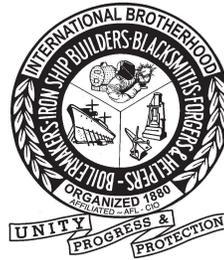
This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity "to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City."

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

*International Brotherhood of*

**BOILERMAKERS • IRON SHIP BUILDERS**



**BLACKSMITHS • FORGERS & HELPERS**

TOM RYAN  
Business Manager  
Secretary-Treasurer

KEVIN O'BRIEN  
President  
Assistant Business Manager  
Zone 5

## **BOILERMAKERS LOCAL LODGE No. 5**

MICHAEL BOGUE  
Assistant Business Manager  
Zone 7

GREGORY PETERSON  
Assistant Business Manager  
Zone 175

WILLIAM BAILEY  
Assistant Business Manager  
Zone 197

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**

---

**ZONE 5 • 24 Van Siclen Avenue, Floral Park, NY 11001 • Tel: 516-326-2500 • Fax: 516-326-3435**  
**ZONE 7 • 5745 Big Tree Road, Route 20A, Orchard Park, NY 14127 • Tel: 716-667-0861 • Fax: 716-667-0864**  
**ZONE 175 • 131 West Second Street, Oswego, NY 13126 • Tel: 315-343-3821 • Fax: 315-343-3563**  
**ZONE 197 • 75 South Dove Street, Albany, NY 12202 • Tel: 518-438-0718 • Fax: 518-459-2720** 2



**Testimony to the NYC Council Committee on Contracts  
Submitted by Breaking Ground  
Tuesday, June 4, 2024**

Good morning, Chair Won and members of the Council. Thank you for the opportunity to testify today. My name is Brenda Rosen, and I am the President and CEO of Breaking Ground, the largest developer and operator of supportive housing for low income and chronically homeless New Yorkers. We operate more than 4,500 units of permanent and transitional housing, with over 2,000 more in various stages of development. We also operate the street outreach program in Brooklyn, Queens and Midtown Manhattan, which connects the most entrenched, long-term homeless individuals with housing and other critical supportive services.

Today, I am here to discuss how contracting and payment delays are straining Breaking Ground's liquidity and increasing financing costs. As of today, we are owed \$23 million by the Department of Homeless Services. This includes \$12 million pending repayments from Invoices submitted to Passport. Also, budget modifications cannot be processed in the new system which prevents us from submitting invoices for previously approved 65A forms, ICRs (indirect cost rates) and contract amendments - totaling \$11 million.

80% of these receivables are over 90 days past due and many date back as far as 2020. During 2023, we paid \$830 thousand in unreimbursed interest expense on our lines of credit and continue to pay \$90 thousand per month in 2024. This is a 660% increase compared to 2020, when unreimbursed interest expenses was \$109 thousand for the entire year.

Based on these delays, we are in a constant struggle to meet payroll demands, to keep vendors paid and prevent them from walking off the job, and to meet financial covenants in loan agreements. This is untenable. Given the growing financial risk of doing business with the City, we are fearful of taking on additional contracts to help thousands more unsheltered New Yorkers find homes.

Thank you for your continued support and the opportunity to testify.

Brenda Rosen  
President and CEO  
Breaking Ground  
[brosen@breakingground.org](mailto:brosen@breakingground.org)



# BUILDING & CONSTRUCTION TRADES COUNCIL OF GREATER NEW YORK

**GARY LaBARBERA**  
PRESIDENT

—  
AFFILIATED WITH THE  
BUILDING CONSTRUCTION TRADES DEPARTMENT  
OF WASHINGTON, DC  
—  
BUILDING AND CONSTRUCTION TRADES COUNCIL  
OF NEW YORK STATE  
—  
AMERICAN FEDERATION OF LABOR OF CONGRESS  
OF INDUSTRIAL ORGANIZATION

June 3, 2024

## MEMORANDUM OF SUPPORT

**LEGISLATION** [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity "to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City."

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**



New York City Council Committee on Contracts  
Oversight – Evaluating Progress of Reforms to Accelerate Nonprofit Contract Payments

Thank you for the opportunity to submit testimony. I'm Nadia Chait, the Senior Director of Policy & Advocacy at CASES. CASES serves over 9,000 New Yorkers annually across a range of programs that are primarily funded through city contracts. We provide mental health treatment, supervised release and pretrial services, alternatives to incarceration, and education and career enrichment programming. Consistent late payments from the City cost us money and make it more challenging for us to serve our clients.

**Multi-Year COLA for Human Services Workers**

We thank the City Council for the \$150M Workforce Enhancement Initiative over the past three years and the \$741M investment for a multi-year cost-of-living adjustment (COLA) over the next three years. A COLA is an important step in addressing the longstanding underfunding in the human services sector. Our staff come from the communities that we serve, and are primarily women and people of color. Many of our staff have histories of incarceration and involvement with the criminal legal system. Efforts like the COLA bring us closer to the racial and gender pay disparities that have persisted for decades. This work holds immense value, and our staff deserve fair and appropriate compensation.

**MOCS Budget Cuts**

The City will not see progress on speeding up contract payments and improving the procurement process if the proposed cuts to the Mayor's Office of Contract Services move forward. The cut, which is \$17.4m less than the FY24 adopted budget, would result in 18 fewer staff positions and cuts to the contract that maintains PASSPort. MOCS has been leading reform initiatives that could significantly improve the contract process, but it is unlikely these will be successful with the scope of the cuts proposed. Budget cuts to MOCS are also likely to delay the implementation of the COLA. We urge the Council to restore full funding to MOCS.

**Intro 243**

We support the increase of the minimum indirect cost reimbursement rate to 20%, but we are concerned that this legislation will hamper the existing Indirect Cost Rate (ICR) Initiative. The ICR Initiative has been a significant improvement and we would not want to see this progress removed. Additionally, we are concerned that having one uniform methodology across all contracts would not always be beneficial. Ultimately, it is critical that the full costs of providing programs, which including paying rent and having HR and IT staff, are fully paid for on contracts.

## **Intro 514**

We strongly support a requirement for the City to pay interest on late contract payments. While ideally, contract payments would be prompt, that is not the case currently. Instead, CASES is often forced to take on debt to pay for our expenses and make payroll while we wait for the City to provide us the contract payments we are owed. As one example, we had a renewal contract for a period starting on July 1, 2022. As of the end of 2022, we had incurred \$3.5 million in costs, but had not received a single contract payment. We did secure one \$833,000 interest-free loan through the Fund for the City of New York, but this was not sufficient to cover the late payment. Instead, we had to borrow from a private banking institution where we have a line of credit. The interest rate was 7.5%, costing us thousands of dollars. The City does not reimburse us for interest payments, so we were forced to pay interest to a provide institution to provide City-contracted services. If the City were to pay interest on late payments, that would be very helpful in situations like this. However, interest payments cannot come out of program budgets. We are already severely underfunded; taking this money from program budgets would not be beneficial.

We appreciate the Council's commitment to improving the procurement process.

Nadia Chait

Senior Director of Policy & Advocacy

CASES

[nchait@cases.org](mailto:nchait@cases.org)

# CATHOLIC COMMUNITY RELATIONS COUNCIL

---

191 Joralemon Street, 2<sup>nd</sup> Floor, Brooklyn, New York 11201

**Testimony of Joseph Rosenberg**  
**Executive Director, Catholic Community Relations Council**  
**New York City Council Committee on Contracts**  
**June 4, 2024**

Good morning, Chair Won and members of the City Council Committee on Contracts. I am Joseph Rosenberg, Executive Director of the Catholic Community Relations Council (“CCRC”), representing the Archdiocese of New York and Diocese of Brooklyn. We thank the Contracts Committee for focusing on legislative reforms that can assist nonprofit providers in delivering essential services to our City’s residents.

For well over a century, Catholic Charities of the Archdiocese of New York and Catholic Charities of Brooklyn and Queens have been serving the basic needs of New Yorkers, not only in times of crisis such as during Superstorm Sandy and the COVID-19 pandemic, but every day of every year. Both Charities and their affiliates touch the lives of countless New Yorkers including families, children, the elderly, the disabled and asylum seekers. Our strong partnership with City government in this mission has been a constant over these many decades of service.

The recent Cost of Living Adjustment (COLA) agreement between the City Council and the Mayoral Administration to assist nonprofit employees is a clear example of this successful working relationship. The long sought-after annual 3% COLA to human service workers over each of the next three fiscal years totaling over \$740 million is a tremendous achievement that will benefit tens of thousands of human service workers. We thank the Council’s leadership on this subject and their perseverance in ensuring its incorporation into the upcoming FY’25 City Budget.

Despite this significant accomplishment, much work remains to be done. This is why we strongly support the passage of several bills on today’s agenda.

1. **True Cost of Services - Into. 243**: Human service contracts awarded to nonprofits do not cover the true cost of providing services. Underfunded government payment rates are the main driver of financial distress, and the nonprofit human services sector has been experiencing this situation for decades. As a result, nonprofit providers are often left with budget deficits that cannot always be filled by private grants or reserves.

Int. 243 would require indirect costs to be covered in contracts awarded to nonprofits by City agencies. This would occur either at a rate agreed upon between the nonprofit provider and the contracting agency, or by including a rate of 20% of the cost in the contract. Indirect costs cover items such as utilities, general liability and property insurance, custodial and cleaning services. These services have been subject to COVID-induced cost increases over

the last four years, followed by inflation. All are essential to providing services to our clients and protecting our employees.

2. **Interest Payments - Int. 514**: All nonprofit providers experience months and sometimes years of delays in receiving monies awarded by City service agencies. Yet despite the lack of payments, the nonprofit must provide the services from the beginning of the contract date. This is an untenable situation that risks the fiscal viability of many providers and must be remedied.

Int. 514 would help address the financial shortfalls that nonprofit service agencies face upon being awarded contracts but not promptly receiving the funds needed to cover these services. This bill would allow nonprofits to receive interest payments, calculated from when the amount was to be paid. So, if a contract was awarded on July 1<sup>st</sup> but the funds needed to provide the services were not received until December 15<sup>th</sup>, the nonprofit would receive interest payments from July 1<sup>st</sup>. This bill would help remedy the precarious financial situation faced by many nonprofits who are awarded contracts but not the promised payments.

3. **Informing Vendors of Basis for Late Payments - Int. 508**: Nonprofit providers are not currently informed by City agencies regarding significant delays in payment.

Int. 508 requires the Procurement Policy Board (PPB) to create a system for city service agencies to provide nonprofit providers with information about why their contract payments are late. This accountability would not only inform providers about the timing of these contract payments, it would also hopefully prompt City agencies to explore and formulate more efficient systems for delivering these funds.

Thank you again for recognizing the importance of nonprofit human services agencies and the indispensable resources we provide to New Yorkers.



**New York City Council**  
**Oversight - Evaluating Progress of Reforms to Accelerate Nonprofit Contracts Payments**  
**Testimony for Submission: Children's Aid**

**Tuesday, June 4, 2024**

Thank you to Chair Julie Won, members of the Committee on Contracts, and the New York City Council for the opportunity to submit this testimony for the record for the New York City Council's oversight hearing on evaluating the progress of reforms to accelerate nonprofit contract payments. My name is Michelle Avila and I am the Interim Director of Public Policy at Children's Aid.

With a mission to help children living in poverty to succeed and thrive, Children's Aid provides comprehensive support to children, youth, and their families in some of the most under-resourced neighborhoods in New York City. Since our founding in 1853, Children's Aid has been anchored in the knowledge that poverty cannot be overcome with a single service delivered at a single point in time. We are a solutions-driven, multi-service agency employing a holistic strategy that serves children and their families at every stage of development, from cradle through college and career; and in every key setting — home, school, and community. Today, our 2,000 full- and part-time staff members empower 50,000 children, youth, and their families through our network of 40 locations, including early childhood education centers, public schools, community centers, and community health clinics. Our comprehensive services are clustered in the neighborhoods of Harlem, Washington Heights, the South Bronx, and the north shore of Staten Island.

As an organization with a strong city advocacy and legislative agenda, Children's Aid is a member and supports the platforms of Campaign for Children (C4C), Fair Futures, Human Services Council (HSC), the New York City Coalition for Community Schools Excellence (CCSE), and the Council of Family and Child Caring Agencies (COFCCA).

The nonprofit sector is an invaluable part of the city's social safety net. Nonprofits like Children's Aid stand in the gaps, partnering with government to ensure our communities remain resilient and vibrant. However, our government partners' procurement, contracting, and funding decisions at the city and state levels continuously undermine our ability to remain fiscally solvent and maintain the services so many families depend on us for daily. Our contracting issues arise from delayed contract registration, delayed payments, not receiving a full indirect cost rate (ICR), constant shifts in direction and contract specific policies that vary



from city agency to agency leading to contract amendments. Contracting challenges directly constrain our ability to focus on programs and service delivery.

For contracts that cover staffing expenses, delayed contract registration can be particularly challenging since we are hiring and opening staff positions without assurances that the funding will be received. Even in the event that it is received, the timeframe for payment is unclear. This creates a financial burden for our organization as we front the costs and look to recoup sometimes two to three fiscal years back. We cannot overemphasize the impact that delayed contracts and payments have on the daily operations of our organization, specifically on our ability to hire and retain staff and provide high quality services to the communities we serve.

In FY24, government grants (city, state and federal) represented 72% of our annual budget, and City contracts, in particular, were 54% of our total budget. We currently hold contracts with the Administration for Children's Services (ACS), New York City Department of Education (DOE), Department of Health and Mental Hygiene (DOHMH), Department for Youth and Community Development (DYCD), the Human Resources Administration (HRA), New York City Housing Authority (NYCHA) and Safe Horizon. Through these contracts we operate programs like foster care and prevention services, Birth-to-Five early childhood education, Community Schools, School-based health centers, afterschool and summer programs, summer youth employment (SYEP), and more. In FY24, these services were funded primarily by 80 contracts with the City, totaling \$96,296,000. Of those contracts, 5 contracts totaling \$520,735 are currently unregistered.

### ***Recommendations for Nonprofit Contracting and Procurement***

We applaud Council Member Won, the Committee on Contracts, and the Council at large for recognizing the burdens and hardships delayed contracting cause nonprofits. We support the intent of **Int. 0243-2024** (Council Members Hudson, Ayala, Won and Restler) which would amend the administrative code of the city of New York, in relation to indirect costs of nonprofit city service contractors. The law would require the City Chief Procurement Officer and the Director of Management and Budget, or another officer or agency head designated by the mayor, to develop a methodology for calculating indirect costs, such as facilities or administrative costs, associated with providing human services pursuant to city contracts. The methodology would provide for a minimum indirect cost reimbursement rate of 20 percent. Human service providers may alternatively choose to use a federally approved Negotiated Indirect Cost Rate Agreement "NICRA" rate, or another indirect cost rate issued by an approved entity.



We support this effort and impress on the Council that the 20% rate should be an **alternative minimum rate, not a maximum rate and that this should apply uniformly to all city-funded programs**. When the City embarked on the process to develop the Health and Human Services (HHS) Cost Policies and Procedures Manual to standardize cost allocation practices for HHS contracts and Indirect Cost Rate (ICR) calculations, Children's Aid served on the Indirect Cost Rate Provider Working Group (ICR Working Group). For two years, we dedicated considerable time and resources working in partnership through the ICR Working Group process. We collaborated with the City to develop the Cost Manual and advocated during the FY20 budget process to secure a commitment that it would be funded. When the City announced that it would reimburse nonprofits their full, negotiated indirect cost rate from FY20 to FY22 in 2019, we celebrated. This collaborative work and agreement were also recognized at the City and national level as a model illustrating how to fairly address the real costs of services provided by the human services sector. The sector also worked in partnership with the Mayor's Office of Contracting Services (MOCS) to inform the implementation process and invested considerable resources to submit all required paperwork and budget modifications in accordance with the City's guidance.

Unfortunately, in August of 2020, the City announced a retroactive cut to the indirect cost rate initiative. For Children's Aid this amounted to nearly \$1M of costs that were incurred in the previous fiscal year. By renegeing on its promise to fully fund approved indirect cost rates, the City dealt a devastating blow to the human services sector at a time when we incurred considerable costs resulting from the pandemic and were already increasingly vulnerable. Nonprofits came together to advocate against these cuts and while partial funding was restored for FY21, the City's actions eroded trust in their commitment to fully fund the costs of service delivery for hundreds of thousands of New Yorkers. Should this legislation be enacted, we implore the City to commit to fully funding ICR costs at the 20% minimum rate or alternative rate as written in Int. 0243-2024.

Children's Aid supports **Int 0508-2024** which would amend the New York city charter and the administrative code of the city of New York, in relation to reporting of promptness of agency payments to contractors. This measure would provide a higher level of transparency and will help providers understand delays in payments, since the current PASSPort system does not track invoice dates. PASSPort only accounts for contract submissions, amendments and approvals. We cannot overemphasize the need for transparency and accountability in the contracting and reimbursement process so that nonprofit providers can remain fiscally solvent while delivering much needed programs and services to communities across the City.



Additionally, to address the contracting challenges experienced by the human services sector, we offer the following comments and recommendations as the City finalizes the FY25 City budget.

- Continued investment in addressing delays in contract registration and timely payments to nonprofit providers.
- Timely communication and management for PASSPort migration:
  - Alignment and standardization of processes across City agencies.
  - Prioritize activation of the budget and invoice functions in PASSPort so that providers can submit FY24 invoices.
  - Mandate training by each City agency on system functions and new financial processes.
- Reactivate the Joint Task Force to Get Non-Profits Paid on Time and the Capital Reform Task Force's proposed reform to establish timeframes and key performance indicators for the procurement process as promised.

We appreciate the Council for understanding that human services providers continue to face late contracting issues, which have a detrimental effect on both the organizations themselves and the communities that we serve. Thank you for the opportunity to submit this testimony. If you have any questions about this testimony, please contact Michelle Avila at [mavila@childrensaidnyc.org](mailto:mavila@childrensaidnyc.org).



# DC9

## NEW YORK

### MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

#### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

#### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

#### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be

raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City's public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**

# Forward Connect NYC



## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**



**CHIEF EXECUTIVE  
OFFICER**

Elizabeth Clay Roy

**MID-ATLANTIC  
EXECUTIVE DIRECTOR**

Khin Mai Aung

**BOARD OF DIRECTORS**

Julie Hudman, Chair

Jane Lo, Vice Chair

Priscila Guillen

Marjorie Innocent

Ishrat Jahan

Fallon Manyika

Jake Mazeitis

Joseph McGeehin

Hanna Rodriguez-Farrar

Matt Segneri

Savannah Slayton

Mary Vascellaro

Scott Warren

**Testimony of Khin Mai Aung  
Mid-Atlantic Executive Director, Generation Citizen  
June 4, 2024  
New York City Council**

Thank you for this opportunity to submit testimony on behalf of Generation Citizen (“GC”) at the New York City Council Committee on Contracts at this hearing on oversight of reforms to accelerate nonprofit contract payments. I’m Khin Mai Aung, the Mid-Atlantic Executive Director at Generation Citizen. Via our “Action Civics” curriculum, secondary school students apply social studies learning to the real world by studying and advocating on an issue of importance in their communities.

