

COMMITTEE ON CONTRACTS

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CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON CONTRACTS

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October 23, 2025

Start: 2:19 p.m.

Recess: 4:45 p.m.

HELD AT: 250 BROADWAY - 8TH FLOOR - HEARING
ROOM 2

B E F O R E: Julie Won, Chairperson

COUNCIL MEMBERS:

Erik D. Bottcher

Sandy Nurse

Inna Vernikov

OTHER COUNCIL MEMBERS ATTENDING:

Adrienne Adams

Gale A. Brewer

A P P E A R A N C E S

Michael Sedillo, Executive Director of New York City Mayor's Office of Non-profit Services

Yexenia Markland, First Deputy Director of the New York City Mayor's Office of Contract Services

Rosine Ferdinand, Executive Deputy Commissioner of New York City Department of Homeless Services

Christine Fellini, First Deputy Commissioner of New York City Department of Homeless Services

Robert Fiato, Chief Financial Officer of New York City Mayor's Office of Criminal Justice

Kristin Miller, Executive Director of Homeless Services United

Dan Lehrman, President and Chief Executive Officer of Health USA

Dr. Henry Love, Vice President for Public Policy and Strategy at Women in Need

Catherine Trapani, Assistant Vice President for Public Policy at Volunteers of America Greater New York

Reverend Terry Troia, President and Chief Executive Officer of Project Hospitality

Brandon Lloyd, Director of Government Affairs at the Urban Resource Institute

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

Hailey Nolasco, Senior Director of Government
Relations for the Center for Justice Innovation

Lily Shapiro, Policy Counsel of the Fortune
Society's David Rothenberg Center for Public
Policy

Eric Rosenbaum, Chief Executive Officer of
Project Renewal

Gloria Kim, Director of Policy Research and
Impact at the Human Services Council

SERGEANT-AT-ARMS: Check one, two, check one, two. This is a pre-recorded sound test for the Committee on Contracts. Today's date is October 23, 2025, being recorded by Michael Leonardo in Hearing Room 2.

SERGEANT-AT-ARMS: Good afternoon, good afternoon. Welcome to the New York City Council hearing on the Committee on Contracts.

At this time, please silence all electronics, and do not approach the dais. I repeat, please do not approach the dais.

If you are testifying or have any other questions or concerns, please contact the Sergeant-at-Arms.

Thank you for your cooperation.

Chair, you may begin.

CHAIRPERSON WON: [GAVEL] Good afternoon, and welcome to this hearing of the New York City Council's Committee on Contracts. Today is Thursday, October 23, 2025. My name is Julie Won, and I have the privilege of Chairing this Committee. I would like to thank the Members of the Committee and Speaker Adams for coming together, she will be here shortly, to hold today's hearing, and I would also

like to thank representatives from the Mayor's Office of Contract Services, vendors, advocates, and other interested members of the public for joining us to testify today.

I'd like to note that we've been joined by Council Member Eric Bottcher as well as Council Member Gale Brewer.

When a non-profit shelter provider has to take out a high-interest loan to make payroll while waiting for months for the City to process a contract they've already begun performing, we're not dealing with a minor administrative inconvenience. We're looking at a system failure that directly harms New Yorkers who depend on these services and the most vulnerable. The numbers tell a stark story. In Fiscal Year 2025, more than 78 percent of all City contracts were registered late, meaning contractors had begun work before the City finalized contracts or began payments. For human service contracts specifically, the situation is even more dire. Roughly 90 percent of contracts were registered late with an average delay of over four months between when work begins and when contracts are registered. These aren't just statistics. They represent real hardships for vendors

and ultimately for vulnerable New Yorkers who rely on these services that these organizations provide as those who are good-hearted that work at these organizations at lower wages to do these services.

The impact is felt throughout our entire non-profit sector. Vendors are forced to take on expensive loans and lines of credit while they wait for reimbursement for work they've already performed, and consequences are predictable. Reduced service capacity, difficulty making payroll, and in some cases, organizations scaling back critical programs or deciding not to bid on City contracts at all.

The four bills before the Committee today represent different but complementary approaches to fixing these systemic problems. Intro. Number 1012-A, which I'm a proud sponsor, would require the implementation of a comprehensive digital procurement and contract management system to streamline the entire procurement lifecycle. The system builds on the foundation of PASSPort and creates a true end-to-end procurement system from vendor registration all the way through payment processing with real-time tracking across agencies. I want to emphasize that we need true integration across all contracting agencies

for this to work. The Comptroller's recent Report on Non-Profit Payments had to exclude the Department of Education entirely because DOE uses separate procurement systems with less oversight. We cannot claim to have reformed procurement when our largest contracting agency, spending over 10 billion dollars in contracts annually, operates in a parallel universe. In fact, just last year, the Comptroller revoked DOE's contract self-registration authority due to ongoing federal corruption investigation. This is unacceptable, and Intro. 1012-A aims to address this problem head-on. We acknowledge that bringing outlier agencies like DOE fully under City's procurement oversight require changes to State education law, and we will need to work with our State legislative partners to do so, but we cannot continue to tolerate a system where tens of billions of dollars in taxpayer money goes to contracts with certain agencies that are processed with less transparency and accountability than the rest of the City government.

Intro. Number 1298, which I also sponsored, would expand standardized risk-based insurance guidelines to all City contracts, building

on the insurance guidelines for food vendors that we established in Local Law 106 of 2024. Right now, insurance requirements vary widely agency to agency, creating unnecessary barriers for the cost of small businesses and non-profits trying to do business with the City.

Intro. Number 1392, sponsored by Speaker Adrienne Adams, who has joined us, aims to improve our timely payment crisis by mandating quarterly advance payments for certain Department of Homeless Services and Mayor's Office of Criminal Justice contracts, and by creating a pilot program for the large contracts over a million dollars. As of Fiscal Year 2024, 80.65 percent of all contracts were registered late, meaning contractors had begun work before the City finalized contracts or initiated payments. For services contracts specifically, the situation is even worse, with approximately 90 percent registered retroactively. Rather than forcing vendors to essentially provide interest-free loans to the City while we drag our feet on payments, this legislation would ensure predictable cash flow that enables organizations to focus on service delivery instead of financial survival.

Finally, Intro. Number 1401, sponsored by Council Member Salaam, would create a voluntary disclosure program for labor and human rights practices in City procurement, encouraging ethical practices and greater transparency in how the City contractors' supply chains operate.

These bills expand upon Council's ongoing procurement reforms, efforts including Speaker Adams' Comprehensive Procurement Modernization Package, and the work of the Mayor and Comptroller's Joint Task Force to Get Non-Profits Paid on Time. We've made some progress. MOCS has improved PASSPort, agencies have streamlined several procurement processes, and there have been real efforts to address late payment backlog. But despite these improvements, our procurement system remains fragmented and inefficient, with delays that harm both agencies trying to deliver services and vendors trying to get paid for the work that they do. These bills represent meaningful steps towards a procurement system that serves vendors and the public. Addressing these challenges isn't about contractor operations, it's about ensuring consistent, high-quality services for

New Yorkers who depend on the city to deliver the support that they need.

Before we hear from the Administration, I would like to thank the Committee Staff, Senior Counsel Alex Paulenoff, Policy Analyst Alex Yablon, Financial Analyst Owen Kotowski for their hard work in putting today's hearing together. I also want to thank my Staff, Neily Vera-Martinez, my Legislative and Budget Director, as well as Tenzin Damdul, my Legislative Fellow, and my Chief-of-Staff, Nick Gulotta.

I'll now turn the floor over to Speaker Adams to say a few words about her Introduction 1392.

SPEAKER ADAMS: Thank you so much, Chair Won. Thank you for indulging me as I'm bouncing between hearings today. We've got a lot going on in the Council today.

Thank you, everybody, for being here today. Thank you, panel, for joining us today for this hearing. It is so important. Thank you for hearing out this Committee, including my own bill, Introduction 1392. I also want to thank our Colleagues, our dedicated Staff, who've worked tirelessly on these critical reforms, and the

advocates, the organizations, service providers, and members of the Administration whose insights have helped to shape our comprehensive response to this procurement crisis.