Generation Citizen is thankful for the Council’s \$500,000 investment this year in our programming and youth civics education through the *Civics Education in New York City Schools Initiative*. The City Council has generously funded this initiative for Generation Citizen since 2017, originally meant to support our programming in 125 classrooms. Since then, our footprint in New York City has more than doubled. In this 2023-24 school year, we are serving over 250 New York City classrooms. To ensure that we can continue and maintain our growth, Generation Citizen seeks an increase of \$100,000 for a grant of \$600,000 in FY25 to support this significant and continued expansion of programming across the City.

For the past seven years, New York City Council funding has been a critical source of support for our programming. Unfortunately, every year we experience significant delays in the approval of our contract with the Department of Youth and Community Development (DYCD), resulting in payment of each year’s funds a full calendar year later, and sometimes longer. This has caused hardship on Generation Citizen, as the New York City Council initiative funding consists of approximately half the budget of our Mid-Atlantic site which oversees New York City programming.

The delays in payment appear to be caused by multiple factors, beginning with registering our DYCD contract. After submitting initial paperwork, Generation Citizen is sometimes requested to re-submit materials already submitted, or to address minor technical or formatting issues. In recent years, the registration of our contract has taken at least 6 to 10 months, and often much longer. Once the contract is registered, the prolonged

process of seeking reimbursement for expenses commences, also with significant delays.

Specific challenges we have encountered include delays in initial payment (in FY23 we did not ever receive an initial deposit), as well as protracted delays in responses to emails and contract registration or documentation questions (sometimes it takes as long as 4 to 6 weeks to get a response to an inquiry), glitches in the passport system including HHS accelerator and in uploading requested documentation. HHS expires after approval if the organization's contract is not registered, which causes delays as our application is returned and we are forced to repeat this approval process multiple times as we await contract registration. Finally, changes in required documentation or the introduction of additional documents newly required for submission are not always clearly communicated, nor communicated in a timely and prompt manner.

GC remains incredibly thankful for the City Council's renewed funding despite myriad challenges and budgetary concerns in the last few years, as well as the above documented delays. GC hopes to continue partnering with the Council and DYCD to continue bringing high quality civics education to our City schools, and is hopeful about the Committee's efforts to implement reforms to accelerate nonprofit contract payments in the future.

Thank you for considering this testimony. I can be reached at [kaung@generationcitizen.org](mailto:kaung@generationcitizen.org) with any questions or comments.



## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**

COMMITTEE ON CONTRACTS  
PUBLIC HEARING JUNE 4, 2024

WRITTEN TESTIMONY SUBMITTED BY HOUSING AND SERVICES, INC.

Thank you for the opportunity for Housing and Services Inc. (“HSI”) to submit written testimony.

HSI is a member of the Supportive Housing Network of New York (“the Network”), the statewide advocacy organization for the New York State supportive housing community, and fully supports the Network’s oral and written testimony for this hearing.

HSI has over 38 years of experience as a permanent supportive housing developer and provider. We provide housing and on-site social services to 625 formerly homeless tenant households residing in four congregate projects in Manhattan and the Bronx. HSI also manages a 100-unit scattered site contract for households residing in private housing units in Upper Manhattan and the Bronx that is funded by HASA. HSI’s congregate projects have two HRA/DHS SRO Supportive Services contracts, two DOHMH services contracts and three HRA/HASA housing and services contracts. All HSI’s congregate projects have significant HPD capital funding.

Our staff head count is approximately 135, representing about 95 full-time equivalent staff positions.

OUR THANKS TO THE CITY COUNCIL FOR ITS SUPPORT OF PERMANENT SUPPORTIVE HOUSING NEEDS:

NYC 15/15 re-allocation:

HSI expresses its deep thanks to the Council for inclusion of a proposed NY 15/15 Reallocation in the Preliminary Budget Response

HSI greatly appreciates the Council’s recognition that a reallocation of NY 15/15 resources is crucial to the future production of NYC permanent supportive housing. As an experienced operator of scattered site housing, HSI sees no current or long-term viability in launching a new NY 15/15 scattered site program and has no intention to do so due to the scarcity of acceptable affordable apartments.

HSI has had great experience with the NY 15/15 congregate program which enabled the development of our newest 107-unit project. We are currently seeking new sites to develop using NY 15/15 congregate resources.

Human Services COLA:

HSI expresses its deep thanks to the Council for the passage of the Human Service Sector COLA. The COLA will provide both encouragement and relief for our dedicated but chronically underpaid essential workers.

THE NEED FOR MORE RESOURCES FOR MOCS, HRA AND DOHMH TO PROVIDE TIMELY PAYMENTS TO VENDORS:

As further explained below, HSI supports the bills proposed below. However, we stress that the real cure for late contract registration, budget and budget modifications approvals, and resultant late contract payments is to address the chronic underfunding of resources necessary to perform these crucial contracting processes.

The precipitous migration of HHS Accelerator billing processes to PASSport only exacerbated long-standing weaknesses in the contracting system.

HSI's FY 24 consolidated budget approximates \$17 million comprised approximately of 50% rent revenues and 50% NYC contract revenues.

As of the date of this written testimony HSI is owed approximately \$1,250,000 in NYC contract receivables from FY 23 and going back to FY 18. In addition, due to the confusion created by the precipitous migration from Accelerator to PASSport, HSI has approximately \$676,000 in FY 24 billings (\$1,965,000 in gross billings, net of \$1,289,000 in contract advances) that we are unable to bill as some of our contracting agencies are prohibiting the submission of current bills until they work through the backlog of already submitted but unprocessed bills.

Accordingly, approximately 11% of our total FY 24 budget is hung up in long-standing contract receivables, which of course puts HSI in a perilous financial position. The lack of liquidity not only puts HSI and our peer supportive housing providers in serious financial risk but also limits our ability to grow. Our Board of Trustees is already skeptical of HSI's taking on new contracts while we are not being paid on our current contracts. Low-income housing tax credits are a very common way for not-for-profit supportive housing developers to access capital for NYC 15/15 projects. In our search for new sites for NYC 15/15, we are finding tax credit syndicators are increasingly skeptical of our ability to provide investor-required liquidity guarantees due to the magnitude of our contract receivables. This puts not-for-profit developers and operators of permanent supportive housing at a significant competitive disadvantage with for-profit developers.

While HSI does not know the reasons behind the precipitous mitigation, we can testify to its consequences. Providers and funding agencies had to learn the new system simultaneously with providers often being ahead of the learning curve. Training materials provided by MOCS prior to the migration were changed without notice during implementation of the migration. Funding agencies struggled to learn the new system and to address its start-up glitches for months before just referring providers to MOCS which became overwhelmed by the increased wave of inquiries and requests for guidance.

We are slowly working our way through the backlog of billings which have absorbed huge amounts of time from our accounting staff and has created delays in our ability to complete the year-end audits of our financial statements.

We believe that chronic underfunding of MOCS and funding agency resources also creates significant disparities in funding agencies' ability to understand our programs' operations underlying our contract billings. Typically, when contracts have only personal service and agency fiscal management is also more involved with the programmatic aspects of the contract, the billings and budget modifications go smoother. Conversely, when contracts have both services and housing components (typically a proportionate share of the program's building operating costs) and program

and fiscal contract management are separate, the fiscal team often struggles to understand building operating costs, this results in confusion about what documentation that agency requires to support housing costs claimed on the contract and leads to often contradictory or ever escalating requests for more documentation.

Particularly with housing and service contracts, the knowledge problem is exacerbated by agencies requiring large unwieldy and overly complicated excel-based billings templates. On more than one occasion, HSI has waited for months to submit a bill as the funding agency struggled to correct errors in its own billing templates.

Particularly, for large, complicated contract billings, we understand that current MOCS systems do not allow for a partial payment on a contract bill. So, for example, our 100 unit scattered sites contract's monthly billing may contain up to 300 separate budget lines detailing the claim. If the funding agency has a question on even one budget line, a \$250,000 payment may be delayed for a \$50 line item in question.

#### PROPOSED LEGISLATION:

##### INT 0508-2024

HSI supports the proposal that vendors be informed about the reason for late payments and that late payments be reported to the Council with the caveat that funding for this additional work should also be accompanied by sufficient funding to address the root cause of late payments. Without funding to address both the root cause of late payments and this additional funding requirement, the bill's required reporting may only divert resources necessary to pay bills on time. The bill should also specify that any bills that an agency has prohibited from being submitted should be considered a late payment.

##### INT 0510-2024

HSI supports bridge loans for any vendor performing services while awaiting contract registration or payment.

##### INT 0514-2024

HSI supports payment of interest when vendors have incurred interest costs while awaiting contract payments. The interest costs should be an additional cost not included in the contract budget.

##### INT 0801-2024

HSI supports the transparency this bill provides.

##### NT 0243-2024

HSI supports this proposed legislation with the provision that sufficient funding to be provided to funding agencies to ensure the agencies understand the guiding principles of the Internal Cost Rate methodologies.

HSI notes that NYC has the Human Services Cost Policies and Procedures Manual that does describe how costs can be compiled to calculate indirect cost rates (ICR). It is a broad one-size fits all approach that is workable but very unfavorable to permanent supportive housing providers with non-

amortizing government mortgage loans as the resultant depreciation on assets funded on such loans and accumulating interest must be included in total direct costs. Inclusion of these costs that will not be realized in cash artificially decreases in the resultant indirect cost rate.

While the Manual is flawed but workable, the roll out of the ICR did not consider that agency contract fiscal management did not have the cost accounting background necessary to understand how the Manual should be applied. HSI is not aware of any attempt to provide the funding agencies with the necessary background to apply the principles of the Manual.

As a result, the implementation of the ICR has been chaotic with different agencies applying different methods of treating the same costs and, at least, one agency treating the same costs differently within its own contracts.

HSI perceives that, with the roll out of the ICR, the workforce enhancement and now the three-year COLA, there has been little or no guidance from MOCS to the funding agencies as to how to implement these initiatives. Accordingly, for the FY 20-FY 22 ICR cycle some agencies indicated for two years that they had no knowledge about how to apply the ICR. In many cases, HSI did not receive any FY 20-FY 22 ICR cash payments until FY 23.

The migration to PASSport only compounded the confusion. For the FY 20-FY 22 ICR cycle HSI elected the de minimis rate. For the FY 23-FY 25 HSI elected a MOCS approved rate developed by HSI and satisfactorily audited. Apparently, the ICR rates and calculations in the FY 24 budgeted rolled out in PASSport retained elements of the simplified cost allocation method prescribed in the Manual and did not match ICR information included in the FY 24 Accelerator approved budgets. HSI currently understands MOCS expects providers to work with the funding agencies to reflect the correct ICR information.

We thank the Committee for this opportunity to provide written testimony.



**HOMELESS SERVICES UNITED**

307 W. 38TH STREET, 4TH FLOOR  
NEW YORK, NY 10018  
T 212-367-1589  
www.HSUnited.org

**Homeless Services United's Testimony Before the NYC Council Contract's Committee  
on June 4<sup>th</sup>, 2024.**

Good afternoon - my name is Kristin Miller and I'm proud to serve as the Executive Director of Homeless Services United, a member organization for shelter and homeless service providers in NYC. Thank you, Chair Won and members of the Contracts Committee for allowing me to testify today.

HSU and our members are extremely appreciative of the Council's leadership and dedication to ensuring that non-profit contracted homeless service providers are able to be good fiscal stewards of critical life saving services for New Yorkers. **As we previously testified before this Committee, our DHS contracted non-profit member organizations continue to be owed hundreds of millions of dollars by DHS, with individual non-profits being owed anywhere from seven-hundred thousand to thirty-one-million dollars.**

Thank you for this committee's attention towards ensuring nonprofit contracted homeless services providers are paid on time. **We welcome the Council's leadership and support in ensuring timely processing of contract actions, including contract registrations, budget amendments and modifications, new needs requests, Form 65A subcontractor approvals, and ensuring monies are promptly encumbered.**

As Members of the Council well know, registering contracts is only the first hurdle in the procurement process. While DHS Commissioner Park previously testified<sup>1</sup> that the majority of FY24 DHS contracts have money allocated, providers cannot bill for those dollars until after line-item budgets are reviewed and approved by multiple levels within DSS, DHS, and MOCS.

The Administration must formulate a corrective action plan with concrete timelines to drastically reform DHS' procurement and payment process to eliminate delays, increase efficiency and transparency, streamline process to reduce barriers and burdensome requirements.

**Critical to this effort, the Council and the Mayor must pass an FY25 Budget which includes sufficient funding to hire additional staffing at DSS, DHS, and MOCS to handle the increased number of DHS contracts and corresponding actions, as well as restore and expand funding for MOCS' OTPS budget to maintain and improve the**

---

<sup>1</sup> At the May 6, 2024 Joint General Welfare and Finance Committee Budget Hearing



#### HOMELESS SERVICES UNITED

307 W. 38TH STREET, 4TH FLOOR  
NEW YORK, NY 10018  
T 212-367-1589  
www.HSUnited.org

### **functionality for the PASSPort system to quickly process contract actions and invoices.**

While DSS committed to forming a Rapid Response Team and redeploying staff to process Form65As and invoices, DSS has continued message that they need until the end of calendar year 2024 to eliminate the backlog, which is simply unacceptable given the damage already wrought to nonprofits. **Unless the DSS eliminates the backlog and successfully registers providers' FY25 contracts by July 1<sup>st</sup> (less than a month away), the new contract year will perpetuate further payment delays for non-profit homeless service providers.** Providers cannot continue to take out private loans to cover the City's chronic contracting and reimbursement delays. We welcome the Contracts Committee's leadership in guiding the City towards a more sustainable and streamlined procurement process.

### **Homeless Services United offers the following feedback on the bills being discussed today:**

*Int 243: - A Local Law to amend the administrative code of the city of New York, in relation to indirect costs of nonprofit city service contractors.*

- Raising the de minimis indirect rate from 10% to 20% could help some providers who lack the resources to have a rate formally established by a CPA firm or a NICRA process but being crystal clear that the 20% rate is an alternative minimum rate, not a maximum rate. Many providers had to spend thousands of dollars to provide justifications to raise their rates from 10% to 12% which ended up eating up the increased indirect revenue. Having this higher option as a default will give some providers the flexibility to say, "close enough" and then claim less than the rate if their actual rate is lower.
- A one-size fits all methodology may not best serve providers, compared to the current option which allows for greater flexibility in how the rates are calculated. The proposed methodology should not replace the option to set a rate through the Independent Accountant's Report. Providers can currently request a higher amount through an Independent Accountant's Report, generated by the CPA after providing them with a Schedule of ICR based off the organization's most recent schedule of functional expenses. Creating one standard methodology might help less well-resourced providers get a higher rate than the standard de minimus, but could also result in lower indirect rates for other providers who utilized Independent

Accountant Reports to get a higher approved rate. Providers may also have an already-approved higher ICR for State or Federal contracts.

*Int 508: A Local Law to amend the New York city charter and the administrative code of the city of New York, in relation to reporting of promptness of agency payments to contractors.*

- Int 508 could be helpful for oversight purposes to understand the delays in payments, given PASSPort does not currently track invoice dates, only dates for contract submissions, amendments and approvals. MOCS reports that PASSPort functionality will eventually expand to track invoice dates, but we do not know when, especially with pending OTPS cuts to MOCS.
- Providers report seeing lags in invoice processing, as well as Passport showing the invoice approved and “payment pending” status for more than a week before an electronic payment is received. Providers need transparency and consistency in the contracting and payment reimbursement process to responsibly manage their programs, pay their staff, and serve the people in their care.

*Int 510: A Local Law to amend the administrative code of the city of New York, in relation to the provision of bridge loans to contractors.*

- Int 510 would likely not impact HSU providers who have contracts which easily exceed half a million dollars. The underlying issue with Bridge Loans is that demand far outstrips available funding. DHS providers need to take out private loans because the City’s bridge funding is so limited.
- HSU would love the Council’s support in pushing for prompt budget and payment processing to *eliminate the need for bridge loans*, which are yet more paperwork for the Providers and City which takes time and energy away from the “regular” payment approvals.

*Int 801: A Local Law to amend the administrative code of the city of New York, in relation to explanations for subcontractor denials in city contracting.*

- While DSS does offer responses with Form65A denials, denials may lack sufficient detail to justify the denial or offer clear guidance on how to address deficiencies to attain approvals.
- The main issue with Form65A approvals for DHS providers is the long wait for a response, and continual need to resubmit without clear throughput to approval. DSS exhausts the entire 30-day limit to offer a response, only to ask the provider to

resubmit, at which point the clock starts over for another 30 days. Providers owe subcontractors for work done in FY22 and earlier.

- DSS should commit to issuing determinations for Form 65As within 30-days from initial submission date, and to achieve this, should be working with providers well in advance of the 30-day limit to have sufficient time to collect supplemental information and address concerns.
- The City needs to ensure that there is enough staff to process the large amounts of backlogged Form65As and ongoing submissions in a timely manner.

*Int 863: A Local Law to amend the New York city charter, in relation to expanding the application of procurement procedures for certain service contracts, and enhancing public notice requirements for changes to planned contract actions.*

- **HSU recommends striking** the proposed change to make “**amendments**” for contracts over \$1 million also subject to cost analyses and 30-day timeline for public hearings.
- By making amendments subject to these requirements, the bill would lengthen the contract amendment process for City agencies, creating additional reporting requirements and paperwork for already backlogged DHS and HRA contract staff, further slowing the pipeline for City agencies. DHS recently reported that they are actively processing 100 contract amendments, and it would likely take a not insignificant amount of additional staff time to generate cost analyses for each.
- Nonprofits would have to wait an additional 30-days to draw down funds for every amendment on contracts exceeding \$1 million, as the City would be prohibited from making an amendment for 30-days from receipt of the agency’s “reasons, [cost] analysis, and supporting documentation” for the amendment, to allow time for the Council to hold a public hearing on the amendment. As contracts can have multiple amendments throughout the budget year, this bill would likely add multiple 30-day pauses within the reimbursement process within the same year.
- Therefore, we believe Int 863 is contradictory to the effort to streamline the payment process for providers and instead will only lengthen the process whereby providers can receive payment.

Homeless Services United is grateful to the City Council Contracts Committee and members of the entire City Council for being stalwart champions on the non-profit community, and we look forward to continuing to partner with you to strengthen the fiscal health of mission-driven non-profit homeless and affordable housing providers which help



**HOMELESS SERVICES UNITED**

307 W. 38TH STREET, 4TH FLOOR  
NEW YORK, NY 10018  
T 212-367-1589  
[www.HSUnited.org](http://www.HSUnited.org)

rehouse and support our City's most vulnerable families and individuals. Thank you for the opportunity to testify today.

If you have any questions, please email me at [KMiller@hsunited.org](mailto:KMiller@hsunited.org)



New York City Council Committee on Contracts  
Oversight – Evaluating Progress of Reforms to Accelerate  
Nonprofit Contract Payments  
June 4, 2024

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

**Introduction**

Good afternoon, Chair Won, and members of the New York City Council Committee on Contracts. My name is Michelle Jackson, and I am the Executive Director at the Human Services Council (HSC), a membership organization representing 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. We strive to help our members better serve their clients by addressing matters such as government procurement practices, disaster preparedness and recovery, government funding, and public policies that impact the sector.

**Multi-Year COLA for Human Services Workers**

We thank the City Council for the \$150M Workforce Enhancement Initiative over the past three years and the \$741M investment for a multi-year cost-of-living adjustment (COLA) over the next three years. A COLA is a significant step to address the historic underfunding and lack of investment in the human services sector as these workers do some of the most important jobs in our communities yet are underpaid and undervalued. For a workforce that is overwhelmingly female and women of color, this COLA is a step forward in addressing the racial and gender pay disparities that the sector has been facing for decades. We appreciate the efforts that the City has made to partner with us on COLA implementation to ensure a smooth process for thousands of workers to receive this critical investment.

**MOCS Budget Cuts**

As you know, the Mayor's Office of Contract Services is experiencing an overall budget cut of \$13.5M less than the current budget, \$17.4M less than the FY24 adopted budget, 18 less staff positions, and cuts to the PASSPort maintenance contracts. MOCS is responsible for overseeing the City procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, there are a significant amount of pending contract actions that are preventing providers from getting paid for the services they provided. This is

unsustainable for the sector especially as they continuously deal with delayed procurement processes, which further exacerbates the cashflow challenges that countless human services nonprofits face. As contracting agencies migrate to PASSPort, many providers are coming across an increased number of contracting issues and lack of payment. With the budget cuts to MOCS, this hinders the progress that could be made to the procurement system that the human services sector relies on. Also, MOCS plays a critical role in implementing the COLA so the budget cuts to MOCS could have a detrimental impact on the implementation process leading to workers not receiving the investment in a timely manner. At a time where so many human services organizations are facing financial issues and workers are reliant on this COLA, restoration to MOCS' budget is crucial to ensure that providers contracting needs are met and workers are compensated so that they can focus on providing services to their communities.

#### **Int 0243-2024**

Although HSC supports the increase of the minimum indirect cost reimbursement rate to 20%, we are concerned with how this legislation impacts the current Indirect Cost Rate Initiative and how providers will be paid their indirect costs as they are already facing years of delay. It would be helpful if the indirect cost rate reimbursement methodology is developed as a fixed budget cost and not based on direct program costs as items such as rent, utilities, accounting staff, and HR staff are all necessary to operate programs and vital to the sustainability of organizations. The indirect cost rate reimbursement should be applicable to subcontractors as many RFPs state that indirect funding is not applicable to subcontractors even though they are supporting the provision of services. When primary contractors work with subcontractors, there is still an administrative burden and a lack of resources. The indirect cost rate reimbursement should also be applicable to discretionary contracts as these organizations are still providing critical services to communities and must find other funding streams to pay for indirect costs.

#### **Int 0508-2024**

HSC supports requiring the Procurement Policy Board to create a process for City agencies to inform vendors of the reason for any late payments. Many human services nonprofits experience differing invoicing processes according to contracting agency and agency staff. The delays in payment are put on providers as contracting agencies require levels of invoice approval and must do a constant dance with agencies about why their invoices were not approved. Human services providers are at a breaking point and because of these late payments and there are real consequences for these organizations that are providing lifesaving services.

#### **Int 0514-2024**

HSC supports interest to be paid on late payments under city contracts with non-profit organizations. For too long nonprofits have incurred substantial costs for service delivery before they have a legal right to be paid and are often forced to borrow to meet payroll. Interest payments on such borrowings are not reimbursable, except in rare cases, and must therefore be paid from reserves already stretched to the breaking point. And that assumes that an organization can find a willing lender. According to the Comptroller's Annual Summary Contracts Report for FY23, over 72% of human services providers' total contract value was registered late and more than 95% were registered late in the first half of FY24.

It is imperative that any interest payment required by the contracting agency is not taken out of program budgets. Although the current legislation is written to state the contracting agency must notify the Council in writing as to why interest payments could not be funded other than through program budgets, human services organizations are already facing severe underfunding while being asked to provide high quality programs. The sector cannot be asked to perform at the same level while providing increased services if these interest payments come out of program budgets. There also needs to be an incentive for government to pay on time, and if there is not an economic impact except to the community, that may not be achieved. As nonprofits struggle to borrow to make rent and salaries, this impacts the resources they can put into additional programming, strategic planning, and compensating the workforce.

#### **Int 0801-2024**

HSC supports legislation that requires a contracting agency to provide the contractor a detailed written explanation of the reasons for denying the approval of a subcontractor. Many human services organizations experience contracting agencies denying subcontractor approval without providing any reasons which inhibits organizations from providing services and without understanding how they can improve the quality of their subcontractors. This is especially prevalent with organizations submitting the 65A form since it is not approved consistently, and the approval process differs according to contracting agency and agency staff.

#### **Conclusion**

Years of underfunding of the sector have resulted in the human services workforce being some of the lowest compensated workers in New York City's economy. This multi-year COLA investment is a tremendous step forward in supporting the workers who do some of the most important jobs in our communities; they take care of our aging neighbors, assist families in staying in their homes, work with people to overcome substance abuse and addiction, and help people from all walks of life in the event of an emergency. However, to ensure an efficient COLA implementation process, MOCS' budget must be restored as MOCS is an essential partner in allocating this investment.

Although the City has taken on reform efforts to address the procurement challenges that nonprofits face, there are still compounding delays in the contracting process that force providers to undertake costly borrowing to make payroll and rents, often accruing interest not covered by government contracts. Over the years the sector has also seen real progress in contracting only for it to unravel in future years. We thank the City Council for their commitment to procurement reform and understanding the chronically delayed procurement process that providers face. We do think that legislation is needed because progress seems to be fleeting and we need systemic reforms. We would also suggest that the Council focuses on passing a few key pieces of legislation as many bills have been introduced to tackle these longstanding issues.

Additionally, any changes- legislative or not- will require MOCS to implement those improvements and that requires staff. To ensure that the City continues to see improvements to the procurement process, MOCS' budget must be restored as more human services organizations will experience contracting and payment delays, which contribute to the unsustainability of the sector.

Years of underfunding of the sector have resulted in the human services workforce being some of the lowest compensated workers in New York City's economy. This multi-year COLA investment is a tremendous step forward in supporting the workers who do some of the most Thank you for giving me this opportunity to testify. We greatly value our partnership with the City Council and know you stand with us in our call to support the human services sector.

Michelle Jackson  
Executive Director  
Human Services Council of NY  
jacksonm@humanservicescouncil.org



June 4, 2024

### **Testimony for Oversight Hearing on Accelerating Non-Profit Contract Payments**

Good afternoon, Chair Won and members of the City Council's Committee on Contracts. My name is Jihoon Kim and I am the Chief Executive Officer of InUnity Alliance, a statewide advocacy organization comprised of 250 agencies dedicated to advancing equitable access to mental health and addiction services for individuals of all ages. InUnity Alliance represents more than 100 agencies in New York City.

I am submitting written testimony on behalf of InUnity Alliance's non-profit agencies to shed light on the significant operational challenges they face when contracting with New York City. InUnity Alliance's agencies are on the front lines of addressing the mental health and addiction crises that are impacting communities across the five boroughs. Our commitment to serve is unwavering; however, the challenges we face threaten our ability to deliver these crucial services. As you all know, chief among these challenges are the delays in contract registrations, payments, and reimbursements from the city.

These delays have severe impacts, including:

1. **Financial Strain on Agencies:** Many of InUnity Alliance's agencies operate on tight budgets and rely on timely payments from the city to meet payroll, rent, and other expenses. When payments are delayed, non-profit organizations are forced to draw from their reserves, seek short-term loans, or even delay payments to vendors and staff. This financial precarity hampers their ability to operate sustainably. For example, many of InUnity Alliance's agencies regularly tap into lines of credit or take out short-term loans that carry high interest rates that are not reimbursed by city government. These interest rates are far higher than the COLA that the city has just offered many of InUnity Alliance's agencies. This is not a sustainable way of operating a business, especially a non-profit organization. Furthermore, these delays result in additional expenses due to the increased workload of managing payroll, paying bills, and paying vendors to ensure ongoing service.

2. **Disruption of Services:** InUnity Alliance's agencies are mission-driven organizations that deliver contracted services despite delays in contract registrations, payments, and reimbursements, regularly incurring millions of dollars of expenses while awaiting registration and payment. In some instances, these delays mean that some programs must be scaled back temporarily. This disruption adversely impacts the individuals we serve, all of whom are depending on us for mental health support, addiction services, and other critical interventions. Each day of a delayed program can contribute to worsened mental health conditions or a relapse in substance use. Furthermore, InUnity Alliance's agencies are hesitant to stand up new programs given the growing financial risk of doing business with City government.
3. **Increased Administrative Burden:** Navigating the bureaucratic process to chase down late contract payments diverts precious time and resources away from agencies. Non-profit staffers are already stretched thin and yet they are forced to spend significant hours uploading redundant documentation, following up on invoices, and managing cash flow issues instead of supporting clients.
4. **Low Staff Morale and Retention:** Collectively, the impacts contribute to low staff morale, making it difficult to retain mental health and addiction professionals. Our workforce, which is passionate about their work, needs financial stability and certainty. Additionally, while the COLA is commendable, delays in providing these increases exacerbate workforce retention challenges and low morale. When this is compromised, we risk losing talented individuals to other sectors or regions.

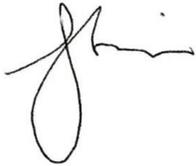
For these reasons, InUnity Alliance strongly supports the bills being considered today, especially Introduction 243, which would provide for a minimum indirect cost reimbursement rate of 20 percent. Introduction 508 is also crucial, as it would allow for much-needed transparency and give organizations insight into why their payments are late. Lastly, Introduction 514 would incentivize agencies to pay on time in order to avoid the accrual of interest on late payments.

In addition, InUnity Alliance urges the City Council to join us in calling on the Administration to eliminate the backlog and promptly pay contracted providers, reform its procurement and payment process, and pay the true cost of services through the length of the contract terms.

InUnity Alliance is committed to working collaboratively with New York City to champion solutions to these sector-wide challenges. Our goal is to ensure that we can continue to provide high-quality mental health and addiction services that communities need and deserve.

Thank you for staying on top of this issue and putting forth solutions informed by our sector's experience. We look forward to your continued support to help us overcome these financial hurdles that threaten the viability of non-profit agencies. I am happy to provide any further information as needed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jihoon Kim'. The signature is stylized with a large loop for the 'J' and a horizontal line for the 'K'.

Jihoon Kim, LMSW (he/him)  
Chief Executive Officer  
InUnity Alliance



**New York City Council  
Committee on Contracts  
Joint Testimony of NYC Legal Service Providers**

**Presented on June 4, 2024, by:**

Kendi Rainwater, Deputy Chief Operating Officer, Legal Aid Society  
Greg Klemm, Chief Financial Officer, Legal Services NYC  
Shani Adess, Vice President, New York Legal Assistance Group

**I. Introduction**

We are New York City’s legal service providers. Collectively, we provide constitutionally and statutorily mandated legal representation to hundreds of thousands of New Yorkers each year. We employ thousands of dedicated lawyers, social workers, investigators, paralegals, advocates, organizers, and administrative professionals who provide essential services to support our communities. We defend people against incarceration, deportation, eviction, and family separation. We connect people to lifesaving benefits, housing, food, job training, substance and mental health support, and educational opportunities. We are a lifeline for low-income New Yorkers in need.

The services we provide are supported by City initiatives and funding. The City funds we receive, including through baseline and discretionary contracts, the Indirect Cost Rate initiative, and the recent Workforce Enhancement Initiative, are essential for us to continue to deliver these vital services. Without these funds, we will not be able to hire and retain the attorneys, paralegals, investigators, social workers, and other staff critical to meeting that commitment.

We are grateful to the Council for their ongoing commitment to our work, including efforts like the bills presented today, to bring greater speed and transparency to the procurement and payment process. We are proud providers of many of the City’s hallmark innovative programming like Right to Counsel in Housing Court, the New York Immigrant Family Unity Project, and interdisciplinary Criminal and Parental Representation. For decades, the City has led the way in improving access to services for vulnerable New Yorkers on a range of issues. Despite these investments, legal services providers have reached a tipping point and our programs, and

our operations are in jeopardy. Chronic underfunding and contract and payment delays threaten our ability to provide high-quality advocacy for our clients, hire and retain staff, and respond to the ever-increasing need in the community.

As you know, the City's system of funding and contracting with nonprofit legal service providers is broken. But it can be fixed. To ensure New Yorkers have access to the services they deserve, systemic changes in contracting and payment processes are needed. Late and uncertain payments wreak havoc on non-profits and the communities we serve. We are grateful for the Council's focus on this issue through the bills under consideration today.

## **II. Indirect Cost Rate (Intro 243)**

Intro 243 to increase the de minimis indirect cost rate to 20% would be extraordinarily helpful for non-profits like us. The Indirect Cost Rate (ICR) provides critical funding to cover essential administrative costs that non-profits need to keep operations running. Currently, non-profits must go through an extensive application process every 3 years to secure an indirect cost rate above 10%. But even once approved, rates above 10% are then funded through an extremely complicated and unclear process involving the funding agency and MOCS, often following different methodologies from agency to agency and from year to year and create confusion about which costs should be covered by which party. As a result, the amount of indirect funding a non-profit will receive is often confirmed very late in the fiscal year, or even worse, months after the fiscal year has ended which significantly impacts how non-profits can plan to use these funds. For example, several of us received confirmation of our FY23 indirect cost rate funding on critical contracts six months or more after the fiscal year had ended. And for FY24, we are still waiting for confirmed indirect cost rate amounts on many contracts with less than one month remaining in the fiscal year. When the MOCS ICR revenue is not confirmed until after the fiscal year has ended, it means that the non-profit is delayed in receiving the reimbursement for indirect expenses until many months after they were incurred. This is not acceptable. To help address this issue, we recommend that the City also provide advances of up to 50% of the ICR initiative amount based on the prior year's indirect cost rate.

The most important actions that the city could take are twofold - 1. Mandate that the MOCS ICR revenue follow a consistent methodology so that non-profits can better predict their funding streams and understand how the amount of the revenue is calculated; and 2. Baseline this amount so there isn't additional red tape required each year to "unlock" this funding. This would ease invoicing, speed up cash flow and resolve the unnecessary delays non-profits experience with this revenue stream.

We strongly support increasing the de minimis indirect cost rate not only to provide additional funding to these programs, but also to streamline and create more consistency and predictability. It is critical that such an increase also be accompanied by additional funding to support these costs.

### **III. Late Payments (Intros 508 and 514)**

Legal service providers continue to face significant challenges related to timely payments for our contracts. Late payment on contracts creates cash flow issues that affect our ability to continue to provide the services so urgently needed by our communities. Late payments effectively cut our grants, as we incur costs related to loans and banking fees. This issue was further exacerbated this past year with the change from HHS Accelerator to PASSPort, but is longstanding and remains unsolved.

We appreciate the Council's goals to both standardize timely payments of contracts and require agencies to track and report their performance against this standard through the proposed legislation Intros. 508 and 514. We believe this is an imperative step that the Council should take to hold agencies accountable for timely payments to service providers. Still, we believe that additional steps must be taken to mitigate the challenges that lead to payments being late in the first place. Both Intro 508 and 514 begin tracking late payments from the date the invoice is received and accepted by the agency. While this is an important step, delays create major issues for non-profits much earlier in the process –late contract registration, as well as unnecessarily cumbersome and changing processes for budget approvals and modifications, and invoice submission and review, all cause payment delays long before an invoice is accepted by the funding agency. Without resolving each of these challenges, delays will continue to cause major issues for non-profits.

For example, submitting an individual invoice requires pages of detailed backup documentation combined with line-by-line review often with questions on individual, very low-dollar value purchases. In addition, lengthy budget modification requests must be submitted when an organization is billing for additional staff, even if the organization is not exceeding its contract value. This current requirement for budget modifications often requires sitting on millions of dollars of incurred expenses which cannot be paid until a budget modification is submitted, reviewed, and approved in a succeeding quarter. Removing requirements like this one and streamlining the invoice review process would allow non-profits to receive their approved funding while also reducing the administrative burden on the City.

Standardizing timelines for each phase of the contracting, procurement, and payment process, streamlining invoice review and budget modification approval process, developing a dashboard that is regularly updated with detailed information for organizations to be able to view where they are with contracting and payment, and creating different levels of oversight and review including greater flexibility for organizations with an established history of fiscal responsibility, will enable the spirit of the proposed legislations be fully realized.

Delays in City payments to nonprofit contractors doesn't just affect legal services providers, and potentially prevent us from providing vital services to our clients, but it also has real material impacts, preventing those most at risk from being able to obtain money that has been appropriated for them by this body in the form of CityFHEPS. CityFHEPS is a rental voucher

created by the City to prevent those New Yorkers who are currently homeless or likely to become homeless. But people who are eligible are being evicted as we speak. In many cases, CityFHEPS vouchers can only be obtained by going through a non-profit Homebase provider, but because of the City's failure to timely pay these non-profits, they are not sufficiently staffed, resulting in delays in every borough of the city, ranging from months to a full year, to get an appointment with a homebase provider to even start the process of obtaining CityFHEPS. This means these delays are causing people to unnecessarily end up in shelters, even though this City Council has appropriated funds intended to prevent precisely this outcome.

#### **IV. Bridge Loans (Intro 510) and Other Recommendations**

Regarding Intro 510, we are pleased that it would create a requirement for City agencies to issue bridge loans for contractors like ourselves. Bridge Loans can be lifelines for our organizations as we must cover our staff and associated expenses and start the programmatic work on City contracts long before they are registered.

However, this legislation's scope should not be limited to contracts less than \$500,000. The enormous need for bridge loans is even greater for larger contracts. When non-profit legal services organizations take on City contracts (often in the millions of dollars), we are committing to providing high-quality services on a large scale, supporting marginalized individuals and communities to enforce and protect their rights. The greater the size of the contract, the more staff salaries and expenses we must cover while waiting for contracts to be registered and invoices processed.

Accordingly, we ask that this proposed legislation be expanded and applied to all of the City's non-profit contracts.

We also propose that the City increase funding for the Renewable Grant Fund so that Bridge Loans can cover the operating costs of an organization's program not just for a pay cycle but for the entire length of time it takes to get a contract registered. In addition, we recommend that bridge loans be available at multiple stages in the process so organizations can meet their cash shortfall when the City is behind on their procurement processes.

In addition to the recommendations above, we recommend the City:

- Increase the standard advance at the beginning of the fiscal year from 25% to 50% to help address delays in the invoicing process.
- Implement longer contract terms for baseline contracts.
- Require the City to cover the interest incurred on a loan or a line of credit, or at a minimum allow organizations to invoice the City for those expenses as part of their contracts.

#### **V. Summary of Recommendations**

- Indirect Cost Rate (ICR)
  - Mandate that the MOCS ICR revenue follow a consistent methodology so that non-profits can better predict their fund streams and understand how the amount

of the revenue is calculated; and baseline this amount so there isn't additional red tape required each year to "unlock" this funding. This would ease invoicing, speed up cash flow and resolve the unnecessary delays non-profits experience with this revenue stream.