Right now, non-profits are struggling to make payroll because of delayed payments. Human service contracts face extraordinary delays, often months and sometimes over a year, between when work begins and when organizations actually get paid. During this time, they're providing shelter to unhoused New Yorkers, delivering meals to homebound elderly, coordinating legal services, organizing mental health supports, and fighting for justice-involved individuals, all while worrying the lights could get shut off. The City effectively forces these organizations to collectively pay millions of dollars on bridge loans because our procurement process isn't working the way it should. Introduction 1392 seeks to help address these payment issues. Instead of having vendors taking out loans to cover the City's delays, we can provide routine, timely payments for the vital services they perform every day so these organizations can focus their resources on efficient program delivery and sound organizational management

rather than financial survival. This isn't a loan or a handout to contractors. It's the City paying our own bills on time rather than forcing vendors to float money at their expense or miss payroll and payments to vendors. The City has budgeted for these services and has committed to these contracts. The question is whether we make vendors pay interest on emergency loans while they wait for us to process paperwork, or whether we provide payment they can depend on and in a timely way. Introduction 1392 ensures that we do the latter. Starting January 1, 2026, the bill would require the City agencies to provide at least 25 percent of a contract's annual value each quarter for contracts with the Department of Homeless Services for Temporary Housing Assistance and the Mayor's Office of Criminal Justice. This will ensure consistent cash flow for vendors delivering vital services like shelter and those who are justice-involved. For multi-year contracts, these advances continue seamlessly into subsequent years so organizations can actually plan and invest in their capacity instead of constantly scrambling to cover immediate costs.

The bill also launches a pilot program beginning January 1, 2027, extending quarterly advances to other agency contracts valued at 1 million dollars or more. This pilot would allow us to evaluate the effectiveness of quarterly advances across a broader range of procurement, with annual reports on agency implementation and compliance. By January 1, 2030, we'll have a better understanding of the effectiveness of this approach and whether to make it permanent across more of the City's contracts.

Introduction 1392 also includes smart safeguards to protect taxpayer dollars. Advances won't apply to portions of contracts funded by the state or federal government if doing so would be incompatible with such funding. Advanced payments can be withheld from contractors who fail to submit required invoices for three or more consecutive months unless the contracting agency was responsible for the delay. Agencies will also need to establish clear processes to reclaim funds if services are not delivered or if actual costs fall short.

Introduction 1392 is about fairness and fiscal responsibility, and it builds on the momentum

from the package of bills we announced at this year's State of the City and passed on October 9. Those recently passed laws provide 50 percent advance payments at registration for non-profit services, codify the Mayor's Office of Contract Services, and require agency corrective action plans. Together, these efforts represent a comprehensive push to make our procurement system fairer, more efficient, and more supportive of the critical organizations that comprise our non-profit community. Our City's non-profits are on the front lines of our communities. Speeding up these burdensome processes will help ensure that they can focus on delivering life-saving care and not on chasing the dollars they're owed.

I look forward to hearing from the members of the Administration today and stakeholders about Introduction 1392 and, of course, the other bills under consideration as we continue to prioritize timely payments and strong vendor partnerships. Thank you so much. I turn it back over to Chair Won.

CHAIRPERSON WON: Thank you so much. I want to just give a special thank you to Speaker Adrienne Adams, who has been such a supporter of all

of our human service providers and has been adamant on getting our non-profits paid on time. It will be a huge legacy that she leaves behind, and I'm so thankful to be serving under her leadership because this is probably the most legislation we've passed and the most sexiest Committee of Contracts with her support, you know? She really recognizes.

So, I'll now turn it over to our Committee Counsel to administer the oath.

COMMITTEE COUNSEL PAULENOFF: Thank you, Chair.

Alex Paulenoff, Committee Counsel.

Will all members of the Administration testifying today please raise your right hand?

Do you swear or affirm to tell the truth, the whole truth, and nothing but the truth in your testimony today and to respond honestly to Council Member questions?

ADMINISTRATION: (INAUDIBLE)

COMMITTEE COUNSEL PAULENOFF: Thank you. You may begin when ready. Okay.

EXECUTIVE DIRECTOR SEDILLO: Good afternoon, Speaker Adams, Deputy Speaker Ayala, Chair Won, Members of the Contracts Committee, and all the

other Council Members who have joined us here today. Thank you so much for convening this important hearing and allowing me to testify.

My name is Michael Sedillo, and I am proud to serve as the Executive Director of the Mayor's Office of Non-Profit Services, also known as MONS. I'm joined today by Yexenia Markland, First Deputy Director of the Mayor's Office of Contract Services; Robert Fiato, Chief Financial Officer of the Mayor's Office of Criminal Justice; Rosine Ferdinand from the Department of Social Services, she's the Executive Deputy Commissioner of Finance; and also Christine Fellini, Department of Homeless Services First Deputy Commissioner.

At MONS, our goal is very simple, to help providers focus on delivering vital services, not on navigating unpredictable payment cycles or complex invoicing systems, but we don't do this work alone. Our success also depends on the thousands of dedicated public servants who work tirelessly behind the scenes to move contracts through a complex contracting system. Their efforts are critical to ensuring that providers get paid and services reach the people who need them most. And while our office

serves both non-profits and public servants, we always remember that our ultimate customers are New Yorkers. So every policy, every reform, and every investment must first consider what's best for those who rely on these essential services.

At our last hearing, we heard your feedback and the providers who testified loud and clear. You were candid about finding ways to reform payment delays, the contract registration backlog, lack of transparency, and longstanding systemic challenges that make it harder for non-profits to serve New Yorkers. We're aligned with the City Council and the sector in recognizing these systemic challenges, and we're committed to finding solutions.

While this work is far from finished, I'm proud to share some of the progress we've made since we last spoke. In April, before the last hearing, Mayor Adams announced an unprecedented level of advanced payments for Fiscal Year 2026. For many contracts, we doubled the standard 25 percent advance payments. And while we don't believe exorbitant advances are sound policy, and while these advances don't solve every challenge, we felt compelled to

meet the moment and provide meaningful relief for non-profits.

With respect to concerns around the City's contract backlog, 88 percent of human service contracts for FY26 were submitted to the Comptroller by July 1st, the highest rate in five years. This was made possible thanks to the success of MOCS's Timely Registration Initiative, under the leadership of their Chief Non-profit Officer, Ilke Denizli, and the tireless work of dedicated public servants at contracting agencies. We also needed to reform the discretionary process to meaningfully reduce the contract backlog. For context, the contract is considered retroactive when the start date occurs before the contract is registered by the Comptroller. This creates problems because the City can't pay organizations until the contract is registered, which makes it harder for non-profits to keep services running. Nowhere is the problem of the backlog contracts more pronounced than discretionary contracts, which are inherently retroactive as City agencies can't start the registration process until after the new Fiscal Year starts. By then, the non-profit's work has already begun, but the contract

hasn't been registered, leading to a backlog of contracts. Right now, 64 percent of the City's backlog of human services contracts are discretionary contracts. We received 31 inquiries from Council Members, and a vast amount of those inquiries were related to the discretionary contract process. We agree, it's a broken process. That's why in partnership with the City Council and MOCS, the Administration launched the Discretionary Grant Pilot, a new process designed to streamline the contracting process to make it more equitable for providers. We should treat Council-designated contracts as grants, rather than subjecting providers to a burdensome registration process. Under this pilot, non-profits with small discretionary contracts below 25,000 dollars at select agencies will now be processed as grants, cutting out 13 steps from the traditional contracting process. This fall, within weeks of receiving a grant agreement, discretionary contract providers will receive 100 percent of their funding. Reform like this thrives on collaboration. And this initiative is a powerful example of what's possible when we work together.

So, you asked for more visibility in the contracting process, and beginning January 2026, for the first time ever, MONS and agencies are planning for the Preliminary Mayor's Management Report to include key metrics related to human service contracting. This is a major step forward in offering greater visibility, accountability, and ongoing tracking across agencies.

We remember your comments about accountability, and we're taking it seriously. That's why we've relaunched ContractStat, our internal performance management system that tracks contract cycle times and identifies bottlenecks. We'll be convening with City leadership next month to review the data and align on improvements. In addition, we conduct quarterly provider sentiment surveys with non-profits to gather insights into their experiences with their contracting agencies. Their feedback is then integrated into ContractStat to help us pinpoint areas for improvement.