- Ensure increased ICRs are associated with additional funding to support these costs.
- Provide advances of up to 50% of the ICR initiative amount based on the prior year's indirect cost rate
- Late Payments
  - Create timeframes for each step of the contracting, procurement, and payment process prior to invoice acceptance. Develop a dashboard that is regularly updated with detailed information for organizations to be able to view where they are with contracting and payment.
  - Streamline invoice review. In addition, create different levels of invoice oversight and review including greater flexibility for organizations with an established history of fiscal responsibility.
  - Do not require budget modifications when billing for additional FTEs as long as an organization stays within its contract value. The current requirement for budget modifications often requires sitting on millions of dollars of incurred expenses which cannot be paid until a budget modification is submitted, reviewed and approved in a succeeding quarter.
- Bridge Loans
  - Expand the proposed legislation to apply to all contracts with non-profit providers.
  - Increase funding for the Renewable Grant Fund so that Bridge Loans can cover the operating costs of an organization's program not just for a pay cycle but for the entire length of time it takes to get a contract registered.
  - Make Bridge Loans available at multiple stages in the process so organizations can meet their cash shortfall when the City is behind on their procurement processes.
- Other Recommendations
  - Increase the standard advance at the beginning of the fiscal year from 25% to 50% to help address delays in the invoicing process.
  - Implement longer contract terms for baseline contracts.
  - Require the City to cover the interest incurred on a loan or a line of credit, or at a minimum allow organizations to invoice the City for those expenses as part of their contracts.





**New York City Council Committee on Contracts**

***Tuesday, June 4, 2024***

***Hearing - Committee on Contracts***

**Chris Loscalzo, Laborers' Local 1010 LECET**

My name is Chris Loscalzo and I am a Field Representative for Liuna Local 1010 Laborers Employers Cooperation and Education Trust (1010 LECET). 1010 LECET represents over 300 signatory contractors in the heavy and highway industry. 1010 LECET brings Laborers' Local 1010 and its signatory contractors together to address issues of importance to both.

Procurement decisions made by government agencies have significant implications for taxpayers, businesses, and the overall economy. It is crucial that these decisions are made through a transparent and competitive process that ensures the best value for public funds.

The proposed legislation provides a clear framework for protesting agency procurement decisions, ensuring that all stakeholders, including taxpayers and other parties, have the opportunity to voice their concerns and seek redress for any perceived injustices.

Passing this legislation would allow contractors/vendors to designate a third party to protest bids on their behalf without the fear of retaliation from other contractors/vendors. Not every contractor/vendor has the time and/or resources to do so and by passing this legislation it evens the playing field for everyone.

Furthermore, by streamlining the protest process and setting reasonable timelines for resolution, this legislation will enhance efficiency and reduce delays in procurement activities. This will ultimately benefit government agencies, vendors, and the public by fostering a more competitive and responsive procurement environment.

In conclusion, I urge you to support this important legislation to strengthen accountability and transparency in agency procurement practices.

**Chris Loscalzo**  
**Laborers' Local 1010 LECET**



**TESTIMONY OF:**

**Max Barton, Strategic Research, Laborers' Local 1010**

**for**

**Hearing before The New York City Council Contracts Committees**

**June 4<sup>th</sup>, 2024**

My name is Max Barton and I am a researcher for LIUNA Local 1010, the Paving and Road Building Union in New York City. Our members work together to build streets, bridges, and highways throughout the five boroughs of NYC. Local 1010 is an affiliate of the NYS Laborers, representing over 40,000 men and women across the state. I'd like to thank Committee Chair and lead sponsor, Council Member Julie Won and for holding this important Committee hearing.

**I am here to share Local 1010's support for Intro 803 along with over a dozen unions and community groups who strongly support this legislation. This bill would require the Procurement Policy Board to allow vendors and/or their designated representatives to protest procurement decisions made by a city agency. We urge the council and administration to pass this legislation without delay to increase public confidence in New York City's public procurement procedures.**

We believe that procurement decisions made by government agencies have significant implications for taxpayers, businesses, and the overall economy. It is crucial that these decisions are made through a transparent and competitive process that ensures the best value for public funds.

The proposed legislation provides a clear framework for protesting agency procurement decisions, ensuring that all stakeholders, including taxpayers and other parties, have the opportunity to voice their concerns and seek redress for any perceived injustices.

Passing this legislation would allow contractors/vendors to designate a third party to protest bids on their behalf. Not every contractor/vendor has the time and/or resources to do so and by passing this legislation it evens the playing field for everyone by allowing vendors to have an advocate, including unions or worker advocates, to object to potentially non-responsive bids.

**In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed a party, other than a bidder/vendor, to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.**

By way of example, labor advocates were recently unable to object to procurements sought by an indicted contractor who sought extensive new contracts even though it held near monopolistic work on tree planting and pruning work with the City Parks Department. In that case, the City Parks Department refused to process PPB objections filed by LIUNA Local 1010 for the sole reason that it was “not a ‘vendor’ within the meaning of New York City Procurement Policy Board (‘PPB’) Rules Section 2-10(a)”. The contractor that was objected to was indicted for, and ultimately convicted of, committing a major insurance fraud by misclassifying workers.

**We urge the council and administration to pass this legislation without delay. Thank you.**

# MEMORANDUM OF SUPPORT

LEGISLATION INT. NO. 803-2024

## TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

## SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

## JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**The following organizations including Labor Unions and advocacy groups strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives to protest procurement decisions made by a city agency in an effort to increase public confidence in New York City’s public procurement procedures.**

## **ORGANIZATIONS IN SUPPORT OF INT. 803-2024**

Laborers' Local 1010 LECET

Laborers' Local 1010

New York State Laborers' PAC

Building & Construction Trades Council of Greater New York

Nontraditional Employment for Women (NEW)

Worker's Justice Project

United Auto Workers (UAW), Region 9A

Forward Connect NYC

New York Committee for Occupational Safety and Health (NYCOSH)

District Council 9 Painters and Allied Trades (DC9)

Heat & Frost Insulators Local 12 NYC, LI

Boilermakers Local 5

Enterprise Association Steamfitters Local 638

SMART Local 28 Sheet Metal Workers Union of NYC and Long Island

UA Plumbers Local Union No. 1



Testimonial Letter to the New York City Council Committee on Contracts  
Hon. Julie Won, Chair  
June 4, 2024

Good morning. Thank you Chair Won and the Committee for your commitment to evaluating the progress of reforms to accelerate nonprofit contract payments and your support of New York City nonprofits.

My name is Kristin Giantris, Chief of Client Services at Nonprofit Finance Fund. Our nonprofit organization is a community lender and capacity builder to the nonprofit sector, and for over 40 years, a core part of our work has been and continues to be supporting New York City's frontline, human service and nonprofit organizations.

A major component of our activity is providing working capital to bridge government contract revenue that is delayed. Our clients, and your vendors, are waiting for reimbursement for services they provided months or even a year ago. They are waiting for the new contracting system to deliver promised efficiencies and timely payments. And waiting to know if they will be able to cover payroll and rent this month. We recognize and commend the City and its leaders, many of whom have sat in nonprofit seats and managed the challenges of delayed payments, for shining the light on this problem and pushing through change, starting with the "Clear the Backlog Initiative." While we are grateful for the attention and effort, things have to happen faster – and better. More than 95 percent of total contract value for human service and nonprofit vendors were registered late during the first half of fiscal year 2024. This is not a move in the right direction. We are running the risk that valuable nonprofits providing critical services to NYC residents will not be around to do so by the time the systems are fixed.

At the New York City Anti-Violence Project (AVP), a nonprofit supporting LGBTQ+ and HIV-affected survivors of violence and NFF client, City funding delays have caused significant instability for the staff and leadership. Around 20 percent of AVP's budget is City funding. Delayed payments played a part in fueling reductions in both personnel and operating expenses, and have contributed to the Board of Directors questioning the financial viability of the organization. Around \$700,000 in funding is unpaid by the City.

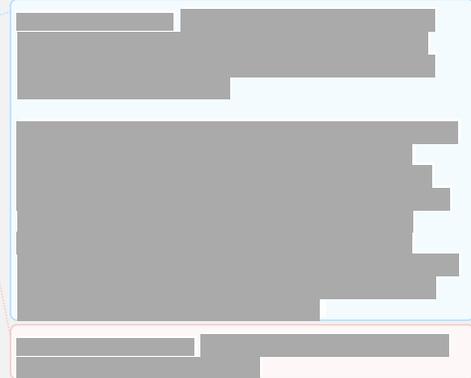
Another major nonprofit vendor and recent NFF borrower required a multi-million-dollar bridge loan to manage its operations and meet payroll while they waited for multiple contracts to be entered into the PASSport system before invoices can be submitted for payment. These contracts were registered and budget approved, but had not been able to be invoiced since FY2023 due to the slow conversion to PASSport. The Executive Director told us: “We’ve been waiting for more than nine months for payment. We have highly dedicated staff who work really hard and I am greatly concerned about the scenario in which we will not be able to pay them.”

The immediate financial viability of nonprofits is hanging in the balance, and it’s threatening the consistent and equitable provision of services across the City, as well nonprofit jobs. Nonprofits employ more than 18 percent of NYC workers and contribute more than \$77 billion per year to the NYC economy. Government contracts pay nonprofits on a reimbursement basis – after the work has been delivered. And, on top of that, as we noted in the client example above, they often pay months and months after payment is due. In paying so late, the City is essentially asking nonprofits to float them a loan, and most nonprofits run too lean to be a long-time lender to the City. Not to mention the loans these organizations must take out themselves, and pay interest on, to continue to pay their own staff and maintain programs while they wait for City to reimburse them. And the City does not pay them back for the interest and fees nonprofits have to pay on loans to cover for the City’s delayed payments.

This is also an equity issue. According to NFF’s most recent survey of nonprofits, 62 percent of nonprofits led by people of color in New York have 3 months or less of cash on hand, as compared to 41 percent of white-led organizations. While it is hard for any organization to manage significant payment delays while continuing to pay rent, salaries, and other expenses, it is harder for those with so little cash on hand. If the City were able to implement fair and timely payments, a more diverse range of nonprofits could participate in City contracts, knowing that they would be paid on time. Currently, many smaller community-based nonprofits rely on larger entities to pass through City funding. For example, AVP is part of the Partners Against the Hate (PATH) program as an anchor LGBTQ organization that provides sub-grants to other LGBTQ-focused nonprofits too small to be eligible for City funds on their own. But if AVP and other organizations like it aren’t paid, as mentioned earlier, they can’t pay others, and the financial distress trickles down and further destabilizes support for survivors of hate violence.

To ease current conditions, we recommend the City:

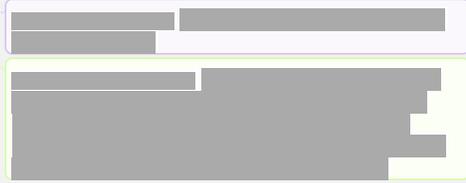
Make low-cost bridge loans available to nonprofits by replicating the Minority and Women-Owned Business Enterprise (MWBE) contractor financing loan fund program. The program,



an interest-rate buy-down partnership with two Community Development Financial Institutions, provides a substantially reduced interest rate (3 percent) to MWBE contractors with City contracts. During the height of the COVID pandemic, the rate was reduced to 0 percent. Nonprofits are in a time of crisis now, and should have a program like this available. If the City's budget is too thin, this is a place where philanthropic foundations could step in and provide support or 0 percent-3 percent capital. As loans are repaid in a bridge loan fund program, the funding could be recycled repeatedly, with the same money benefiting multiple nonprofits. ]

We are encouraged that members of the current City government understand the problems at hand, and are taking steps toward our shared goals. But progress isn't happening with the urgency this moment requires. The stakes are high, and nonprofits can't wait any longer. Please find a way for the City to pay their vendor organizations what is owed now, while *also* working on the systems change everyone so desperately wants and needs.

Thank you for your attention to this critical issue.



# NONPROFIT NEW YORK

A relentless,  
collective  
force for good.

Good morning, my name is Thara Duclosel, and I am the Policy & Advocacy Coordinator at Nonprofit New York. Nonprofit New York represents almost 1000 nonprofit member organizations across New York City working to strengthen and unite New York's nonprofits. We champion nonprofits through capacity building and advocacy to cultivate a unified, just, and powerful sector.

In the fall, Nonprofit New York launched the #WHY15 budget advocacy campaign, following the administration's 15% across the board budget cut directive. The campaign seeks full restorations to nonprofit service cuts, greater transparency on the budget cut rationale, and nonprofit inclusion in the City's budget process. During our coalition meetings, the most pervasive and persistent concerns voiced by our members include an urgent need for government contracts reform. Members shared how they have not been paid for work they did two years ago. Many shared they have been doing work since the beginning of this fiscal year with no payment from the city.

Nonprofit New York recently administered a government contracts survey to assess the impact of contracting delays on nonprofits. Organizations reported:

- they are hesitant to share that they cannot even get their amended contract registered due to fear of reprisal,
- PASSPort technical challenges contribute to further delays on their contracts,
- and overwhelming bureaucratic processes for award amounts as small as \$5,000 - \$10,000 for reimbursement of services already rendered.

As a result of these delays across all subsectors, nonprofits have had challenges making payroll, rent, have had to lay-off staff, delay paying executive directors for months, and lost talented development staff. Moreover, contracting delays have a distinct and disproportionately harmful impact on small, BIPOC-led, culturally, and linguistically specific organizations. These persistent delays have significantly negative impacts on organizational operations and adversely affect the livelihoods of nonprofit workers and the services this city relies on.

We ask the city to hold an oversight hearing on the status of the recommendations from [A Better Contract for New York](#), and invite all nonprofits experiencing contract delays to testify.

Thank you,  
Thara Duclosel

## MEMORANDUM OF SUPPORT

### LEGISLATION [INT. NO. 803-2024](#)

#### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

#### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

#### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.



Nontraditional Employment  
for Women

We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City's public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leah Rambo', written in a cursive style.

Leah Rambo  
President

Testimony for New York City Council Committee on Contracts

Julie Won, Chair  
Tuesday, June 4, 2024  
by

Paula Magnus, Deputy Director of Northside Center for Child Development,  
Inc.

---

Good afternoon, Chair Won & Committee

My Name is Paula Magnus, Deputy Director of  
Northside Center for Child Development, Inc.

I want to thank the Committee for its diligent focus on speeding up contract payments to Vendors who serve at-risk children and families and for hosting this hearing. Northside is a 78-year-old behavioral health clinic and school serving 700 children a day in three boroughs. Northside has approximately 15 million dollars in contracts with five City Agencies.

Based on that experience, Northside strongly encourages the Council to pass all the legislation being considered today. We also want to make two suggestions to increase the speed of payments to vendors and reduce the workload in Passport by City Agency Staff and Vendors.

Our first suggestion is that MOCS improve Passport so that the Blocking Alerts are augmented to provide information about what additional documents might need to be added or what steps need to be taken by Vendor or the City to move contracts along.

Our second suggestion is that 15 Corporate level documents listed in my written testimony should only be loaded to the Vendor Profile in Passport and never to an individual contract.

Vendors should not have to upload some or all of these Corporate-level documents over and over for each contract. And once one City agency reviews and approves these fifteen documents, staff at other City agencies won't have to duplicate that review. This centralization and these upgrades to Passport will save City Agencies and Vendors hours and hours of work on each contract. Like

all of the legislation being considered today, these improvements to Passport will also speed up getting Vendors paid promptly.

In the big picture, with social service professionals in short supply, to keep providers solvent so we can pay them adequately and on time, the City must reduce administrative burdens on providers, increase reimbursement rates and speed up contract payment. If the City does not make these improvements, we fear that the current mental health crisis will likely yield even more tragic consequences than we have seen.

Thank you Council Members for all of your efforts to work with our sector to help the City.



New York City Anti-Violence Project  
240 West 35th Street, Suite 200  
New York, New York 10001  
212.714.1184 voice | 212.714.2627 fax  
212.714.1141 24-hour hotline

## Oversight Hearing: Nonprofit Contract Payments

My name is Audacia Ray, I take they/them pronouns, and I'm the Director of Community Organizing and Public Advocacy at the New York City Anti-Violence Project. Thank you, Chair Won, for having this important hearing today, and I also want to thank Committee Member Bottcher for his support and concern for AVP over the past couple of months.

For more than forty years, AVP has run a hotline – which these days is 24/7 and operated bilingually in English and Spanish – that connects LGBTQ survivors of violence to immediate crisis support as well as free in-house legal and counseling services. We are the only LGBTQ-specific rape crisis hotline in the state. We started providing these services in the 1980s when the City government was both unwilling and unable to provide services for queer survivors of violence. This willingness has changed, partly due to AVP's ongoing advocacy as well as LGBTQ competency trainings for City agencies, community-based organizations, and thousands of New Yorkers. However, AVP's services – often delivered by social workers, lawyers, and advocates who are themselves queer survivors of violence – have remained exceptional among the services offered citywide, and it would be a major loss for our city if the organization was unable to continue to do the work.

Like all other organizations testifying today, AVP has faced hardship due to the delayed contract payments from the City, some of which is documented in the Nonprofit Finance Fund blog post, published yesterday, which is attached to my written testimony. I want to share a bit about how this has been impacting AVP's sustainability as an organization. To put it bluntly, we are in a difficult place.

Our City contracts amount to just under \$700,000. LGBTQIA Caucus co-chairs Erik Bottcher and Tiffany Cabán very kindly expressed concern and met with our leadership last month when we raised the alarm about the peril the organization was in. However, AVP's outstanding invoices include DYCD July 2023 - March 2024 at a total of \$189,482 and HRA OCJ for the same time period at a total of \$127,910. DOVE paid out \$100,000 for July to December 2023 and we've been told that the January June payment will come in July. In March we received funds for the FY23 Partners Against the Hate (PATH) grant, for which AVP is the anchor LGBTQ organization and receives \$100,000 while acting as a pass through for \$300,000 of funds to grassroots LGBTQ groups that are mostly too small to absorb the stress and precarity of City funding. We have not yet seen payments for the FY24 PATH grant.

City funding makes up about 20% of AVP's annual budget, with another 50% of our revenue coming from state and federal grant sources, and the final 30% being covered by individual and corporate donations as well as foundation funding. Some of our supporters have argued that it is

Serving New York's Lesbian, Gay, Bisexual, Transgender, Queer and HIV-Affected Communities  
[www.avp.org](http://www.avp.org)



New York City Anti-Violence Project  
240 West 35th Street, Suite 200  
New York, New York 10001  
212.714.1184 voice | 212.714.2627 fax  
212.714.1141 24-hour hotline

essential that we prioritize funding streams that reduce our reliance on government funding. And although AVP is always working to increase general operating funds this way, we also believe that City funding is an essential, life-saving investment in the LGBTQ community that demonstrates the City's willingness and ability to support queer and trans survivors.

You've all heard and probably said that a budget is a moral document. That is true. But making funding commitments without timely follow through is a betrayal, and one that is harming New Yorkers and the trusted nonprofits that serve them in ways that the City cannot.

For FY24, our budget was around 5 million dollars, but heading into FY25 we are looking at a 4 million dollar budget. Certainly, this is not the City's fault, but we are planning our budget – and therefore our capacity to provide services – more conservatively this year partly because of City contract delays.

In a typical year, AVP can weather either a city contracts delay or a challenging private fundraising environment. This past year, we've experienced both, and it has had deep impacts on the organization. AVP did a staffing reduction in March, our Board of Directors chose to fire our Executive Director in April, and we have since lost six more staff members who resigned due to anxieties around our financial situation.

Although we're operating at a little more than half-capacity with staffing, AVP staff and volunteers are answering every hotline call we receive, supporting survivors with their legal cases, providing short term crisis counseling, and running a series of upstander de-escalation and community safety trainings throughout Pride. We continue to show up, and we ask that the City do the same through a reliable, timely contracts process.

Audacia Ray  
Director of Community Organizing and Public Advocacy  
New York City Anti-Violence Project  
aray@avp.org  
917-334-8618

Nonprofit Sector

# Critical Social Services Hang in the Balance of NYC Contracting Reform

June 3, 2024



---

Across New York City, nonprofits that provide critical community services like food assistance, job training, affordable housing placement, and afterschool programs – are waiting. Waiting for reimbursement for services they provided months or even a year ago, from a government that relies on them to meet its promises to residents. Waiting for the new contracting system to deliver promised efficiencies and timely payments. Waiting to know if they will be able to cover payroll and rent this month.

They are not waiting silently. They are organizing, and advocating. And they have allies within City government. Leaders who have sat where they sit, running nonprofits and trying to maintain enough financial stability to tackle the most complex social challenges and opportunities of our time. Who are now trying to make things better by battling the bureaucracy surrounding nonprofit contracting and payments. But things aren't changing quickly enough – and in some cases, it's not clear if the changes will happen at all.

At the New York City Anti-Violence Project (AVP), a nonprofit supporting LGBTQ+ and HIV-affected survivors of violence, City funding delays have caused a whirlwind for the staff and leadership. Around 20 percent of AVP's budget is City funding. Delayed payments played a part in fueling reductions in both personnel and operating expenses, and have contributed to the Board of Directors questioning the financial viability of the organization. Around \$700,000 in funding is unpaid by the City.

"LGBTQ survivors rely on AVP in their process of recovering from violence, and we rely on our funding partnerships with the City to make that happen," says Director of Community Organizing and Public Advocacy Audacia Ray. "Right now, our organization is facing dramatic shortfalls because of the delayed processing of contracts and payments. It puts LGBTQ survivors' lives at risk because it paints a picture that we aren't stable, when in reality we're just overdue for funds."

# Fixes need to happen faster

A 2022 Joint Task Force of NYC government, nonprofit and philanthropic leaders convened to discuss how to make City contracting better for nonprofits. The task force recommendations range from streamlining and modernizing the procurement process to increasing fairness and equity by reducing costs nonprofits incur when contracting with the City.

Some of these recommendations have been implemented or are in the works; for example, the move to the new PASSPort technology platform, intended to make registering contracts with the City more timely and efficient. Yet a recent Comptroller's report indicates that in the aftermath of the admirable "Clear the Backlog Initiative" in 2022 and since PASSPort has come online, things have gotten worse, not better. The report notes, "the problem is especially severe for human service providers and non-profit vendors." Over 72 percent of their total contract value was registered late in fiscal year 2023. This only got worse as we entered fiscal year 2024: More than 95 percent of total contract value for human service and nonprofit vendors were registered late during the first half of the year.

While we are grateful for the attention and effort, things have to happen faster – and better. Or we take the risk that valuable nonprofits providing critical services to NYC residents now will not be around to do so by the time the systems are fixed yet again.

For forty-plus years, our nonprofit has been helping other nonprofits in New York and across the country with their finances – including bridging late government payments. Right now, we're seeing an untenable situation that requires an immediate crisis response even as stakeholders continue to advance systems change.

Costs are rising. Interest rates are rising. The current operating environment demands that the City do better for nonprofits, now.

## Here's what is hanging in the balance:

**The immediate financial viability of nonprofits.** To ease current conditions, we recommend the City:

Make low-cost bridge loans available to nonprofits by replicating the Minority and Women-Owned Business Enterprise (MWBE) contractor financing loan fund program. The program, an interest-rate buy-down partnership with two Community Development Financial Institutions, provides a substantially reduced interest rate (3 percent) to MWBE contractors with City contracts. During the height of the COVID pandemic, the rate was reduced to 0 percent. Nonprofits are in a time of crisis now, and should have a program like this available. If the City's budget is too thin, this is a place where philanthropic foundations could step in and provide support or 0 percent-3 percent capital. To give a sense of what it would cost: An investment of approximately \$600,000 from the City or philanthropy would support a one-year, \$10 million bridge loan fund (including interest and underwriting fees) for nonprofits struggling due to late City payments. As loans are repaid, this bridge loan funding could be recycled repeatedly, with the same money benefiting multiple nonprofits.

### **Workforce stability.**

Nonprofits employ more than 18 percent of NYC workers and contribute more than \$77 billion per year to the NYC economy. Government contracts pay nonprofits on a reimbursement basis – after the work has been delivered. That's already a challenge for most nonprofits, which operate with little cash reserve. Add to that the frequently lengthy delays in reimbursing nonprofits, and it puts too many of these jobs in jeopardy. In paying so late, the City is essentially asking nonprofits to float them a loan, and most nonprofits run too lean to be a long-time lender to the City. As would be the case in any enterprise, late payments have a hugely destabilizing impact on nonprofits, and their ability to pay salaries to staff. If nonprofits with government contracts knew they could make payroll, they could hire more confidently and invest in programs knowing that payments would be prompt and reliable.

One New York City human services provider said that the switch to PASSPort and other systemic issues have created delays in budget approvals that prevent them from being able to submit invoices and receive payment for completed work. The executive director shared,

“We’ve been waiting for more than nine months for payment. We have highly dedicated staff who work really hard and I am greatly concerned about the scenario in which we will not be able to pay them.”

## Equity.

According to our most recent survey of nonprofits, 62 percent of Black, Indigenous, and people of color-led nonprofits in New York have 3 months or less of cash on hand, as compared to 41 percent of white-led orgs. While it is hard for any organization to manage significant payment delays while continuing to pay rent, salaries, and other expenses, it is harder for those with less than 3 months of cash on hand. If the City were able to implement fair and timely payments, a more diverse range of nonprofits could participate in City contracts, knowing that they would be paid on time, and so would be able to make payroll and show up for the people in their communities.

Currently, many smaller community-based nonprofits rely on larger entities to pass through City funding. For example, AVP is part of the Partners Against the Hate (PATH) program as an anchor LGBTQ organization that provides sub-grants to other LGBTQ-focused nonprofits too small to be eligible for City funds on their own. But if AVP and other organizations like it aren’t paid, they can’t pay others, and the financial distress trickles down and further destabilizes support for survivors of hate violence.

## Trust of nonprofits and the communities they serve.

Issues like affordable housing development and community healthcare require deep collaboration between nonprofits and government. Paying nonprofits fairly and on-time will build trust and speed progress on addressing social issues and pursuing community priorities.

Staffers at community-centered nonprofits are hoping the City will pay their organizations what is owed now, while working on systems change. We are encouraged that members of the current City government understand the problems at hand, and are taking steps toward shared goals. But progress isn’t

happening with the urgency this moment requires. The stakes are high, and nonprofits can't wait any longer.

---

Where Money Meets Mission®

Nonprofit Finance Fund® (NFF®) is a nonprofit 501(c)(3) and a Community Development Financial Institution (CDFI). NFF is an equal opportunity provider.

© 2017-2024 Nonprofit Finance Fund.

All Rights Reserved.

Privacy/Terms of Use. © 2017-2024 Nonprofit Finance Fund.

All Rights Reserved.





**NEW YORK CITY  
CENTRAL LABOR COUNCIL, AFL-CIO**

President  
**VINCENT ALVAREZ**  
Secretary-Treasurer  
**JANELLA T. HINDS**

Testimony of Vincent Alvarez

President, New York City Central Labor Council, AFL-CIO  
before the  
NYC Council Committee on Contracts  
regarding  
Protests of Agency Procurement Decisions  
June 4, 2024

Good morning, Chair Julie Won and members of the Council's Committee on Contracts. My name is Vincent Alvarez, and I am the President of the New York City Central Labor Council, AFL-CIO. The New York City Central Labor Council, AFL-CIO, represents over one million workers across 300 affiliated unions and we strongly support Intro 803. This bill would require the Procurement Policy Board (PPB) to allow vendors and/or their designated representatives to object to procurement decisions made by a city agency.

Currently, objections made by third parties are ignored by city agencies because there is no formal process in the PPB's rules that allows them, other than a bidder/vendor, to be heard. This refusal to hear objections from third parties means that objections based on a bidder/vendor's wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments are not taken into consideration in a city agency's bidder selection process. For example, one of our affiliates, LIUNA Local 1010, was unable to file a formal objection against a bidder that had been indicted and convicted of committing a major insurance fraud by misclassifying workers.

Hence, this legislation will allow bidders/vendors to designate a representative to protest bids on their behalf. Not every bidder/vendor has the time and/or resources to investigate another bidder's labor and employment practices





**NEW YORK CITY  
CENTRAL LABOR COUNCIL, AFL-CIO**

President  
**VINCENT ALVAREZ**  
Secretary-Treasurer  
**JANELLA T. HINDS**

and Intro. 803 evens the playing field by allowing bidders to have a designated representative, including unions or worker advocates, to object to bidders/vendors who are bad actors. Thus, Int. 803 provides a clear framework for designated third parties to protest agency procurement decisions, ensuring that impacted stakeholders will voice their concerns.

I would like to end by stating that the CLC and our affiliates welcome the opportunity to work with you in creating a process that will be fair and transparent. I encourage you to speak to us regularly and in advance so that we may collaborate in designing the most effective ways to ensure a fair bidding process.





## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**

Sincerely,

**Charlene Obernauer**



## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**



**Committee on Contracts**  
**Support for Reforms to Accelerate Nonprofit Contract Payments**

**TO:** Committee on Contracts (Julie Won, Chair, and Members: Erik D. Bottcher, Sandy Nurse, Althea V. Stevens and Inna Vernikov)

**FROM:** Marlon Williams, Philanthropy New York

**DATE:** June 4, 2024

**SUBJECT:** Philanthropy New York Supports Reforms to Accelerate Nonprofit Contract Payments

Good morning, Chair Won, and esteemed members of the Committee on Contracts.

My name is Marlon Williams, Vice President of Public Policy and Collaboration at Philanthropy New York (PNY). We are submitting a testimony to express our strong support for proposed reforms to accelerate nonprofit contract payments. These reforms are essential to make contracting more efficient and accountable, ensuring nonprofits have the resources they need to deliver their critical services effectively. Nonprofits are a cornerstone of a strong NYC. By streamlining the contracting process, these reforms will ensure our nonprofit partners have the resources and support they need to continue their vital work. Philanthropy New York, along with our partners like Human Services Council and Nonprofit New York, has a history of collaboration with the city on strengthening the nonprofit ecosystem and its contracting environment. We urge continued progress on these important reforms to ensure a thriving nonprofit sector in New York City.

In April, we applauded the City Council's leadership in negotiating and, ultimately, reversing the decades-long divestments in human services workers by securing COLA increases over the next three years. We believe this is a huge win for the stability of the sector. However, we are concerned that without the proposed reforms, these critical enhancements will not be effectively implemented, hindering nonprofits' ability to serve communities. It is crucial to establish secure contract agreements under policies that ensure accountability and effectiveness in resourcing nonprofits. This will enhance the stability of these organizations and the people working within the nonprofit sector.

Philanthropy New York is a membership organization of nearly 300 grantmaking institutions within the New York City metropolitan area and over 5,000 engaged community funders in a range of roles within those institutions. Collectively, our members contribute over \$7 billion in grants annually. We convene and organize funders from various philanthropies to exchange insights and cultivate essential skills that enhance the impact of the philanthropic community at large. PNY's values, encompassing learning, leadership, community, and equity, shape our



decisions, driving our commitment to assist our membership in striving towards a society that is more equitable and democratic.

We firmly believe that supporting our members' philanthropic efforts requires fostering an ecosystem with policies that provide nonprofit partners the support they need to flourish. Beyond the vital funding our members offer to New York nonprofits, we recognize that government funding and contracts are essential for nonprofits to carry out their crucial missions. Through our policy work, we actively endorse initiatives like those highlighted in the report "Strengthening NYC Nonprofits by Reducing Administrative Burden," authored by the Center for the Urban Future and published last year. Implementing the strategies outlined in this report necessitates that the Mayor's Office of Contract Services (MOCS) has the staffing, resources, policies, and procedures to engage with partner nonprofits, streamline contracting processes, and effectively communicate with these organizations. Philanthropic dollars alone cannot fill the gap left by public sector resources; thus, we must partner with the city and, critically, MOCS to ensure nonprofits receive the resources they need to provide essential services to New Yorkers.

We have received firsthand accounts from our nonprofit and philanthropic partners detailing the detrimental effects of delayed payments and stalled contracts, which have left a devastating impact on nonprofits and their staff. These organizations have been compelled to make agonizing decisions: either implement layoffs, slash employee wages, or forego crucial services to remain operational. Most distressingly, some longstanding nonprofits, which have been indispensable to their communities for generations, are being forced to close their doors. This exacerbates an already pressing situation as New York faces widespread mental health crises, an influx of new New Yorkers, and an increasing demand for food and shelter. This creates a substantial void in the social safety net for New Yorkers who depend on these essential services.

Over the last couple of years, PNY championed a stronger nonprofit sector through various initiatives. We partnered with Human Services Council and Nonprofit New York, advocated for federal support for a stronger national nonprofit sector, and facilitated cross-sector collaboration. These combined efforts demonstrate PNY's unwavering commitment to a robust nonprofit sector that effectively serves New Yorkers and maximizes philanthropic investments.

PNY believes timely contract registration and payments are critical to an organization's success and a fundamental obligation of a government that outsources crucial services. Late payments often force philanthropic dollars to act as a backstop, hindering investments in strengthening interventions and building capacity. Prioritizing on-time and in-full payments benefits not only nonprofits but also the communities they serve. Reforming the contracting and payment process provides the stability needed to ensure quality social services and empowers BIPOC-led nonprofits to sustainably serve their communities.



PNY urges the City to restore proposed cuts to the MOCS and prioritize policies that improve the contracting process for nonprofits and ensure they get paid in-full and on-time. This reform will create a more equitable and efficient system, allowing these crucial organizations to focus on what matters most: serving all New Yorkers.

Thank you for your time and consideration.

# PLUMBERS AND GASFITTERS LOCAL UNION NO. 1

OF THE

UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING  
AND PIPE FITTING INDUSTRY OF THE UNITED STATES AND CANADA  
NEW YORK CITY

**PAUL O'CONNOR**  
*Business Manager*

**FREDDY DELLIGATTI**  
*Financial Secretary-Treasurer*



*Business Agent-At-Large*  
RICHARD GILLIGAN

*Business Agents*  
RICHARD GARNER  
JOHN HICKEY  
CARL L. JOHNSON, JR.  
TOMMY KINIRONS  
GEORGE MALANDRAKIS  
ROBERT MURRAY  
LOUIS J. PASQUALE  
RAYMOND V. RONDINO  
JOHN TOTINO

*Organizers*  
PAUL COTTO  
ANDREW FRISCIA

*President*  
TIMOTHY J. SPELLMAN

*Vice President*  
ALAN PAWELSKY

*Recording Secretary*  
ALBERT ESPOSITO

*Executive Board*  
MICHAEL ALOISI  
DOMINICK BRUNO  
JUDALINE CASSIDY  
CHRIS CONBOY, JR.

*Finance Committee*  
ANDREW DONLEVY  
MATTHEW GRIMES  
DAVID J. McINTOSH

*Examining Board*  
PIOTR AKSAMITOWSKI  
RAFAEL CRUZ  
MICHAEL FUSCO  
STRACY JONES  
MICHAEL J. REED  
VICTOR ROSSI

*Inside Sentry*  
MICHAEL PINTO

June 3, 2024

## MEMORANDUM OF SUPPORT

LEGISLATION INT. NO. 803-2024

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity "to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City."

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency

decision makers when they are evaluating the responsibility of low bidders. By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

Sincerely yours,



Paul O'Connor  
Business Manager



## Testimony of Public Health Solutions

Before the New York City Council  
Committee on Contracts Oversight – Evaluating Progress of Reforms to Accelerate Nonprofit Contract  
Payments  
T2024-1998  
June 4, 2024

Good Morning, I am Mireille Mclean, Managing Director of Neighborhood Health Services for Public Health Solutions (PHS). To Committee Chair Won, I thank you for the opportunity to provide testimony regarding our experience as a recipient of discretionary funding awards for our Neighborhood Health Programs. For more than 60 years, PHS has improved health outcomes and helped communities thrive by providing services directly to vulnerable low-income families, supporting community-based organizations through our long-standing public-private partnerships, and bridging the gap between healthcare and community services. We are a leader in addressing crucial public health issues, including food insecurity and nutrition, health insurance access, maternal and child health, sexual and reproductive health, tobacco control, and HIV/AIDS prevention. Health disparities among New Yorkers are large, persistent and increasing. Public Health Solutions exists to change that trajectory and support underserved New Yorkers and their families in achieving optimal health and building pathways to reach their potential.

Our commitment to advancing health equity for all New Yorkers starts with supporting vulnerable families. In 2022, we provided direct services to more than 125,000 New Yorkers by increasing access to nutritious food, improving access to healthcare and promoting healthy living. We are proud to be a trusted community resource. PHS works to advance health equity for all New Yorkers with a three-pronged approach: our direct services, administrative management partnerships and healthcare community partnerships.

### **Discretionary Funding Initiative Contracts for PHS Direct Services**

For several years, discretionary funding awards have supported PHS services within the following initiatives: the New York City (NYC) Council's Maternal and Child Health, the Dedicated Contraception Fund, Access Health and the Support our Seniors Initiatives.

### **Challenges**

Delays in contract execution are routinely over 6 months, sometimes up to a year, despite PHS providing all required information on a timely basis. Delays in execution mean that PHS does not get reimbursed in a timely manner and it stifles our ability to propose innovative services. Additionally, other contracting challenges include:

- *Redundant Applications*: individual Council members frequently require the use of "Supplemental Forms" typically distributed as a Google Form. Even though these forms are simple, they are not similar and the need to fill those up to 15 times for each initiative ends up becoming extremely time-consuming and diminishes the capacity for direct service staff to serve clients in need.
- *The PASSPort system*: we struggle to effectively track the progress of our contracts in PASSPort: more than a dozen steps are listed but the system does not identify those that are required and more importantly, who is required to act in order to help the contract move towards approval.



## **Recommendations for Improving Efficiency with the Nonprofit Contracting Process**

*Discretionary Award Tracker:* The Mayor's Office of Contract Services (MOCS) webpage states that the tracker is updated every 6 weeks, but PHS' experience that update actually occurs every 8-10 weeks. More timely updates (e.g., updates every 2-4 weeks) would be helpful.