And culture change is just as important as policy reform, and we know it doesn't happen overnight. That's why in August, we hosted the City's first ever Excellence in Human Service Delivery

Awards, a celebration of the non-profits and public servants who go above and beyond for New Yorkers. Thank you, Council Member Brewer, for being there. And to continue this celebration, we declared August 19th through 22nd as New York City Non-Profit Week. During Non-Profit Week, City leadership visited providers to observe service delivery in person and present proclamations to show their appreciation.

And next week, I'm leading customer service training for City agency employees as part of our capacity building efforts. Thank you to Council Member Stephens also for her willingness to speak during Non-Profit Essentials, our 10-week training series for non-profits who are looking to contract with the City. I know she'll be inviting other Council Members, and anybody is welcome for that session. We've been actively engaging with Council Members across the boroughs to support non-profits and strengthen community partnerships. So it's a pleasure seeing Council Member Stephens and Council Member Lee to strategize solutions for non-profit organizations. Council Member Stephens, we're also excited to work with her in December for a non-profit roundtable. We also partnered with Council Member

Rita Joseph for two roundtables and recently provided one-on-one support to her providers. We're looking forward to another roundtable with her in November. And we've also been in ongoing discussions with Council Member Brewer, your team, Council Member Won, Council Member Sanchez, and others to address constituent inquiries flagged by your offices. We're very grateful for your partnership and encourage any Council Member to reach out to us.

Thank you for calling this hearing today. We're currently reviewing Introduction 1392 and look forward to further discussion. While it will require significant changes to work effectively, we want to work in partnership with you to get non-profits paid and make it easier for New Yorkers to access the services they need. At the same time, we believe it's important to have guardrails in place to ensure accountability and sustainability.

Thank you again for the opportunity to testify. I look forward to your questions, and I'll now turn it over to Yexenia Markland, First Deputy Director of the Mayor's Office of Contract Services.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Executive Director Sedillo.

Good afternoon, Speaker Adams, Chair Won, Members of the Committee on Contracts, and other Council Members.

My name is Yexenia Markland, and I serve as the First Deputy Director at the Mayor's Office of Contract Services. I am joined by our colleagues from the Department of Homeless Services, the Mayor's Office of Criminal Justice, and the Mayor's Office of Non-Profit Services. Thank you for inviting us today to discuss the bills on today's agenda.

At MOCS, our top priority remains clear, strengthening the City's role as a reliable, responsive partner, particularly to the non-profit providers that deliver essential services and uphold the very fabric of our communities. Informed by the Joint Task Force to Get Non-Profits Paid on Time, our work has been focused on modernizing procurement, addressing historic pain points, and implementing reforms that deliver meaningful, measurable results. While we regularly update our partners on this progress, I would like to highlight a few key achievements that reflect our commitment.

Earlier this year, MOCS concluded its Spring Contract Backlog Initiative, unlocking over

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2 700 million in retroactive, backlogged contracts for
3 non-profit organizations. In a major step forward,
4 the Administration doubled advanced payments for most
5 non-profit contracts in Fiscal Year 2026, from 25
6 percent to 50 percent, of the base contract value
7 delivering more upfront cash to providers than ever
8 before. The newly launched Payment Task Force, fully
9 operational since July, is driving real-time progress
10 on the City's 30-day payment mandate. The task force
11 applies data analytics to pinpoint bottlenecks,
12 provides direct support to vendors, and holds regular
13 office hours. In just the past month, over 60
14 providers received individualized assistance with
15 budget and invoice issues, and we look forward to
16 providing this hands-on support to even more
17 providers in the coming months.

18 Through our Timely Registration
19 Initiative, MOCS is reducing delays and improving
20 transparency across the contract lifecycle. This
21 effort has led to a dramatic increase in on-time
22 submissions. 88 percent of human service contracts
23 for FY26 were submitted to the Comptrollers on time,
24 nearly doubling last year's performance.

As Executive Director Sedillo mentioned, in partnership with Council, the Administration recently announced the Discretionary Grant Pilot, a groundbreaking initiative to accelerate funding for the City's smallest community-based organizations. Led by MOCS and the City Council in collaboration with DYCD, NYC Aging, DVS, SBS, and MONS, the pilot streamlines the traditional discretionary award process, reducing bureaucratic hurdles and delivering payments months faster. Launching this fall, the pilot will allow eligible non-profits to receive funding by January 2026, just weeks after awards are finalized, rather than waiting over a year under current processes. This effort fulfills a key recommendation of the Joint Task Force to Get Non-Profits Paid on Time and represents a major step toward greater equity and efficiency in City funding.

These outcomes demonstrate a shared commitment across City agencies to reform the procurement processes from the inside out. While we are proud of this progress, we remain focused on the road ahead, working in close partnership with agencies, providers, and Council to create a more efficient, equitable procurement system. We're happy

to share more information with your Staff on these ongoing efforts.

Intro. 1392. As our ongoing reforms make clear, we fully support the underlying goal of Intro. 1392, ensuring timely and stable payments to the City's non-profit partners. However, we have significant operational concerns with the bill in its current form and would need further conversations with the Council to ensure its goals are met effectively. We are open to exploring new payment models that support stability for providers. However, such changes must be developed with an understanding of the broader reforms already underway and with sufficient time to engage all stakeholders, especially those directly impacted. The proposed January 2026 start date for quarterly advances is not feasible for DHS and MOCJ. Implementing this shift mid-Fiscal Year would require new processes, updated systems, fiscal manual changes, and additional resources, while also creating confusion for providers who will already be receiving a second advance payment in January under existing Fiscal Year '26 policies. It's also important to underscore the scale of change proposed. Transitioning to a

quarterly advance model marks a fundamental departure from the City's reimbursement-based payment model. This means that providers must submit invoices to demonstrate how City taxpayer dollars were spent. While the City has used advanced payments as a tool to quickly get funds to non-profit providers to support their cash flow, the City must also be able to substantiate how advanced funds were used. The City does this for advanced funding through what we call recoupment, which is when agencies withhold a portion of each invoice to be applied toward repaying what had previously been advanced. The City needs providers to submit invoices regularly throughout the Fiscal Year, both so that they can get paid and so that we can account for what had been advanced, which has important implications for the City's cash flow. For context, in Fiscal Year '25, the City issued 3.2 billion in advances, of which approximately 796 million has yet to be recouped. Any shift to quarterly advances must consider this financial reality, including how invoices and audits are managed to ensure fiscal accountability.

Additionally, this system is currently designed to ensure that advances are being recouped,

and there is a limit on how much money can be advanced on a budget without sufficient recoupment. Substantially altering our financial systems to accommodate a new advance model cannot be achieved within the proposed timeframe and would require significant investment. That said, we are open to having conversations with Council about establishing a pilot program to develop a thoughtful quarterly advance model, one that is informed by lessons learned, builds on current initiatives, and provides time to align systems, resources, and stakeholder support.

Intro. 1401 would allow agencies to request voluntary disclosures from bidders regarding their labor and human rights practices during the responsibility determination stage. We share the Council's intent to advance ethical standards in City contracting. However, we are concerned that the bill will cause confusion and unfair competition among vendors while adding administrative burden and cost to the procurement process. The scope of disclosure envisioned may require vendors to conduct extensive internal reviews of not only their operations, but those of subcontractors and suppliers, which could

disproportionately impact smaller businesses. It's also important to note that mandatory disclosures already exist within PASSPort, the City's digital procurement platform. Implementing this bill would require additional system development and resources to accommodate and manage the new voluntary disclosures.

Intro. 1012. With regard to Intro. 1012, MOCS generally supports the heart of this proposal to codify and strengthen the City's digital procurement infrastructure. We already maintain a centralized digital procurement and contract management system, PASSPort, which performs many of the functions detailed in the bill. MOCS is constantly working to improve the functionality of PASSPort as a citywide resource for contract and procurement data, and to make PASSPort more accessible and user-friendly. However, we have concerns with the bill's requirement that the City Chief Procurement Officer procure a third-party quality assurance vendor distinct from any platform developers to provide regular testing of system functionality and performance monitoring. While we understand the desire for oversight, in practice, this would duplicate existing monitoring,

introduce inefficiencies, and risk contradictory recommendations. We look forward to continued dialogue to support our joint goal of supporting in the City's procurement system, while harmonizing any legislation with current industry and City practices.