*Expanded Resources for Discretionary Applicants and Recipients:* Provide additional resources and points of contact for agencies. Currently, the MOCS webpage directs applicants to contact the NYC Council Discretionary Unit email [discretionary@council.nyc.gov](mailto:discretionary@council.nyc.gov) and MOCS helpdesk.

*Post-Award Process:* Reduce the number and type of forms recipients are required to complete.

*Updated PASSPort System:* Ensure fully executed contracts are available in their entirety; Designate staff specific to each contract (in other words, do not include all PHS staff in PASSPort-related communications, only those staff that are relevant to the specific contract the communication refers to); Make generally applicable documents available across contracts (e.g., insurance, affirmations).

*Transparency Resolutions (TRs):* Reduce the number of TRs and ensure that they are issued in a timelier fashion. Ongoing budget changes, some well into the City's Fiscal Year, impedes planning and appropriate use of resources.

## **Discretionary Support for PHS' Sexual and Reproductive Health (SRH) Centers**

Improving the timeliness of payments is one critical component of what should be a two-pronged approach to getting the nonprofit sector back on track. Due to years of delays, when nonprofit human services providers, especially community-based public health providers such as ours must work with maintenance levels or marginal increases in funding, we are often forced to play catch-up with the thinnest of resources, that only serve to cover prior needs before organizations are left again without sufficient resources to advance the mission progressively in the new fiscal year. In order to prevent this situation and allow providers to maximize the impact of their services, we see the need for both the improved timing of contract registration and payment, and increased levels of funding for discretionary contracts. The need faced by our SRH centers shows just how useful such an intervention would be.

PHS operates two Article 28 licensed Sexual and Reproductive Health Centers (SRH Centers), located in Fort Greene (295 Flatbush Ave Extension, 11201) and Brownsville (1873 Eastern Parkway, 11233) Brooklyn, NY. The Centers provide high quality care that is patient-centered, trauma-informed and focused on reproductive justice. PHS has successfully prioritized the sexual and reproductive health needs of Black women, women of color and persons capable of pregnancy, who are under or uninsured, or living below the federal poverty level. On an annual basis, we serve up to 2,500 patients and work with many local middle and high schools to provide evidence-based sexual health education to about 5,000 teenagers annually.

PHS' SRH Centers are struggling due to funding cuts in both New York State's Family Planning Program (FPP) and the federal Title X program. These cuts totaling \$420,000 a year, are compounded by the fact that the cost of delivering care has increased faster than inflation over the same period, with the cost of Medical Care Services for urban consumers increasing by 28%. **Without additional funding it is unlikely that the PHS SRH**



**Centers will be able to continue to function. Public Health Solutions requests support from the NYC Council to allocate \$350,000 for PHS in FY25 through the Speaker’s Initiative and/or the Dedicated Contraception Fund in support of PHS’ Sexual and Reproductive Health (SRH) Centers.**

###

**About Public Health Solutions**

Health disparities among New Yorkers are large, persistent and increasing. Public Health Solutions (PHS) exists to change that trajectory and support underserved New Yorkers and their families in achieving optimal health and building pathways to reach their potential. As the largest public health nonprofit serving New York City, we improve health outcomes and help communities thrive by providing services directly to low-income families, supporting community-based organizations through our long-standing public-private partnerships, and bridging the gap between healthcare and community services. We focus on a wide range of public health issues including food and nutrition, health insurance, maternal and child health, sexual and reproductive health, tobacco control, and HIV/AIDS.

# Rethink Food

75 Broad Street | 7th Floor, Suite 707 | New York, NY 10004  
(212) 364-7040  
www.rethinkfood.org

---

**The New York City Council  
Committee on Contracts Hearing: Evaluating Progress of Reforms to Accelerate  
Nonprofit Contract Payments  
Tuesday, June 4th, 2024, 10 A.M.**

TO: The Committee on Contracts  
FROM: Matt Jozwiak, Rethink Food NYC, Inc.  
DATE: Tuesday, June 4th, 2024

Good morning Chair Won and members of the Committee on Contracts,

Thank you for the opportunity today to testify on behalf of Rethink Food's efforts to provide New York's newest migrant neighbors nutritious, culturally competent meals and our city's network of small, minority, and women-led business partners (MWBEs) that want to participate in large-scale City food procurement. My name is Matt Jozwiak. I am the ceo and founder of Rethink Food, a New York City-based nonprofit with the mission to create a more sustainable and equitable food system— one where every New Yorker has access to dignified, culturally competent, and nutritious food.

Rethink operates two meal-making programs that span all 5 boroughs of NYC and 35 council districts: our Sustainable Community Kitchen, which transforms excess food from restaurants, corporate kitchens, and grocery stores into meals delivered to community-based organizations (CBOs) and migrant shelter sites—a model that concurrently tackles food waste and food insecurity. We also operate Rethink Certified, where we partner with restaurants to prepare meals for CBOs and shelter sites. We provide culturally competent meals while keeping restaurants open, staff employed, and jobs in communities.

Over the past two years, we have engaged both models under Rethink Services, our food contracting arm, to respond and provide over 13M culturally competent meals for our newest asylum-seeking neighbors at 34 shelter sites across the City. So far, we have directed over \$70M in government dollars to small MWBEs.

The benefit of working with Rethink is access to its network model, which allows small MWBE food businesses to participate in large-scale food procurement. With our current contracting work, 70% of the meals provided are from MWBE-eligible partners who have applied for or already have their certification. The remaining partners are either other food non-profits or Arab American businesses, which are ineligible for the MWBE designation. Through our partnership with these MWBEs, Rethink takes on the administrative and capital burden of contracting, such as floating capital over several months to pay for services, legal fees, detailed recordkeeping, and reporting, which prevents many small, independently owned MWBEs from being competitive or eligible for contracting opportunities.

# Rethink Food

75 Broad Street | 7th Floor, Suite 707 | New York, NY 10004

(212) 364-7040

www.rethinkfood.org

---

Over the past year and a half, Rethink has been able to focus on supporting restaurant partners with other procurement challenges, such as decreasing costs and payment terms. By working as a network, we facilitate group purchasing that increases our buying power and allows smaller restaurant partners to compete on pricing they would otherwise be unable to compete with, contracting alone. In the beginning, we experienced challenges with payment terms, but in the renegotiation of our H+H contract, we have been able to secure a favorable 45-day term. This has been beneficial to managing our partnerships and payments, which has allowed us to pay our partners on time.

One of the many challenges we and our small business partners face that we would like to work with the Council and administration on is nonstandard contract requirements across food procurement. Depending on the agency procuring the food, how the contract is structured, and the contract's total value, the requirements may not be the same, even though, in many cases, the same product or service is being delivered. While this may seem insignificant, it can have serious operational and financial implications on whether or not a small business can bid on a contract.

One of these challenges is standard food procurement insurance, and because of this, I am testifying in support of [Intro. 802](#), which would require the City's Chief Procurement Officer to establish a standard insurance policy that would be mandatory for all food procurement vendors contracting with city agencies. In Rethink's experience alone, in order to comply with one of our contracts, we had to pay an additional \$60,000 for professional liability and catastrophic umbrella insurance, which are not standard policies for small restaurants and food businesses to carry. Because our restaurant partners have to comply with the exact insurance requirements that we do, only one of our restaurant partners was able to comply. Many of our partners do not carry this insurance and cannot take on this additional expense, which can limit the variety of meals offered. What tends to be standard or easy for restaurants to comply with is a general liability policy, auto liability (if they have delivery vehicles), workers' compensation, and a small umbrella liability policy to add to their general liability policy.

I want to thank Contracts Chair Won, Majority Leader Farias, and Council Members Menin, Ayala, Louis, Stevens, and Banks for sponsoring this legislation. Rethink looks forward to continuing the conversation on how, in partnership with the Council and the Administration, we can continue to work to decrease barriers for small businesses to participate in large-scale food procurement by standardizing and simplifying contracting requirements to meet these businesses where they are at, and continue to improve the quality of food procured in the City. Thank you for the opportunity to testify before you today.

Respectfully Submitted,

Matt Jozwiak

# Rethink Food

75 Broad Street | 7th Floor, Suite 707 | New York, NY 10004

(212) 364-7040

www.rethinkfood.org

---

## **Key Points to Get Across:**

- : My name is Matt Jozwiak, I am the ceo & founder of Rethink Food. Rethink Food is a New York City-based nonprofit with the mission to create a more sustainable and equitable food system
- Our programs center around providing nutritious, culturally competent meals to CBOs and shelters and supporting our city's network of small, minority, and women-led business partners (MWBEs) that want to participate in large-scale City food procurement.
- The benefit of working with Rethink is access to our network model, which allows small MWBE food businesses to participate in large-scale food procurement. We support partners by floating capital over several months to pay for services, legal fees, detailed recordkeeping, and reporting. This prevents many small, independently owned MWBEs from being competitive or eligible for contracting
- One of the many challenges we and our small business partners face throughout this process is nonstandard contract requirements in food procurement, which can have serious operational and financial implications for whether or not a small business can bid on a contract.
- I am testifying in support of [Intro. 802](#), which would require the City to establish a standard insurance policy that would be mandatory for all food procurement vendors contracting with city agencies.
- Standardizing and simplifying food procurement requirements will help small, local businesses become more involved and keep dollars and jobs in our communities.
- I want to thank Contracts Chair Won, Majority Leader Farias, and Council Members Menin, Ayala, Louis, Stevens, and Banks, for sponsoring this legislation.

Dxq

Testimony to the Committee on Contracts

By John MacIntosh

Managing Partner

SeaChange Capital Partners

[jmacintosh@seachangeap.org](mailto:jmacintosh@seachangeap.org)

June 4, 2024

My name is John Macintosh and the organization I lead – SeaChange Capital Partners – offers grants, loans, advice and research to help nonprofits in New York City navigate complex financial and organizational challenges. Every day we see nonprofits pushed to the brink waiting to get paid for work they have already done under city contracts. They are nervous about making payroll, forced to furlough or simply not pay staff, maxing out credit lines (if they have them), and even taking out personal loans. I believe that the single greatest factor source of anxiety for nonprofit leaders is payment delays from the city.

**Although procurement is an endemic problem it is often poorly understood**, so over the last 8 years we have tried to highlight the issue through a series of articles and research reports often in response to particular hotspots of dysfunction. Because of this, I am sometimes labeled the “procurement guy” so as the procurement guy, I’d like to make a few comments:

**The senior people in the administration understand the sector and committed to improving procurement.** First Deputy Mayor Sheena Wright, Comptroller Brad Lander, ACS Commissioner Jess Dannhauser all led nonprofits. Chief Procurement Officer Lisa Flores and DSS Commissioner Molly Park, among others, have always impressed me with their understanding of the issues.

However, the procurement system has three parts- – rules/regulations, technology, and people. -- **and the rules are woefully out of date.** The core elements of our current procurement system were part of the 1989 city charter revisions – in response to a bribery and extortion scandal involving Queens Borough President Donald Manes and more than a dozen city officials. Ironically, while for-profit companies were the locus of corruption, nonprofits bear the brunt of a system created as an overreaction to scandals in which they played no part.

The origin story is important since any procurement system has three primary goals – prevent corruption (or its appearance), efficiency, and fairness to vendors – which can be at odds with one another. Our system is overwhelmingly skewed to reducing corruption although I am not at all convinced – look at \$900 million in contracts received by Children’s Community Services despite obvious red flags – that it is effective in that regard.

So in addition to short-term blocking and tackling we need to revisit the whole system. We should get rid of many rules and procedures that service no obvious purpose. So I was pleased when the new administration hired McKinsey to do some blue-sky thinking in 2022 about how the underlying rules might be modified though I have yet to hear anything concrete that came out of that process.

**There has been a great deal of progress.** Nonprofits used to submit volumes of documents, printed in triplicate, signed in blue ink, and delivered in vans rented for the purpose. Each city agency had its own rules. There was almost zero visibility into the process. Today we have [PASSport](#), a standardized human services contract and associated policies and procedures manual, decent publicly available information through [PASSport Public](#) and [Checkbook NYC](#), and a 25% advance when a human services contract gets registered. More recently the Adams administration introduced two important changes: an allowance clause that preapproves amendments up to 25% of the original amount and preapproval for up to two renewals of discretionary items. These changes are a big deal since amendments and discretionary items represent 80% of human services contracts.

**But there are still problems with late registration and payment:** 86% of the 2,706 human service contracts started in fiscal year 2024 were registered late. 50% remain unregistered as of early May including 80% of discretionary items and 19% of other contracts. We estimate that nonprofits are owed about \$800 million for work done on still unregistered contracts and late payments under registered contracts. (More information [here](#). The late registration figures exclude the DOE which does not use PASSPort).

**The work eventually gets done.** Staffing levels are not the problem. If there were simply not enough people to do the work, the volume of unregistered contracts and unpaid bills would grow inexorably to the sky, but this is not what happens. Contracts *eventually* get registered, and invoices *eventually* get paid. But “eventually” is cold-comfort for nonprofits that need – as a legal and ethical matter - to pay their staff every two weeks.

**Consistently better results depend on actively managing the thousands of people involved.** Procurement isn’t fun. It’s not exciting. It’s tempting to slack off, so management matters. This was highlighted in a MOCS white paper from a few years back. We can also see it in the positive results of the one-off “clear the backlog” exercises and by the consistent differences among the performance of different agencies.

**Nonprofits reliant on city funding will never be able to speak truth to power in any public forum. So, the city should improve the information made publicly available so that SeaChange and others can continue to shine a spotlight on the issue.** A few weeks ago, SeaChange announced our intention – cheekily dubbed ContractStat – to build a more comprehensive procurement database by downloading data from PASSPort Public and Checkbook NYC daily and integrating it with other publicly available data. It’s a very modest effort but generated interest from the Comptroller, the Independent Budget Office, the Contracts Committee Office and private philanthropy all of whom would like more visibility into the procurement process. (PASSport Public is great but it is history-less. Recording it daily will allow us to build the history over time.)

I know that the City has announced plans for its own internal Contract Stat but I hope they will make some of that information public so that SeaChange and others can be an ally to those working to improve the situation.) In the interim, there is data that is already in FMS that it would seem easy to add to [PASSport Public](#) or [Checkbook NYC](#) to improve transparency, particularly about

amendments and late payments. If better data is made available, I promise that SeaChange and others will analyze it!

**Let me end by saying that this is the toughest environment I have ever seen for nonprofits.** Nonprofits face challenges beyond anyone's control – inflation, higher interest rates, demographic and behavioral change, limited access to credit, competition for scarce resources – but dysfunctional procurement should not be one of them. Procurement is under our control and the relatively painless federal system for nonprofits proves that it can work. City officials built our system, run our system, staff our system, and can fix our system.

A few changes could make a big difference:

- The city should enter into master contracts with some of its longest-standing and largest human services vendors.
- Nonprofits should be allowed continue invoicing under an existing contract while an amendment is in process.
- The returnable grant fund should be allowed to lend against unregistered contracts in certain cases.
- The DOE should either move to PASSPort or information about its pre-registration contracts should be made public in another way. There is basically zero public information about the status of DOE contracting. It is a paragon of opacity.

So in summary, it's finally time to leave the 1980s behind, build upon a decade of incremental improvements, and make sure that the people involved with procurement are focused on getting stuff done. The nonprofits and their hard-working staff that do so much for this city deserve it.

**Thank you.**

**SHARE Self Help for Women with Breast or Ovarian Cancer, Inc. (SHARE Cancer Support)** is a nonprofit, 501(c)(3) peer-led organization, established in 1976, whose mission to optimize the care outcomes and quality of life for all individuals diagnosed with breast, cervical, ovarian, uterine, and metastatic breast cancer through education, support, resources, and advocacy.

Launched 48 years ago as a breast cancer patient support group, our services have greatly expanded to include ovarian, cervical, and uterine cancer, as well as metastatic disease. Our services have grown to include one-on-one and group-level educational programs, webinars and on-demand online educational programs, peer mentoring, support groups, comprehensive navigation services, and referrals for care and outreach to the public. Each year, our national Helpline serves over 6,500 people across the US, we provide targeted outreach and education to over 35,000 people, over 600 people participate in our 35+ in-person and online support groups, and we produce hundreds of online educational programs, including two national Podcasts, which receive over 150,000 downloads annually. All of our services are provided in English, Spanish and Chinese. Our national Helpline is available in over 20 languages.

Over the past five years, SHARE has undergone significant growth. Our operating budget increased from \$2.8M to \$5.2M and we have nearly doubled our staff. We currently have 42 diverse full time staff, of which over 90% are cancer patients, survivors, or caregivers. In addition to our FT staff, we employ over 20 part-time paid Ambassadors. SHARE Ambassadors are locally recruited women of color who go in-person to communities and partner with local leaders, community organizations, and social services organizations, to provide outreach and education on the signs, symptoms, treatment options, screenings and care education about for breast or gynecologic cancers. Our Ambassadors promote early detection and help individuals learn to advocate for themselves.

The delays in contract registrations caused by the transition HHS Accelerator to PassPORT coincided with a crucial period of growth and transition at SHARE and had significant impact— organizationally and programmatically. For a small nonprofit organization such as ours, with an operating budget of \$5.2M, \$541,500 is over 10% of the budget – this funding is crucial to our Ambassador Program which provides in-person outreach and education services. As a result of the delay in registering our contract, we have had to draw from our reserve funds to support program operations. We were forced to eliminate a job position and our Senior Management took a 10% pay cut. We also made cuts throughout operations and programs in order to avoid impacting any of our Ambassadors. – Important hires, printing of materials, and key infrastructure expenses were put on hold. For an organization in rapid growth mode, this kind of delay can stall and reverse progress.

Delays are costly – during COVID, women could not get mammograms and as a result, we are seeing a rise in late-stage breast and gynecologic cancer diagnoses.

When young women cannot access a mammogram because their insurance only covers 50 and over, they are at increased risk. One of our patients was diagnosed at Stage 4 breast cancer – she wanted to mammogram, but didn't know she could get one at no cost in her community. As part of our outreach – we provide a mammogram finder – available in English, Spanish, and Chinese. Soon, we will provide this resource in several other languages.



# LOCAL UNION 28

## METROPOLITAN NEW YORK AND LONG ISLAND

**ERIC MESLIN**  
President and Business Manager

### MEMORANDUM OF SUPPORT

#### LEGISLATION INT. NO. 803-2024

#### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

#### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

#### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity "to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City."

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial "seat at the table" because a bidders' violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on



# LOCAL UNION 28

## METROPOLITAN NEW YORK AND LONG ISLAND

**ERIC MESLIN**  
President and Business Manager

contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City's public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**

Sincerely,

*Eric Meslin*

**Eric Meslin**  
President and Business Manager



## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other

contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**

**Committee on Contracts**  
**Oversight Hearing: Evaluating Progress of Reforms to Accelerate Nonprofit**  
**Contract Payments**  
**Testimony from Student Leadership Network**

Good afternoon, Chair Won and members of the City Council's Committee on Contracts.