Intro. 1298. Finally, regarding Intro. 1298, we appreciate Council's focus on reducing barriers to doing business with the City while protecting fiscal interests. However, MOCS cautions against setting standardized insurance guidelines for broad categories of contracts. The complexity and diversity of City procurements require flexibility, not uniformity. Developing insurance guidelines with eyes towards a one-size-fits-all manner of application ignores the reality that contracts with varying scopes and intricacies demand a more flexible and project-specific approach to insurance requirements. Furthermore, identifying categories of contracts with enough specificity to properly develop insurance requirements in scope with those needs would require the reallocation of agency resources and would likely produce such a wide variety of contract categories that they would undermine the intended clarity. Maintaining these guidelines as

dictated by the bill would also impose additional administrative burdens on the City's contracting and procurement processes. We will need to closely engage our partners at the Law Department on this legislation and any efforts to standardize insurance requirements.

Once again, we appreciate this opportunity to appear before the Council and share our perspective on these very important issues. We are committed to continued collaboration with Council and all our partners as we work to modernize and improve the City's procurement system for providers and the New Yorkers they serve. Thank you.

CHAIRPERSON WON: Thank you so much. I want to acknowledge Council Member Nurse has also joined us.

I'm going to hand it over to Speaker Adrienne Adams to ask her questions.

SPEAKER ADAMS: Thank you very much, Chair Won.

In the interest of time, because I'm popping between places today, I just have a couple of questions that I will yield my time to my very competent Chair and this great Committee to continue.

Thank you all for being here once again. We really appreciate your testimony.

How many non-profits are currently owed money by the City for work that they have already performed?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Speaker Adams, for the question. I do not have the specific number in front of me, but we can get you that information by end of day.

SPEAKER ADAMS: Can you get us that information within 24 hours, please, Executive Deputy Director?

FIRST DEPUTY DIRECTOR MARKLAND: Yes, Speaker Adams, we will be sure to get you that information within 24 hours.

SPEAKER ADAMS: Okay. Because that was a part of my... had a two-part question. It was going to be what was the total dollar amount, so let's put that on the laundry list and then let's put on the laundry list how many of these outstanding invoices are from work performed more than 90 days ago and more than 180 days ago. Okay. Thank you.

How many non-profit vendors have utilized the 50 percent advance payment program that you announced back in April?

EXECUTIVE DIRECTOR SEDILLO: Thank you so much for the question, Speaker Adams. So, what I see is that 218 providers got the 50 percent or higher advances in FY26.

SPEAKER ADAMS: Okay. And what's been the update rate and what is the total dollar value of advances provided to date?

EXECUTIVE DIRECTOR SEDILLO: Thank you for the question, Speaker Adams. For this Fiscal Year, with the new policy that we directed agencies for the 50 percent for many agencies, 30 percent for MOCJ and DHS providers, we've disbursed over 3 billion dollars in advances this Fiscal Year.

SPEAKER ADAMS: Okay. And what outreach have you done to promote that?

EXECUTIVE DIRECTOR SEDILLO: Thank you, Speaker Adams. Do you mean outreach to the provider community?

SPEAKER ADAMS: Yes.

EXECUTIVE DIRECTOR SEDILLO: Great question. So, we've done a lot to make sure that that

is known for our providers, so at the Mayor's Office of Non-Profit Services, and I'm sure my colleagues at MOCS will speak more to this too, we host a monthly umbrella group briefing. Actually, this was from feedback from your Staff who had said that umbrella groups hadn't heard from us as much so we do a monthly meeting with them. We brief them on all things related to procurement and non-profit contracting, and so we've kept them aware on a monthly basis as to our new advance directive. In addition, we did a media blitz, both right at the start of this Fiscal Year, it was on PIX11, making sure folks knew about that. Also during New York City Non-Profit Week as well. And very luckily, we have a group of non-profit leaders in the Mayor's Non-Profit Advisory Councils, over 30 non-profit leaders. And I email, work with them on a weekly basis to make sure that they're aligned and knowledgeable about all the things we're doing in this Administration to get folks paid.

SPEAKER ADAMS: Okay. I just have one more question regarding my bill. I know that you all have several ways that you've taken issue with it, but I'm going to let the Chair address most of that. The bill

creates 25 percent quarterly advances, right? The money's already budgeted for these services, and the only question is whether vendors pay interest to banks or whether we provide working capital in a timely way. What would need to change in order to make this possible?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Speaker Adams, for the question. In terms of what would need to change, it really depends on the details on the implementation of this quarterly advances. Specifically, the system is not currently capable to pivot that quickly in order to support it. At present, again, as stated in the testimony, the way the system is set up, after a certain amount of funds are advanced, we also have to recoup. And absent that, the system, that is a guardrail in place. We do not have the ability to just quickly pivot. In addition to the system readiness, the staff readiness, establishing the processes so that it is uniformed across the different agencies will take some time, and also preparing the change management effort in support of the non-profit vendors so that they, too, are aware of what the process is so it's a longer-term strategy in terms of informing, as your

previous question on how do we keep them informed, a change of this nature impacting so many different non-profit providers of varying sizes. We need to work and partner with them so that they're chained, but also that our staff knows what is the process, and it will take adequate amount of time to get the system ready.

SPEAKER ADAMS: Is OMB a part of this process that you need to make this happen?

FIRST DEPUTY DIRECTOR MARKLAND: Yes, Speaker Adams, OMB is definitely a part of the conversation.

SPEAKER ADAMS: Would they need to change how it allocates funds?

FIRST DEPUTY DIRECTOR MARKLAND: That is a question that I will take back to my agency partners as well as OMB. So in terms of the funding, they are the lead there, so I would have to defer to them on what structures need to change in order to be ready for that.

SPEAKER ADAMS: Okay. My bill also creates a pilot program for contracts over 1 million dollars starting January 2027. How many contracts would potentially be covered by this pilot?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Speaker Adams, for that question. I do not have the actual number of contracts that would be impacted, but I will be able to get that information from my team by end of day.

SPEAKER ADAMS: Okay. The overall question, do you believe quarterly advances would improve vendor retention and increase the number of qualified vendors who decide to bid on City contracts?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Speaker Adams, for the question. Generally, I would say we agree that quarterly advances for providers having access to more capital to run programs and services, we are in favor of that. We just want to understand what is the implementation, what does it look like, what is needed for the system, what process and policies. So yes, in favor of. We need time to be able to determine the best way to achieve that.

SPEAKER ADAMS: Do you believe the premise is fiscally responsible?

FIRST DEPUTY DIRECTOR MARKLAND: Again, Speaker Adams, thank you for the question. I want to

be honest. I think it is responsible to ensure the providers have access to capital to do the services that we are asking them and contracting them to do. Again, the devil is always in the details, and I will never speak on behalf of OMB in terms of what it looks like, but we will never be opposed to getting providers money to do the work that we are asking.

SPEAKER ADAMS: Thank you.

EXECUTIVE DIRECTOR SEDILLO: Thank you, Speaker Adams. I think the idea is very compelling. I think actually Council Member Brewer at the April hearing brought this up, and I think the way you characterized it, Council Member Brewer, is the State does 100 percent advances, and so we've had follow-up conversations with OMH who does this, and I think there is a real compelling aspect of the predictability for both providers and City agencies. Now I would say there's a real opportunity as well, provided we get the details right. I was talking with a very prominent non-profit leader earlier this week who has these OMH contracts that have quarterly advances, and he was saying, as Yexenia said, the devil is in the details. There's a real opportunity to have a paradigm shift, like a legacy-building

paradigm shift from our reimbursement model that we have now to a wholly fundamentally new model, and I would personally really want to make sure we get it right, both for our providers, but maybe most importantly for New Yorkers who deserve these services, and we need to make sure the services are delivered. The opportunity that also might be here is to make sure that we have a standardized audit process. I think it's fair to say right now in the City we do not have a standard audit process. The feds do. The state does to do their quarterly advances, and from a provider's perspective, they don't have a one-City audit experience. It's often three to five years afterwards. It's not timely. It doesn't follow their financial plan, and so if we could use this as an opportunity to enable quarterly advances via standardized audits, give the City more visibility into finances from our providers, that I think is an appropriate guardrail with respect to moving towards this reimbursement model, but I think things like that really require us to have the time and the right runway to make sure that we get this right, but it's so compelling that I think we deserve to have the oxygen to get it right.

SPEAKER ADAMS: I hear all of that, and I hear your argument from the perspective of those that have been waiting to get paid in excess of millions of dollars. My perspective and the goal of this legislation is to stop this, so, I mean, we're talking about letting the agency, letting MOCS ramp up to meet what you need to make this happen, but we're not taking a look at the non-profits that have had to sit back and jeopardize payroll and jeopardize their livelihoods and jeopardize their employees and so on and so on and so on.

I said all that just to ask, because we're looking in a reverse perspective from my lens. What is your timeframe to ramp up, to make this possible so that these non-profits and these providers that are the engine of this city get paid responsibly?

EXECUTIVE DIRECTOR SEDILLO: I'll start. I think it's totally the right question, Speaker Adams. I think certainly not 10 weeks, certainly not in the middle of a Fiscal Year as a new administration is going to start up. I think typically you'd want to start this at the start of a new Fiscal Year. Now, I think Yexenia will rightfully point out there's a lot

of activities that happen in the third and fourth quarter of a Fiscal Year that get us to start off the Fiscal Year on the right footing, so those are considerations that we'd have, but certainly not in 10 weeks, certainly not in the middle of a Fiscal Year.

SPEAKER ADAMS: Has that work started yet? It has, right?

FIRST DEPUTY DIRECTOR MARKLAND: Yes. Thank you for the question, Speaker Adams. I definitely want to piggyback off of what my counterpart is sharing in terms of the timeline and when thinking about, yes, we're having conversations, we're engaging, but a lot more has to go into it in terms of determining when we can start. I don't want to be irresponsible in throwing out a timeframe because I know that our providers, non-profit providers, are listening and they want to be able to get ready, and we want to be responsible in any date that we put forth, but again, we need to talk about what implementation could look like, and we need to discuss what's needed for the system, so in terms of specs for the system and how do providers engage with the system currently, what needs to change or shift

at their offices, what needs to shift and change at our agency partners. That's not something that we take lightly, and so in order to give a specific timeframe, we need more conversations, and while we are, again, the concept and the idea of the bill, we wholeheartedly believe in getting money out the door, but we want to make sure that we're taking the time needed to have conversations with our counterparts at the agencies to discuss what is really needed to do this effectively. We've all, specifically at MOCS, we've launched things, we've put things out in the atmosphere, we try to pivot, but we've also learned from doing things hurriedly and rushing to move things along, and there were a lot of missteps. We're looking to avoid that, and during the start of this calendar year, there are a lot of activities that we do in terms of preparing our providers and preparing contracts to be registered on time so that we can avoid the payment delays and the lack of the ability to invoice and the need for having loans and accruing interests. That is a very critical time for the sector, for agencies, and any impact on that can be even more detrimental if we don't do this the right way.

SPEAKER ADAMS: I hear you, and before I go, and again, I'm going to yield to my Colleagues, I'll just say this, our providers deserve all the time that you have and that you can give them to get this right. We want this right as well, but what I dare say is that we are not willing to jeopardize any more lost funding for them that they rightfully deserve for services already provided, and I yield back to the Chair.

CHAIRPERSON WON: Thank you so much, Speaker Adams.

I also want to recognize Council Member Inna Vernikov has joined us.

So I want to pick up a few things as follow-up questions. For Intro. 1012-A, can you help me understand why there isn't a current data snapshot of how many providers remain unpaid? Because you provided in your testimony 88 percent of human service contracts were submitted on time for Fiscal Year '26, so can your team right now before our hearing is over get that data that she was requesting about how many outstanding contract payments we currently have and how many non-profits are currently registered with the City of New York for a contract?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. My team is here. I'm sure they're watching. We will do our best to get you that data before the end of this hearing, but if not, like I said, within 24 hours, we would be able to provide that.

CHAIRPERSON WON: For previous Fiscal Years, can you help me understand what progress we've made in getting the payments paid on time? As the MONS Director has testified, we've had many Council Members reach out with non-profits that have not been paid in 10 years, five years, any years in between, and they continue to sit without payments for services rendered many years ago.

EXECUTIVE DIRECTOR SEDILLO: Thank you for the question, Chair Won. I'll say a few data points that I think tell me that we're moving in a really strong direction. If you look just like at the contract backlog, at the start of this Administration in 2022, that number was over 11 billion dollars. The contract backlog has been reduced by 74 percent since 2022. Even since the start of this Calendar Year, the contract total backlog has gone down 40 percent since January. That's a significant reduction in months and

in the last few years. And again, I think one of the things if you're really focused on backlogs is discretionary contracts, and how that is 64 percent of our discretionary backlog and so we didn't just accept that. That's where I think we had really strong collaboration with your side, with the Speaker's Office to come up with a grant pilot to directly address that. And then if you look at other places, the Speaker was talking earlier about exorbitant bank loan interest rates that providers have to take on. That's really hard to hear because we do have a vehicle for that that MOCS runs with the Fund for the City of New York. It's a returnable grant fund, which is an interest-free loan that folks should be applying for. When they apply, they're welcome to flag their application for me and their Chief Non-Profit Officer. Last Fiscal Year, I think MOCS and the Fund for the City of New York administered over 100 million dollars to non-profit providers that were in need of it. And then even if you look qualitatively, as I mentioned, we do a provider sentiment survey on a quarterly basis. Sentiment, which I think is very important as well, from our providers has gone up 10 percent over the

course of this year so I think they're feeling that their concerns are being responded to. We have, you know, under MOCS leadership, higher than ever timeliness rates, and so we're seeing really strong trend lines.

CHAIRPERSON WON: When I tell folks to apply for the returnable grant fund, they say that it isn't enough and they don't get it so what is the total amount that you have this Fiscal Year and you believe that the 100 million is enough for all of the contracts that we currently have in the City of New York?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the questions, Chair Won. I don't have the exact amount of what's in the fund as it speaks. We will never say that it's enough. In terms, we've done over 42 billion dollars in terms of contracting, if you look at MOCS indicators for Fiscal Year '25. So 100 million, it may seem like a drop in the hat. However, we always welcome more funds, but even with that, what we've known in terms of the returnable grant fund, we have to continue to build awareness so that providers know that it is available, it is interest-free. We do constant outreach. We work with agency

partners to identify those that may be in need prior to it being established. Again, it's just making sure that folks understand how to access the funds, and we work with agency partners because even if the fund is not available to them, there are other ways and methods that agencies are able to get funds out the door so we use all of the different practices and tools that we have at our disposal to help to alleviate the burdens for the non-profit providers.

CHAIRPERSON WON: What do you think is an ideal amount or a practical amount to actually help the service providers to expand the returnable grant fund to than the current amount? Like if you had a magic wand and you could blow a candle and get this wish.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. I would not be the one to tell you the exact amount. I will get that. I do think that begs a little bit of conversation with my team, but we can get you back a magic wand number. I love best case scenario and pie in the sky so we will share a number. We will get that to you.

CHAIRPERSON WON: Okay. And I have a follow-up question for what I was asking earlier. So,

for the contract backlog, you said 74 percent reduction and then it went down again to 40 percent. Can you give us a dollar amount of what's outstanding?

EXECUTIVE DIRECTOR SEDILLO: Thank you for the question, Chair Won. Right now, our current backlog is under 3 billion dollars from a high of over 11 billion dollars in 2022.