My name is Meg Kayman and I am the Managing Director of Finance and Administration at Student Leadership Network, which supports young people growing up in underserved communities to gain access to higher education and fulfill their dreams.

Student leadership network received funding through New York City Council discretionary grants and as a vendor with the Department of Education.

Our City Council grants are managed through both DYCD and DOE. DYCD has a very detailed process to submit for the contract including many forms that are similar year to year and they all are uploaded to Passport. This process could be streamlined by reducing the number of items submitted, as many organizations have shared.

Otherwise, it is a straightforward process. However, this year our contract was delayed being uploaded to Passport. We had to wait one to two months until April which delayed getting the contract approved and then paid. We still have not gotten paid this year.

For the DOE, there isn't a streamlined process with their discretionary grants, leading Student Leadership Network to develop our own. However, since it does not go through the MTAC system to generate a purchase order, it always takes a long time. We have had at least two major issues with regard to discretionary grants in the last couple of years, both of which are detailed below:

- 1) We received a \$100,000 grant in May 2022 which was in a transparency resolution. Once I knew about it let my DOE contact know. No one had notified them. They were not able to create a PO once we were in FY23. So, then they moved the contract to their contracts/ purchasing department who had to set up a whole new contract. We had to update our Affirmation

Action plan and Data Privacy rider. We are still waiting for the \$100,000. It has been two years.

- 2) This year we have been waiting because they also needed the Data Privacy Rider. I have been asking to submit my documentation for \$190,000 since March. They never responded and then said I need an ERMA review. Recently, we submitted our invoice, but we still do not have a PO number and any idea when we will be paid.

Finally, we are a vendor with the DOE and utilize the MTAC process. The biggest things that slow us down include:

- 1) Account payable DOE employees at the schools are not trained on MTAC so they do not know the process. We only understand the process from a vendor's point of view.
- 2) Additional funding coming from the DOE via SAMs (School Addendum Memorandum) are released over the first four months of the school year. This past year, the College Access SAMs was released in early December, delaying our ability to start the MTAC process.

These are just some of the ways Student Leadership Network and similar organizations are impacted by the city's contracting process. Thank you for your steady attention on this issue. We're hopeful your advocacy and the various bills you are considering today will make a difference in the speed at which non-profits are paid by the city.



**TESTIMONY OF  
THE FORTUNE SOCIETY**

**THE NEW YORK CITY COUNCIL  
COMMITTEE ON CONTRACTS**

250 Broadway  
New York, NY

Tuesday, June 5, 2024

**SUBJECT:** Oversight Hearing – Evaluating Progress of Reforms to Accelerate Nonprofit  
Contract Payments

**PURPOSE:** To highlight the importance of increased transparency and other reform measures to  
ensure timely payment of city-contracted non-profits

Presented by

**Lily Shapiro,**  
Policy Counsel  
David Rothenberg Center for Public Policy

The Fortune Society  
29-76 Northern Blvd.  
LIC, NY 11101  
212-691-7554

<http://www.fortunesociety.com>

Thank you, Chair Won and members of the Committee on Contracts for the opportunity to provide testimony. My name is Lily Shapiro and I am Policy Counsel of The Fortune Society's David Rothenberg Center for Public Policy.

The Fortune Society is a 57-year-old organization that supports successful reentry from incarceration and promotes alternatives to incarceration, thus strengthening the fabric of our communities. We do this by believing in the power of people to change; building lives through service programs shaped by the experiences of our participants; and changing minds through education and advocacy.

In FY 2023, we served over 11,000 people across our many programs, including housing over 1,000 people. We now have over 500 employees working across four boroughs. We are proud to say that we hire our mission as many of our staff – including our leadership - were involved in the criminal legal system, including having been incarcerated, and/or are in recovery. Many of my colleagues began their journey with us as participants.

The breadth and depth of our growing impact is contingent upon our government funding. Well over half of Fortune's funding comes from the city. We appreciate the critical steps that this Administration and City Council have taken to recognize the importance of the non-profit field and workforce, notably in agreeing to a long overdue cost of living adjustment. We are also grateful to Council Members for introducing the suite of bills before you today that strive to promote transparency and timely payment for services rendered on city contracts. All of these efforts are pivotal steps in the right direction, but more is needed to ensure non-profits do not have to operate at a cost, as many do.

In our experience, late execution of contracts is the biggest cause of delay in recouping payment for services already provided, as we cannot invoice against a contract that has not yet been executed. As the Comptroller's office noted in a report released in January of this year, 72% of the total value of human services and non-profit contracts were registered past the contract start date during FY23; that percentage rose to 95% during the first half of FY24.<sup>1</sup> The reported length of delay in registration is also significant: 31% were six months to one year late, and 31% were over a year late.<sup>2</sup> Unfortunately, we are not surprised by these statistics. At any given time, Fortune has millions of dollars incurred in out-of-pocket expenses in service

---

<sup>1</sup> [https://comptroller.nyc.gov/wp-content/uploads/documents/FY23\\_Annual-Summary-Contracts-Report.pdf](https://comptroller.nyc.gov/wp-content/uploads/documents/FY23_Annual-Summary-Contracts-Report.pdf).

<sup>2</sup> Id.

provision for which we cannot seek reimbursement. We cannot seek reimbursement for those millions of dollars because the governing contracts or contract amendments have not yet been executed by the relevant city agency or agencies. We cannot submit claims for payment against contracts and amendments that have not been executed, and then registered.

One category of contracts for which we have repeatedly seen notable and lengthy delays in execution is the discretionary funding awarded by the Council that flows through city agencies. Those discretionary awards are critical to us, and other non-profits, because they allow us to supplement our other programs in innovative, nimble ways that are responsive to the needs of the people we serve but are not covered by other funding sources. Yet all too often, when it comes time for the relevant agencies to issue contracts, those awards languish in limbo. It is not unheard of for us to wait for over a year for one of those contracts to be executed, during which time we implement the contemplated programming at a cost.

In the face of these delays, to be able to offer services, pay our staff, and keep the lights on, we are forced to draw on our line of credit, which costs us eight to nine percent interest. We also constantly fundraise for unrestricted dollars which are extremely hard to obtain. We know that we are very fortunate to have these options, despite the associated costs, and that our smaller fellow non-profits face even greater challenges in figuring out how to make ends meet, which is both patently unfair and stifles innovation. We also do not take our position for granted. As we saw with the deeply upsetting collapse of Sheltering Arms last year, no non-profit organization is too big to fail.

In light of these persistent challenges, we encourage the Council to explore legislative options to address the issues surrounding late contract execution in general, and specifically with respect to discretionary awards made by the Council. One potential means of making non-profits whole would be requiring issuance of an advance or a bridge loan. We appreciate those agencies that have issued advances on registered contracts when there are anticipated delays in payment during start-up. We also appreciate that bridge loans for certain contracts are contemplated in Int. 510, although those would only apply to contracts pending registration with the Comptroller's office, which is not, in our experience as noted above, where delay typically lies. This year, the City's switch from HHS Accelerator to Passport resulted in a six-week period during which the entire system for submitting invoices was shut down. The shutdown caused extensive delays that persisted even once the system was brought back online, due to the

inevitable hiccups resulting from usage of a new system. If there were a requirement that agencies issue advances, which some but not all did, non-profits would have had valuable financial resources during this challenging time.

With respect to other specific bills before this Committee, we strongly support Int. 243, which would raise the de minimis indirect cost rate on direct project costs from 10% to 20%. We also support Int. 508, requiring explanations and reporting on late payments, as greater transparency could lead to more and even more robust solutions.

Thank you, Chair Won and members of the Committee, for the opportunity to testify today. The Fortune Society stands ready as always to partner with the Council and the Administration in finding ways to work better together to most effectively serve our participants and thus enhance the overall well-being of our city.



**Testimony to the NYC Council Committee on Contracts  
Submitted by the Supportive Housing Network of NY  
Tuesday, June 4, 2024**

Hello Chair Won and members of the Committee. Thank you for the opportunity to testify today. My name is Pascale Leone, and I am the Executive Director of the Supportive Housing Network of NY, a membership organization representing nonprofit developers and operators of supportive housing.

I would like to thank the Council for your tremendous support this fiscal year from rolling back PEGS to implementing a 3-year COLA. And, notably, for supporting our NYC 15/15 reallocation plan. But, today, I want to highlight the impacts of late contract payments and the challenges with PASSPort system implementation.

As you know, despite the essential services provided, the nonprofits we represent wait years for reimbursement from the city. This forces them to take out costly loans to cover salaries and other expenses, diverting funds away from direct services. While we support Intro 0514, which would require interest to be paid on late payments to nonprofits, as a first positive step, more needs to be done.

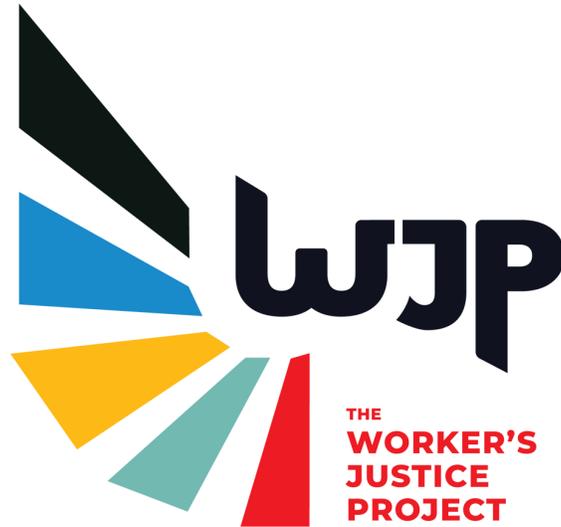
Not only should interest be paid on late payments, the city needs to enforce a standardized and low-barrier contract advance solution that allows providers to claim up to 75% of their budgets while awaiting payments. Currently, there is no uniformity in contract advances between agencies which causes confusion and inconsistency.

Our nonprofits need a clear and transparent approval process. We support Intro 0508, calling for greater transparency and accountability, by requiring reporting and interest payments, and we believe there are some improvements that can be made to PASSPort that would enhance transparency. We have a longer list of recommendations that will be submitted as written testimony, but I would like to highlight the following:

- Create a visual dashboard for invoice and budget modification status, and provide detailed documentation for each approval stage;
- Standardize data entry requirements, auto-populate data fields, and reduce data redundancies for larger contracts, and;
- Integrate a live chat support feature for immediate assistance.

The Indirect Cost Rate initiative is also failing. Outdated ICRs are being used, new rates are not included in budgets, and a host of other challenges that cause delays. We support a methodology that would create a minimum 20% ICR reimbursement, as Intro 0243 represents, but the procedural challenges need to be addressed. The reality is that MOCS is being asked to do more, without the resources and expertise needed. But that lack has tangible effects on people's lives. When a member reports to us that 22% of their overall budget is pending reimbursement and lacking sufficient overhead, we worry about the impact on tenants and staff and their right to live in habitable conditions with appropriate and timely support.

We appreciate your support and look forward to collaborating. I am happy to take any questions.



## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated

by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**



BRANDON MANCILLA  
DIRECTOR, REGION 9A  
350 West 31st Street, 7th Floor  
New York, NY 10001  
PHONE: (212)-529-2580  
FAX: (212)-529-1986

---

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA – UAW

---

SHAWN FAIN, *PRESIDENT* • MARGARET MOCK, *SECRETARY-TREASURER*  
VICE-PRESIDENTS: CHUCK BROWNING • MIKE BOOTH • RICH BOYER

## MEMORANDUM OF SUPPORT

LEGISLATION [INT. NO. 803-2024](#)

### TITLE

A Local Law to amend the New York city charter, in relation to protests of agency procurement decisions.

### SUMMARY OF PROVISIONS

This bill would require the Procurement Policy Board to promulgate rules allowing vendors and their designated representatives to protest procurement decisions made by a city agency.

### JUSTIFICATION

This bill will further ensure the mission of the Procurement Policy Board, as set forth in the PPB rules, is met.

This bill will provide for increased public confidence in New York City's public procurement procedures as well as the opportunity “to provide for increased efficiency, economy, and flexibility in City procurement activities and to maximize to the fullest extent the purchasing power of the City; to foster effective broad-based competition from all segments of the vendor community; including small businesses, minority and women-owned and operated enterprises; to safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse; to ensure appropriate public access to contracting information, and to foster equal employment opportunities in the policies and practices of contractors and subcontractors wishing to do business with the City.”

These amendments will assist the PPB and agency ACCOs and senior procurement staff by allowing them to receive information from the public that may impact the decision to award procurement contracts. The rule change would allow worker advocates, who could be designated by a vendor to submit an objection to a bid, to provide feedback to city agencies about the history of certain bidders, including wage payment practices, contract compliance, or other contractor histories that may not otherwise be available to agency decision makers when they are evaluating the responsibility of low bidders.



BRANDON MANCILLA  
DIRECTOR, REGION 9A  
350 West 31st Street, 7th Floor  
New York, NY 10001  
PHONE: (212)-529-2580  
FAX: (212)-529-1986

---

**INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA – UAW**

---

SHAWN FAIN, *PRESIDENT* • MARGARET MOCK, *SECRETARY-TREASURER*  
VICE-PRESIDENTS: CHUCK BROWNING • MIKE BOOTH • RICH BOYER

By requiring the evaluation of such submissions in the procurement process, workers will have a proverbial “seat at the table” because a bidders’ violations of labor standards will more likely be raised and heard through this amended objection process. In the past, such objections were ignored by agencies as there was no formal process in the PPB rules that allowed any party, other than a bidder/vendor to be heard. This refusal to hear objections meant that objections based on contractor wage practices, refusal to maintain city required apprenticeship programs, or criminal indictments were not heard.

**We strongly support Introduction 803-2024 and want to see the Procurement Policy Board allow vendors and/or their designated representatives protest procurement decisions made by a city agency to increase public confidence in New York City’s public procurement procedures. We urge the council and administration to pass this legislation without delay. Please reach out to Jennie Encalada-Malinowski at [jencaladaLECET@local1010.org](mailto:jencaladaLECET@local1010.org) if you require further information.**



**UNITED  
NEIGHBORHOOD  
HOUSES**

45 Broadway, 22<sup>nd</sup> Floor, New York, NY 10006

212-967-0322 | [www.unhny.org](http://www.unhny.org)

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

**Oversight - Evaluating Progress of Reforms to Accelerate Nonprofit Contract Payments**

**Submitted by Nora Moran, Director of Policy and Advocacy  
June 4, 2024**

Thank you, Chair Won and members of the New York City Council, for the opportunity to testify. United Neighborhood Houses is a policy and social change organization representing neighborhood settlement houses 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.

This testimony will share perspectives on the progress of payment reforms to nonprofit contractors, as well as feedback on several of the pieces of legislation considered by the committee in this hearing.

**Background**

New York City relies on nonprofit human service providers to serve New Yorkers in need, from prenatal care for expecting parents, to early childhood education, to afterschool programs and in-school support, to summer camp, to youth workforce development programs like the Summer Youth Employment Program (SYEP), to college preparedness and college retention, to adult literacy and adult education programming, to adult workforce development, to aging services like Older Adult Centers (OACs) and services that allow older adults to age in place like Naturally Occurring Retirement Communities (NORCs). Further, New York City relies on these same nonprofits to help New Yorkers meet their basic needs, including housing supports, mental health programming, benefit and entitlement navigation services, legal assistance, food access, home delivered meals, transportation—the list goes on and on.

Despite this, human services workers in New York City are grossly underpaid, and that dynamic is driven by insufficient funding in government contracts. Across UNH's network of settlement

houses in New York City, 76% of their total budget comes from government sources, and 65% of that is from New York City. Contracts from New York City often do not include sufficient funding to pay workers a fair and dignified wage. UNH conducted a survey that found that the household income of 63% of full-time settlement house staff was less than \$50,000 per year.

Wages have failed to keep up with both inflation and changes to the job market, and as a result the human services sector continues to sit on the cliff of a staffing crisis. On average, more than a third (35%) of UNH settlement house members reported double-digit job vacancy rates of 10% or higher in 2023, up from 31% the previous year, and nearly two-thirds (65%) of UNH settlement house members reported that job positions remained vacant for 3 months or more in the past year, including 14% who said that positions remained vacant for 6 months or longer.

In recognition of these challenges, the Adams Administration and City Council invested \$150 million over three years for a Workforce Enhancement Initiative for human services organizations, and \$741 million over three years for Cost Of Living Adjustments for human services workers. We thank the Council for consistently fighting for this workforce, and for taking tangible action to improve their economic conditions.

Overall, delayed contracting processes make it extremely challenging for human services organizations to operate effectively and focus on their mission—to serve New Yorkers in need. The transition of nonprofit human services contracts to PASSPort has not been without its challenges, and settlement houses have reported payment pauses and delays as a result. While some of this was necessary to transfer contracts from HHS Accelerator to PASSPort, the process was still disruptive to organizational cash flow.

Despite being in the middle of a major systems migration, the Mayor's Office of Contract Services (MOCS) faces budget cuts that will undoubtedly make a hard situation worse. MOCS proposed FY25 budget is \$17.4 million less than the previous fiscal year. MOCS faces having 18 less staff positions, as well as cuts to the PASSPort maintenance contracts. These cuts will likely trickle down to human services organizations via less support from MOCS staff, longer processing times, and potential delays in executing contract changes or investing new funds, like the COLA. If we are to address contracting and payment delays, we need a strong MOCS with all the tools at their disposal to address problems and improve systems.

#### **Intro 508-2024**

Intro 508-2024 would require the Procurement Policy Board to create a process for City agencies to inform vendors and MOCS of the reason for any late payment, with an aggregate report from MOCS on these late payments issued every six months. This bill would help demystify an already opaque process, as settlement houses often report delays in the overall contracting and payment process, with little reason or explanation from the contracting agency for the delays. The extra transparency will help pinpoint reasons for payment delays, and ensure that the right attention is given to resolve issues quickly and address any systematic barriers that might be causing chronic late payments.

UNH supports Intro 508-2024.

#### **Intro 514-2024**

Intro 514-2024 would require interest to be paid on late payments made by the City to nonprofit contractors. For years, late payments have forced nonprofits into a vicious cycle of drawing down lines of credit while waiting to get paid by the City for work already completed. Interest is often charged on these lines of credit, and it is rarely reimbursable by the City. Additionally, not every organization is also able to find a lender that will give them a loan. Though there are low or no interest loans available from the Fund for the City of New York, not every organization always qualifies for those loans. The City should address the root cause of this problem—slow processes that result in late payments—rather than use a bandaid of a loan to temporarily fix the problem.

In order for the City to change its behavior and pay on time, there must be a consequence for late payments. Interest payments are one way to achieve that. However, it is crucial that the interest payments do not come out of a program budget's bottom line. Part D of Intro 514-2024 gives the City an "out" if there isn't enough funding available:

"If any interest payment required pursuant to this section is made from amounts appropriated for program purposes such that it reduces the amount available to be spent on the program, the contracting agency shall notify the council in writing of the amount of such reduction and the reason why other funding could not be used for such interest payment."

The City should not be able to reduce services to New Yorkers to pay interest due to their poor performance. Separate funding should be made available should the City fail to pay on time.