CHAIRPERSON WON: Okay. For the 25 percent advance, since you already have the contact information, you have the emails of the providers who are currently in contract with the City of New York, can you please send out a writing, whether it be a digital flyer or an email, to allow them to know that there is a 25 percent advance that you guys have launched as a pilot?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. Absolutely. MOCS actually communicates regularly with providers. We have our contracting news. We have access to all of their information and we communicate regularly with them. Initially, in testimony, I mentioned the Payment Task Force, who are also in constant communication with the non-profit providers. We also partner with our

agency partners so that we are always sending communications and we're trying to get that information in front of them however possible. We use all modes of communication. So, we're not opposed to sending communication or continuing to send communication to those that are eligible for it.

EXECUTIVE DIRECTOR SEDILLO: If I may, Chair Wan. I'd also just want to make sure, the 25 percent advance, that's a standard, right? And again, that is a less than 10 years old standard. It's a relatively newer thing for City government. This year was 50 percent for many of our contracts and 30 percent for the agencies that are here today. And just want to be very clear, we do communicate that out. I know the Speaker had that question as well. But there was nothing that a provider needed to do, really, to get that advance. That's a standard thing that at the start of a Fiscal Year and at the start of a registered contract, agencies initiate those advances out to their non-profit providers so it's not a case where somebody has to raise their hand for it. That's standard process.

CHAIRPERSON WON: Okay. Great. But I think it would be great if you both took a victory lap to

allow them to celebrate because this is huge. Because I think at the essence of it, it sounds like to me we're all in agreement that we do want to make fundamental departures from the City reimbursement-based payment model. That is what we hear directly from our providers. They don't want to be in reimbursement jail because they are taking out loans and taking high interest for it. So am I hearing you correctly that we're all aligned on moving towards advances in support of Intro. 1012-A?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. So, we are absolutely in support of getting the money out the door to the providers. It's all about the details and the implementation. So, I think what myself and my colleagues, we just want to make sure that we have the processes in place to do so successfully.

CHAIRPERSON WON: Okay. And since we were talking about vendors currently spending lines of credit and you both are aware, has the Administration had formal studies on how much vendors currently spend on lines of credit while waiting for a contract registration and payment per each Fiscal Year?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. Currently, we do not have a study. We do know in terms of the vendors of the provider communities that we are directly engaging with and who are letting us know. But I'm sure there are many others that might be experiencing that we are not aware of so we continue to push out. We work with Council Members. We work with agency partners to make sure that we have robust communication so that they know how to access us so that we can have a better awareness of what it is they're experiencing. Likewise, this is how we have the ability to inform them of the returnable grant fund. I am still amazed by how many non-profit providers don't know how to access that.

CHAIRPERSON WON: Okay. Because we would like to know the rough estimate or the aggregate of how much they are actually spending in lines of credit waiting for their contract payment.

EXECUTIVE DIRECTOR SEDILLO: Chair Won, I think that's a great idea. We'll follow up to see if there's a way we can get that information. I do want to just make sure you and every Council Member knows, we would really love your partnership in making sure

providers know about the RGF and the bridge loan. When I have done roundtables with other Council Members, as Yexenia said, it is disheartening when folks don't know about it or think they have heard about it but don't realize that it's a one-page application or that it's interest-free. So that kind of information, if that's something you want me to come to your District and do a roundtable and make sure people are aware of that, I'm really happy to do so and would really appreciate your partnership.

CHAIRPERSON WON: I think it would be a great flyer or email to send to all the contract providers because most of the people who are in this room who are very active and engaged are definitely aware. But what I do hear from my District, when I hammer them, they're like, oh, we're not going to get it because the fund is too small. So that's why we've asked the Deputy Contract Executive Director to get us a magic number so that we can work towards that goal of expanding it.

Another question, oh, and I do think, I hope that the Comptroller currently or the future Comptroller is listening to this so that we can have this audit or study of the lines of credit for the

registration and payment of these contracts, but we'll follow up.

And do you agree that this is unconscionable that these funds are going to banks instead of being used in City services for residents? These banks are making a lot of money.

FIRST DEPUTY DIRECTOR MARKLAND: Chair Won, thank you for the question and the statement. I think we are in agreement. We want the money for the services to be spent on providing the services for the City of New York. We know that this is a lot of money that some may consider wasted. They have a lot of things to do with these funds. We know what the non-profit providers are doing on a daily. We thank them. I always say they're doing the Lord's work so we are as upset about it and we are doing a lot of active steps. We're working feverishly. We're collaborating. We're thinking about different ways in which we could support them. RGF is one of many tools that we have in our toolbox in which to address these issues. Items such as advances and others is another tool, but we need to make sure that we're addressing the underlying comprehensive root cause of these problems, which we've been tackling for many years,

which the clearing the backlog, the timeliness initiatives. These are all different resources and efforts that we are doing to help to mitigate those problems of interest.

CHAIRPERSON WON: What technical challenges would MOCS face in creating the integrated digital procurement and contract management system required by Intro. 1012-A?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. Technical challenges. As we know, PASSPort, we've experienced more than a few. I think what it is is that we really have to have a comprehensive conversation and analysis of our current processes, our current technology in place, have a real road map in terms of where it is that we would like to go, what are all of the different types of procurements, all the different stakeholders that are engaging with the system. We need to sit down and map that out. I don't think we would be able to identify one particular technical challenge. Just know that the City of New York has the most complex procurement system in the country, if not that of the world. In order to even embark on such a venture, and I love change, I'm probably amongst not most people

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2 would be as advantageous in terms of doing that, it
3 will be a very detailed process engaging all
4 stakeholders to ensure that we have fully documented
5 all of their requirements in order to translate that
6 to what we currently have or if we wanted to develop
7 an alternative system.

8 CHAIRPERSON WON: Okay. Well, we look
9 forward to partnering with you to go on this fun
10 adventure together.

11 I'm going to pass it over to Council
12 Member Brewer because she has a few questions as
13 well.

14 COUNCIL MEMBER BREWER: Thank you. I don't
15 know about fun adventures, but I appreciate the work
16 that you've done, and thank you Michael for all your
17 leadership on this.

18 So, I guess picking up on the Speaker, I
19 know you talked about some data you didn't have, but
20 is there, you know, how many providers have taken out
21 loans or credit lines to maintain services because of
22 delays? Is that a number that you have or something
23 that also you'd have to get back to us?

24 FIRST DEPUTY DIRECTOR MARKLAND: In terms
25 of how many providers have taken out loans, we would

have to get back to you as that's something that most providers are keeping, that's their own record keeping. We would have to engage with the sector to get a full awareness of what that is.

COUNCIL MEMBER BREWER: Okay, I think it would be helpful for all of us to know.

And then I'm just wondering, because this is always an issue with all agencies, staffing changes, what would be needed to ensure agencies can process quarterly advances on schedule if in fact such a process is implemented?

EXECUTIVE DIRECTOR SEDILLO: Thanks so much for the question, Council Member. I think it's the right question, but I think in all honesty we don't know yet. That's I think part of what we want to do in a rulemaking process. Some of the considerations, you know, I think as are stipulated in the bill are how do we ensure that we have reimbursable reports for the state and feds so we don't lose that funding? That's a serious risk. What do we do with invoices? Are we doing invoices? Do we have expense reports? Do we have certified financial reports like the State does? And then how do we ensure that there's that robust and comprehensive

audit process that the state and feds do? So I think those are the things that we'd want to think through. And then we would look at, well, do we have the current staff in place and do we retrain them to the new model, or do we have to get new staff. It would certainly be a change. I can tell you that. It's just we don't have the policy articulated yet to understand what the staffing implications would be.

COUNCIL MEMBER BREWER: I believe, as you know, state and federal grants already include, at least in most cases, advanced payment models. So I want to understand, is that mostly true? And then, of course, we would like to be funded similarly. Is that true in terms of federal and state if we still have any federal left?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Council Member. I can't speak to the specifics of the state and federal policies. I can defer to any of my colleagues. But yeah, that is the question. I don't feel the most knowledgeable.

CHIEF FINANCIAL OFFICER FIATO: Hi, Councilor.

COUNCIL MEMBER BREWER: I'm just Gale. I'm fine. Thank you.

CHIEF FINANCIAL OFFICER FIATO: Gale,
thank you so much.

COUNCIL MEMBER BREWER: I'm Gale.

CHIEF FINANCIAL OFFICER FIATO: I'm with
the Mayor's Office of Criminal Justice. So we have
our portfolio of about 137 million dollars in New
York State contracts in particular for indigent legal
services, constitutional right to representation,
four appeals providers, six trials providers, and
four Article X family representation providers. We
work closely with the State to ensure that those
contracts are being administered in line with the
program objectives. They are eligible for advances.
And they do receive currently 30 percent advances
under the current City framework right now that MOCJ
is a part of. It would speak to, I think, the
concerns and the points that my colleagues have
raised that we would need more of a runway to
understand exactly what the impact would be for 25
percent advances each quarter. We're committed to
making a pilot that works for everybody. Providers
that are funded by City tax levy, by state funding.
And we want to be good partners in that. We're

Mayor's Office of Criminal Justice is a relatively new agency.

COUNCIL MEMBER BREWER: Not that new. I've been around a long time. They're not that new.

CHIEF FINANCIAL OFFICER FIATO: Around a long time, right.

COUNCIL MEMBER BREWER: I've been around longer than them, but still, they've been around for a while.

CHIEF FINANCIAL OFFICER FIATO: We go back in the Charter from the '70s.

COUNCIL MEMBER BREWER: Yeah. I was there.

CHIEF FINANCIAL OFFICER FIATO: Yeah, I'm sure, right. But we separated off from the Mayor's Office two years ago, and a part of that has been established on our own budget, financial contracting processes so these are all the different dynamics that go out play when we're evaluating an impact.

COUNCIL MEMBER BREWER: But the State ones that you work with, they find it easier to work with on that 30 percent. I know you're not the audit. You're not the oversight. But do you find anecdotally it works better?

CHIEF FINANCIAL OFFICER FIATO: It's actually a little more difficult because the State has very stringent requirements in terms of what can be reimbursed so our institutional providers incur the expenses under the contract, and then MOCJ submits for reimbursement to the State. And it is very often the case that the State will disallow costs. Even something as simple as a 10-dollar travel voucher sometimes gets disallowed. So that speaks to the need to ensure that we have this process established up front in a way that is compliant and in line with State and other oversights.

COUNCIL MEMBER BREWER: That's very helpful. Thank you.

Just in terms, I don't know what the percentage is. I don't know if it's 30 percent or higher. M/WBE, minority women led non-profits. I assume that those payment, if there are delays, are there more payment delays with that community? Sometimes they don't have the infrastructure or the support. Or is it sort of the same across the board? Often they're smaller, many times.

FIRST DEPUTY DIRECTOR MARKLAND: Yeah. Thank you for the question, Council Member. I will

say we see similar challenges with the smaller businesses, minority-owned businesses, because they don't have the infrastructure as larger organizations.

COUNCIL MEMBER BREWER: All right. So that's still an issue.

We hear a lot from the non-profits that months pass between service delivery and payment. Is there a current average payment timeline for these contracts from registration to first disbursement? I know it's different in every case, but is there some kind of average?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Council Member. We can get you the specifics on the average. But again, we do at MOCS, we work with agency partners because the goal is the 30 days. And while we know there are instances in which it's outside of that, but our agency partners, specifically for Fiscal Year '26, have done a phenomenal job in terms of contracts being registered on time, which means that invoicing can begin. And I want to say that I mentioned in the testimony, we had 88 percent as of July so we've been working on that steadfastly, which means they have the ability to

invoice. Our payment task force have been working directly with the non-profit providers to address any challenges or blockers that have been in the system. So, while I don't have the exact number in front of me, we can get that to you, but we have seen marked improvement from all.

COUNCIL MEMBER BREWER: The reason I ask, of course, we don't hear about the ones that are going smoothly. We only hear about the ones that aren't, and so that's the challenge that we have.

EXECUTIVE DIRECTOR SEDILLO: If I may, Council Member, I think from the majority of the inquiries we get from the Council are focused on discretionary contracts. And again, by design, those are retroactive because we find out on the first day of the Fiscal Year, and that starts the registration process. So for those discretionary contracts, the average is over 360 days just for registration. And then we talk about invoicing and budgeting, etc. So that's why the grant pilot is so radical, and that's why it was helpful for us to have that collaboration and real due diligence together to get that right, because it's taking a process that really does not fit what the nature of those contracts are. They are

grants into a condensed process where we're actually upfronting 100 percent of the funds after the grant agreement is agreed to. So, I think from a backlog perspective, that's like one of the more pernicious things in contract payment because you can't pay until it's registered. It's worst in discretionary contracts. Other places, though, we've seen really good cycle time reductions across the board from an invoicing standpoint this year so encouraging positive signs.

COUNCIL MEMBER BREWER: Thank you, Madam Chair.

FIRST DEPUTY DIRECTOR MARKLAND: Council Member, I'd just like to jump in because this is what technology is for, and one of my team members were able to share that our average cycle time for invoices for Fiscal Year '26 is 16 days.

COUNCIL MEMBER BREWER: Thank you very much. Thank you.

CHAIRPERSON WON: Thank you so much, Chair Brewer.

What is the total value of the City's contracting budget, and how much of it did we spend on Council discretionary contracts? We'd appreciate

the advance payment on those, but it's just a drop in the bucket, especially for all of our service providers who are extremely frustrated by the rhetoric that we constantly only talk about discretionary contracts from the City, which is such a low dollar amount compared to the millions of dollars that they're owed.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. As mentioned, Fiscal Year '25, the contracting dollar amount was over 42 billion. I can get you the specific amount later on in terms of what the discretionary portfolio is. So at MOCS, we're focusing on all retroactivity. We I mean, in all of our partners, I mean, retroactivity is a thing that we would like to do away with. And we do acknowledge that there are much larger contracts that are retroactive and not just the discretionary so we're looking at this as a comprehensive issue and want to address all of the retroactivity. But we can get you more finite numbers.

CHAIRPERSON WON: So we've spent a few years now talking about discretionary contracts for the City Council. What is the plan for non-

discretionary contracts from the City Council that continue to face payment delays for our providers?

EXECUTIVE DIRECTOR SEDILLO: Thank you for the question, Chair Won. I mean, I think the reason we spend so much time on discretionary is not because it's where the pain is most felt, but is where I think ourselves and agencies have to spend a lot of time, and some years it's less than 5 percent of our total human service spend. That is definitely true. But it's also somewhere up to a third or 40 percent of our contracting actions, and those are related to agencies, right? Like agencies have to process those. They have to work on invoices. They have to work on budget modifications, etc. So in terms of the plan, I mean, that's why we felt compelled to do the higher than ever advances this Fiscal Year. I mean, we're at a vastly different place now than when we talked in April with 50 percent advances. We're less than 40 percent of the way through the Fiscal Year, and most folks have not even gotten to the full amount that has been advanced to them. In addition, what we do is through ContractStat is really a performance management tactic where we're keeping our eye on the ball. On a monthly basis, we have set up the

infrastructure with chief non-profit officers at every agency to hold them accountable to that quantitative and qualitative cycle time and work in partnership with them to find out if there are issues that we can work on together to improve so we're seeing marked reduction. Yexenia just mentioned the 16-day cycle time for invoices. That's down from 20 last year. And a lot of the ways in which we can quantify the different inhibitors to payment, we're seeing positive trend lines.

CHAIRPERSON WON: I am definitely all for freeing up our MOCS and other procurement employees to make sure that they can focus on the big dollar value. So 42 billion dollars, less than 5 percent of that, less than 4 billion dollars is sorted out from the discretionary contracts so we want to make sure that we're focusing. We like to hear that it's 16 days now instead of 20, but we need to hear more about what exactly is in the pipeline for making sure that the bulk of the 42 billion is moving through and getting paid as well as people are still sending me questions about the previous years of payments that are still delayed. So, can you give us an update on

2 what you all are doing for prior year contracts that
3 are yet to be paid out still?

4 FIRST DEPUTY DIRECTOR MARKLAND: Thank
5 you.

6 CHAIRPERSON WON: And I appreciate and
7 celebrate the backlog that you guys were clearing
8 even until now, the cycle, so please give us another
9 update.