It is also important that City agencies not be able to encourage providers to waive their right to collect interest on late payments. There is a similar rule in place at the state level, that gives agencies and providers the ability to mutually waive the right to this interest funding (located in State Finance Law section 179-v part 7). In practice this is used often, as agencies tend to pressure CBOs into agreeing to sign that waiver. CBOs often comply, since they do not want to antagonize their funder or risk further payment delays. While this issue is not addressed in Intro 514-2024, we could foresee this leading to a similar problem, where City agencies can just waive the interest payments by citing their preexisting budget levels. We urge the Council to explore legal remedies to address this potential situation.

UNH supports Intro 514-2024.

#### **Intro 801-2024 and Intro 803-2024**

Intro 801-2024 would require City agencies to provide a written rationale for denying a proposed subcontractor for a given project. Intro 803-2024 would require the Procurement Policy Board to issue rules allowing vendors to protest a procurement decision made by a City agency. Both bills will increase transparency in the procurement process, an important goal to ensure that organizations of all sizes can competitively bid on City contracts and understand why their bid may not have been successful.

UNH supports Intro 801-2024 and Intro 803-2024.

Thank you for your time. For any questions, I can be reached at [nmoran@unhny.org](mailto:nmoran@unhny.org).



184 ELDRIDGE STREET  
NEW YORK NY 10002  
212-453-4555  
UNIVERSITYSETTLEMENT.ORG

# Testimony of University Settlement before the New York City Council

## Preliminary Budget Hearing

Committee on Contracts,  
Chair Julie Won

Submitted by Kyungsoo Kang,  
Grants Contract Administrator  
University Settlement

June 7, 2024

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

University Settlement is one of New York City's most dynamic social justice institutions, with an impressive legacy as the first settlement house in the nation. For 138 years, University Settlement has been an anchor in the immigrant communities with low income where we work, offering pioneering programs in early childhood care and education, youth development, eviction prevention, literacy, theater and visual arts, older adult services, and mental health. Each year, we engage over 40,000 New Yorkers through our network of 30+ sites in Manhattan and Brooklyn. Our mission is to empower residents by building on their strengths and knowledge through comprehensive, quality services that meet the current needs of the community, innovation that anticipates future needs, and advocacy on behalf of the community and its residents.

As with many Community-Based Organizations, University Settlement relies heavily on contracts throughout the city to provide essential human services, supporting tens of thousands of New Yorkers. Unfortunately, these contracts often fail to fully reimburse nonprofits for the costs incurred in providing these services and are often delayed. This has resulted in significant financial challenges, including reliance on delayed contract registration and payments, which is not sustainable in the long term.

Despite being near the end of the fiscal year, we have unregistered discretionary contracts totaling \$106,000. These funds are crucial for maintaining vital community services, including programs for older adults, adult literacy, afterschool activities, cornerstones, and housing initiatives. The delay in registering these contracts stems from challenges encountered

LEAD. ACT. IMPACT. 領導。行動。影響。 LIDERA. ACTÚA. IMPACTA. अनुवाकं करारवाकं अरर DIRIGEZ. AGISSEZ. IMPACTEZ. יגדילו. יגדילו. יגדילו. יגדילו. ЛИДИРЬИ. ДЕЙСТВЬИ. ВЛИЯИ. 领导。行动。影响。



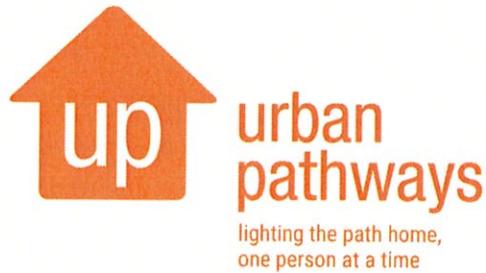






184 ELDRIDGE STREET  
NEW YORK NY 10002  
212-453-4555  
UNIVERSITYSETTLEMENT.ORG

efficiency in the contracting process. We eagerly anticipate collaborating with the City Council and the Administration toward this shared objective. Thank you for the opportunity to provide testimony. For any further inquiries, please contact us at [contracts@universitysettlement.org](mailto:contracts@universitysettlement.org).



**Testimony**  
**New York City Council**  
**Committee on Contracts**  
**Oversight Hearing**  
**Evaluating Progress of Reforms to Accelerate Nonprofit Contract Payments**  
**Tuesday, June 4, 2024**

Good afternoon, Chair Won and members of the Committee. My name is Nicole McVinua, and I am the Director of Policy at Urban Pathways. Thank you for the opportunity to testify today on payment delays to contracted nonprofit organizations.

Urban Pathways is a nonprofit homeless services and supportive housing provider serving single adults. Last year, we served over 2,448 unique individuals through a full continuum of services including street outreach, drop-in services, safe havens and stabilization beds, extended-stay residences, and permanent supportive housing in Manhattan, Brooklyn, Queens, and the Bronx. We also offer a wide range of additional programming to meet the needs of our clients, including our Total Wellness, Employment, and Advocacy programs. We hold City contracts with DHS, DOHMH, and HRA.

**Human Services COLA**

We thank the City Council and the Adams Administration for the \$741 million investment in the City-contracted human services workforce through a 3 percent cost-of-living adjustment (COLA) each year for the next three years and the \$150 million Workforce Enhancement Initiative over the last three years. This increase will have a positive impact on the human services workforce, who are a majority women and people of color, and the sustainability of our programs. While there is more work to be done to bring true livable wages to the human services sector, we commend the City for partnering with us on this critical step in addressing the underpayment of this essential workforce. We are grateful for your continued support and look forward to working together for a seamless COLA implementation.

**Late Payments**

Late payments continue to be a concern for our organization and the sector. **Urban Pathways is currently owed approximately \$3.9 million from the City for services already performed on our DHS and DOHMH contracts in FY24 and FY23.** This includes nearly \$2.4 million from DHS contracts and \$851,000 from DOHMH on FY24 contracts for services that have been

invoiced to the respective agencies. Most of these payment delays are due to the inability to submit invoices during the migration from the HHS Accelerator system to the new PASSPort system. However, some of the DHS funds owed are also due to delays in getting budget modifications approved.

Also included in this number is \$500,000 owed for FY23 subcontractor reimbursements for which we have been unable to bill for due to delays in migrating FY23 information to the new PASSPort system. Urban Pathways has paid this money out to our vendors but has not been able to receive reimbursement.

**We are further owed an additional \$1 million for a single HRA contract that we have been unable to bill for due to a lack of clarity from HRA staff about what they want or need to process invoices.** The confusion has put the processing of invoices at a complete standstill, making the contract essentially unbillable until HRA provides an explanation.

**Additionally, there have been major delays in receiving the Workforce Enhancement Initiative funding for FY24.** While we appreciate the Mayor's investment in the workforce, we are just now receiving notification of the amount of our FY24 funding amount, alongside our notice for FY25. So, this funding is essentially a year late, which means we did not have a confirmed amount for staff pay increases for the entirety of Fiscal Year 2024. We also never received a formula for calculating any of the years of Workforce Enhancement Initiative funding, so we were unable to calculate the amount ourselves and are also unable to verify that we are receiving the correct amount of funding. While again we appreciate the Workforce Enhancement Initiative, the late payments and total lack of transparency in the process has made it difficult to administer. This is not the only initiative to increase pay for nonprofits that has been delayed; the administration of the Indirect Cost Rate Initiative has also experienced significant delays in getting increased payments to nonprofit providers.

**These payment delays have and continue to cause a strain on our overall organizational budget,** especially as we juggle delays from multiple contracts simultaneously. While we can appreciate that there would be some natural delays in payments due to the PASSPort migration, it is imperative that the City catch up on the payment backlog. Things like delayed budget modifications and clarity on what HRA needs from us to process payments should not be occurring at all.

It is also notable that payment delays occur due to late contract registrations. **Without a registered contract, providers cannot invoice the City at all for the services they are providing, and some providers wait months, or even years, for a contract to be registered.** If a City agency anticipates that there will be a delay registering a contract at no fault of the contracted organization, at least a 25 percent advance should be given at the start of the year and the contract should be registered within 90 days. This would allow nonprofits to continue their services without financial burden while their contract is registered. Beyond a 90-day registration, there should be a process for providers to claim up to 75% of their budgets while awaiting

payments. A standardized process for contract advances should be created across all city agencies should be created, as there is currently no uniformity.

### **Budget Cuts to MOCS**

**In light of all of these delays, it is very concerning to see steep cuts proposed to the Mayor's Office of Contract Services in the proposed FY25 budget of \$13.5 million less than the current budget, \$17.4 million less than the FY24 adopted budget, 18 less staff positions, and significant cuts to the PASSPort maintenance contracts.** Our staff have reported challenges utilizing the new PASSPort system, stating that it is not user-friendly and still needs to be smoothed out. When they have reached out to MOCS for assistance, they are often met with responses that City staff are still learning to use the system or have not yet been fully trained. This makes the proposed reduction in funding, especially for the maintenance and technology services of PASSPort, extremely concerning. **MOCS is responsible for leading and reforming the procurement system, which nonprofits rely on to get contracts registered and paid. Delays in this system leads to consistently delayed cash flow to nonprofit service providers,** which is unsustainable and, in some cases, has devastating impacts on the operations of organizations providing essential services to our communities on behalf of the City. This is why it is imperative that MOCS is fully funded and fully operational, including the maintenance of PASSPort.

MOCS also plays a critical role in implementing the COLA. **Budget cuts to MOCS could negatively impact the COLA implementation process, delaying workers' receipt of this investment.** Our workforce, who have long been underpaid by City contracts, are relying on this COLA. For some, it will be the difference between having to decide what they can purchase while grocery shopping or the ability to afford their children's school supplies. It is imperative that the COLA implementation is a smooth, transparent process completed on time so that workers can receive their increase at the start of the fiscal year. **At a time where so many human services organizations are facing financial issues and workers are reliant on this COLA, restoration to MOCS' budget is crucial to ensuring that the contracting needs of providers are met and that workers are compensated so that they can focus on providing essential services.** With our biggest challenge for hiring and retention being low salaries, a delayed COLA could also be detrimental to staffing.

### **Int. 0514-2024**

**Urban Pathways supports paying interest on late payments made to nonprofit organizations operating under city contracts.** As detailed above, nonprofit providers regularly face late payments from city contracts. Fronting costs without reliable payments is unsustainable. Some organizations are forced to borrow on lines of credit to cover essential functions, such as payroll. Interest payments on such borrowings are not reimbursable, except in rare cases, and must therefore be paid from reserves already stretched thin. According to the Comptroller's Annual Summary Contracts Report for FY23, over 72% of human services providers' total

contract value was registered late and more than 95% of contracts were registered late in the first half of FY24. Paying interest on such loans should be the responsibility of the city, not the nonprofit provider.

With this, we support the goal of Int. 0514-2024 to pay interest on late payments. However, **we are concerned by the notion that these payments could be pulled from program budgets, as this would fail to make nonprofit human services providers whole and simply shift the deficit to another area of the contract budget.** Although the legislation as currently written states that the contracting agency must notify the Council in writing as to why interest payments could not be funded other than through program budgets, organizations like ours are already facing severe underfunding while being asked to provide high quality programs. In FY24, our DHS contracts received a 2.5% PEG that has not been restored and had to recalculate program budgets to account for decreased funding. **It will not be possible to provide the same level of services to the same number of people if these interest payments come out of program budgets.** This would just be another example of government asking contracted nonprofits to do more with less. Additionally, there must be an incentive for government to pay on time, and if there is not an economic impact except to the community, that may not be achieved.

#### **Int 0801-2024**

**Urban Pathways supports Int. 0801-2024 to require contracting agencies to provide a detailed written explanation to contractors when denying a proposed subcontractor for a project within 30 days.** When submitting 65A forms to get subcontractors approved, if a submission is denied we are typically not provided with additional information as to the reason why, which makes it difficult to correct the submission. This can result in a delay to the provision of services. Providing a reason for subcontractor denials would greatly improve the subcontracting and 65A processes.

#### **Recommended Reforms to PASSPort**

As the new PASSPort system poses some challenges, it is important that the City work with contracted organizations to make improvements. Urban Pathways supports recommended reforms developed by the Supportive Housing Network of New York, outlined below.

##### Streamline Invoice Process

- Simplify data input by creating auto-populating features and reducing redundant fields, especially for large contracts.
- Allow the submission of expenses from dates outside the invoice period to accommodate varying billing cycles.

##### Enhance Approval Process Transparency

- Create a visual dashboard displaying the status of invoices and budget modifications, including submission dates and approval progress at all levels.

- Develop detailed documentation outlining the requirements and expectations at each approval stage for both providers and contracting agencies.

#### Improve User Support

- Develop a comprehensive error database within the PASSPort system, categorizing common issues and providing step-by-step resolutions.
- Integrate a live chat or email support feature directly into the PASSPort interface, providing instant assistance for users encountering issues.
- Implement an in-system knowledge base with troubleshooting guides and FAQs to empower users to resolve common problems independently.

#### Facilitate Budget Modifications

- Revise the error notification system to provide specific guidance on resolving blocking errors during budget modification submissions.
- Standardize data entry requirements across different contract types to minimize submission delays and errors.
- Enable users to attach comments or explanations when submitting budget modifications, enhancing communication and clarity.

While the City has made efforts to reform procurement and improve timely payments to contracted nonprofit providers, the improvements have been inconsistent. It is imperative that nonprofits are paid on time and in full to ensure the stability of essential programs in our communities. The key role of MOCS in reforms, the implementation of PASSPort, and the implementation of the human services COLA requires that the agency be appropriately funded and staffed, which is why we call for the restoration of the MOCS budget in the final Fiscal Year 2025 budget. We support paying nonprofits interest for late payments, but not out of program budgets, and we support improved transparency in the subcontracting process.

Thank you for the opportunity to testify today. Urban Pathways looks forward to working with the Council to make continued improvements that ensure nonprofits are paid on time.

#### **For questions or more information, please contact:**

Nicole McVinua, Director of Policy  
nmcvinua@urbanpathways.org  
212-736-7385, Ext: 233

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

26

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/24

(PLEASE PRINT)

Name: Kayt Tishus

Address: 11 Maiden Lane, Apt PH New York NY 10038

I represent: Collective Public Affairs

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

25

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6-4-24

(PLEASE PRINT)

Name: Brenda Foster

Address: \_\_\_\_\_

I represent: Brooklyn Ground

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6-4-24

(PLEASE PRINT)

Name: Pascale Leone

Address: \_\_\_\_\_

I represent: Suppative Housing Network

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

23

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: June 4, 2024

(PLEASE PRINT)

Name: Sharon Brown

Address: \_\_\_\_\_

I represent: \_\_\_\_\_

Address: Jamaica NY 11436

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

22

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Lily Shapiro

Address: \_\_\_\_\_

I represent: \_\_\_\_\_

Address: 29-76 Northern Blvd Long Island City NY

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

21

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/24

(PLEASE PRINT)

Name: Nicole McVinua

Address: \_\_\_\_\_

I represent: Urban Pathways

Address: 575 8th Ave, 16th Fl. NY, NY 10033

**THE COUNCIL  
THE CITY OF NEW YORK**

20

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/23

(PLEASE PRINT)

Name: Baughoe (in)

Address: 165 W. 46<sup>th</sup> St Ste 712

I represent: SHARE Cancer Support

Address: 165 W. 46<sup>th</sup> St 712

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Nora Moran

Address: \_\_\_\_\_

I represent: United Neighborhood Houses

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 06/24/2024

(PLEASE PRINT)

Name: Thara DuJosel

Address: [Redacted]

I represent: Nonprofit New York

Address: 321 43rd Ave NY, NY



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



**THE COUNCIL  
THE CITY OF NEW YORK**

17

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor     in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Michelle Jackson

Address: [Redacted]

I represent: Human Services Council

Address: 30 East 59th St, NY, NY 11103

**THE COUNCIL  
THE CITY OF NEW YORK**

16

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor     in opposition

Date: 6/4/24

(PLEASE PRINT)

Name: ADDACIA RAY

Address: [Redacted]

I represent: NYC Anti-Violence Project

Address: 116 NASSAU ST NY NY 10038

**THE COUNCIL  
THE CITY OF NEW YORK**

15

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor     in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Kristin Miller

Address: [Redacted]

I represent: HSU

Address: 307 W. 38th St. NY/NY

THE COUNCIL  
THE CITY OF NEW YORK

14

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Catherine Trapani

Address: \_\_\_\_\_

I represent: Volunteers of America - Greater NY

Address: \_\_\_\_\_

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: June 4/2024

(PLEASE PRINT)

Name: John Machtes

Address: \_\_\_\_\_

I represent: Seahorse Capital Partners

Address: 420 Lenox Ave, NY 10170  
Suite 300

THE COUNCIL  
THE CITY OF NEW YORK

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/24

(PLEASE PRINT)

Name: Lisa M. Flores, Director of MOC5

Address: 255 Greenwich

I represent: MOC5

Address: same

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

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

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

Date: 6/4/24

(PLEASE PRINT)

Name: Ike Denizli  
Address: 255 Greenwich St Fl 9  
I represent: MOCS  
Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

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

Date: 6/4/24

(PLEASE PRINT)

Name: Kimlyn  
Address: 255 Greenwich St. 9th Floor  
I represent: MOCS  
Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

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

Date: 6/4/24

(PLEASE PRINT)

Name: Charles Diamond  
Address: 255 Greenwich Street, NY NY 10007  
I represent: Mayor's Office of Contract Services  
Address: 255 Greenwich Street, NY NY 10007

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

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6-4-24

(PLEASE PRINT)

Name: MAXIMUS BARTON

Address: [REDACTED]

I represent: LABORERS LOCAL 1010

Address: 17-20 WHITSTONE LEXBY, WHITSTONE NY

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. 510 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/24

(PLEASE PRINT)

Name: Greg Klemm

Address: 40 Worth Street, NY, NY

I represent: Legal Services NYC

Address: same

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/2024

(PLEASE PRINT)

Name: Kendi Rainwater (Legal Services Panel)

Address: [REDACTED]

I represent: The Legal Aid Society

Address: 199 Water Street



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



**THE COUNCIL  
THE CITY OF NEW YORK**

5

Appearance Card

I intend to appear and speak on Int. No. 802 Res. No. \_\_\_\_\_

in favor  in opposition

Date: 06/04/24

Name: MATT JOZWIAK (PLEASE PRINT)

Address: MARINUS

I represent: CEO OF RETHINKFOOD

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 06/04/24

Name: PAULA MAGNUS (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: NORTHSIDE

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. All Council 205 Surin Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6-4-2024

Name: Marlon Williams (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: Philanthropy New York

Address: 420 E 43 ST NY, NY

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. <sup>243 508 514</sup> ~~243 510~~ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4

(PLEASE PRINT)

Name: Joseph Rosenberg

Address: 191 Jordanon St. Brooklyn

I represent: Catholic Charities

Address: \_\_\_\_\_

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

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. <sup>508 514</sup> ~~243 510~~ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 6/4/24

(PLEASE PRINT)

Name: Shani Adess, with legal panel Kendi + Greg

Address: NYLAG, 100 Pearl Street, 19th Fl, NY NY 10004

I represent: NYLAG

Address: see above

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