10 FIRST DEPUTY DIRECTOR MARKLAND: Thank
11 you, Chair Won, for the question. Like mentioned, as
12 you stated yourself, we are actively working on the
13 backlog. It's an ongoing conversation and process.
14 It's not a one and done. All of our efforts continue.
15 The fully seating of the payment task force, which is
16 as of this past July, is also going to help us in
17 addressing the more retroactive contract, so it's an
18 ongoing dialogue and conversation in partnership with
19 agency partners, working with the non-profit
20 providers for providing invoicing and closing out
21 those prior fiscal years to be able to address the
22 backlog so it's not something that is just we have
23 not moved on. We are now rallying the troops. And
24 again, the payment task force's main goal is really
25 to work on the backlog, the retroactivity, ensuring

that invoices are moving through on time. So, while we are working on the backlog, we are also ensuring that going forward for Fiscal Year '26, we are improving so that we're not having the conversation next fiscal year about '26, so we're steadily moving in the right direction. A lot more can still be done, but we are very positive with the results that we've been receiving with the payment task force under the leadership of our Deputy Director of Finance and our Deputy Director of the Non-Profit Office. We have been working in partnership with MONS and other umbrella groups in order to bring awareness and just really having the conversation about what is owed and what is needed from the providers to be able to close these things out so it's ongoing.

EXECUTIVE DIRECTOR SEDILLO: If I may, Chair Won, would you mind?

Thanks for that question as well. And actually, thanks, because in April, the advocates testified after we testified, and I think my eyes were opened to how big of an issue the indirect cost rate reimbursement was. I was not appreciating that. I was focusing more on getting payments out and budget modification delays, invoice delays, etc., and

in many ways, those are costs that we don't see, right, because it has to go through a process so I can't just pull a report and easily tell you here's how much we owe across the board from indirect cost rate. MOCS has done a lot of great work with the indirect cost rate and reforming that, including moving up the application window much sooner so that those can be reflected in budgets. This year, they also directed agencies to include that indirect cost in the baseline budget. I can tell you providers very much appreciate that as well, and our office are starting a new campaign called the PAID Campaign, I love a good acronym, Prompt Action for Indirect Deltas, in which we're working agency by agency to actually identify that delta between the de minimis and what their accepted rate was. Going back previous Fiscal Years to your point, it will not be an easy process by any means. But we have good partnership with other oversight entities, also aided and abetted by the directive MOCS did earlier this year, that was really clear to agencies. They actually did this in partnership with OMB. The directive went out and said you must pay indirect costs to agencies. This is not a can do or a must do or you should do. You have to

pay the indirect cost rate. We have to honor that accepted rate. And that was really helpful in clarifying, I think, to our agencies who, you know, this is a newer process, I think are just had been adjusting to what that process and policy situation would be.

CHAIRPERSON WON: Thank you. Also, what I'm trying to understand for every single fiscal year, the money that is being contracted out is already budgeted so it's not about finding new money for the spend for OMB so help me understand. If we're just, for this bill for the Speaker, 1012-A, if we're just changing who pays the interest and right now it's non-profits serving our most vulnerable communities, does that mean that for this current fiscal year or future fiscal years, do we have to expand the budget to pay them? Because if we avoid their interest payments by paying them up front, then we all save money so I'm just trying to understand where the reservations are coming from fiscally.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. I want to make sure that I understand the question correctly. So, while we are addressing, again, I think MOCS's goal and all of my colleagues

here today, the goal is to get contracts registered on time. If contracts are registered on time, providers can invoice, which means that they don't have to take out loans if they're actually being paid on time for the services. We're addressing the cycle time delays. We're tracking in terms of the retroactivity. There's a lot to be cleaned up. We've initiated multiple backlogs, MOCS in partnership with agencies, we're steadily addressing backlogs, but there is a lot to continue to unpack. But what we're ensuring is that going forward, we have the right processes in place, the system is ready, the providers are aware, so that at least from FY26 and forward, we don't have these issues. But we have to acknowledge that there is a backlog. There is retroactivity. There is interest being accrued that's not being addressed. So, while the budgets are fully funded for the current fiscal year, and if we're getting the money out on time, we don't have to consider the interest, but there will be additional conversations that need to be had, and we welcome having offline conversations to discuss what is needed to make providers whole. But MOCS is adequately tracking the way implementation, COLA,

ICR, to ensure that at the minimum, and to Executive Director Sedillo's point, we are communicating. We are making sure that our agency partners know that the money is there in their budgets for the current fiscal year. There are still other conversations that has to be had regarding the outer years.

CHAIRPERSON WON: So, for us, it's less about invoicing and the vendors are still stuck in reimbursement hell. Quarterly payments create predictability so they can plan fiscally, just like any of us who have to keep a budget, and clearing the backlog and getting contracts registered on time is only good in a perfect world. But an admin, if it is perceived that you all are dragging your feet to put them right back in the same place, quarterly advances solve that problem so we are really trying to push for quarterly payments for them.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. So, again, we acknowledge the issues with the delays. I want to say we are, again, proud of the 88 percent registration of on-time contracts because that means 88 percent of those contracts, those providers, are not accruing interest on loans because they are looking to render services. So, if

we continue to focus on getting to 100 percent of on-time contract registration for the current fiscal year and beyond, this is a way in which we can achieve and mitigate having to worry about the advances. And advances is a tool. Again, we are not opposed to it. We just need to understand and have conversations on how do we implement that so that it can be done successfully, so that it can be done consistently from agency to agency as these providers are contracted with some of the same providers. And we need them to have a uniformed experience so that they can readily access that money.

CHAIRPERSON WON: Yeah. We're happy to strategize with you and work with you to get this done.

How can MOCS make sure the new integrated contract management system doesn't encounter the same technical difficulties as PASSPort? And if there's any specific lessons you've learned to inform new system development?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. I think you were looking at my computer. This is what we have been doing at MOCS for the past, I want to say, two years. A part

of making sure that we don't experience the same challenge is learning from those lessons that what we've experienced in terms of user friendliness. We want to engage with the sector. We want to engage with all of the vendors that are impacted that have to utilize the system. We need to engage with agency partners to really understand what their processes look like so that we can create a more uniform process before we then transform that into a digital system. So, while there were many savings and efficiencies realized as a result of PASSPort, I think we are also at a place in the system where when we initiated this process, we didn't know that this is where we would be. The level and the nature of the complexity of New York City's procurement is extensive, and it means that we need to have conversations with the right individuals to develop a system that is going to actually enable procurement, make it more equitable, and streamline processes for providers, small, large, M/WBEs, and also important that agencies are able to do their work. So, conversations, having real engagement, building a system reflective of the processes and the people that are engaging with it is what's necessary so that

we're not back at the place that we are now, working our way out of a technical deficit, but we've made constant strides in terms of improving the system.

CHAIRPERSON WON: Would you be willing to work with State partners to bring non-participating agencies like the DOE under the PASSPort umbrella and this expansion with this new integrated contract management system?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. Absolutely. We are willing to work with any partners. DOE is an agency that we've been in conversations with for over two years, and I'm sure the conversations have happened before me. We are ready, willing, and able to have those conversations. Again, it's about making sure that their offline processes, their current procurement processes align with the current technology so that we don't create yet another technical hurdle for the many providers that contract with the DOE and other agency partners.

CHAIRPERSON WON: Okay. How much do you think it'll cost to build the system envisioned by Intro. 1012-A or build out the expansion to PASSPort to do this?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. I do not have an actual number. Again, and I also want to ensure that we're engaging with technical leaders to understand what's the different software that is available, the different models of which we could replicate and/or build something, so we would have to do the engagement with the many stakeholders and then introduce a technical partner because while we have expertise overseeing PASSPort, the development of a system of that scale, that digital transformation, we would need technical experts beyond that of who we currently have access to.

CHAIRPERSON WON: Makes sense. So we'll wait for the financial estimate.

Contracting agencies currently use multiple systems, PASSPort, FMS, Legacy, HHS Accelerator, alongside various agency-specific platforms. Could the integration system envisioned by Intro. 1012-A consolidate all of these or do you already have a plan to consolidate all of these in the pipeline? If so, what phase and what agencies or contract types would be the most challenging to integrate from your perspective?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. That is many tiers and levels to that. I would say we absolutely have conversations with the different agencies and other complementary and supplementary systems that all of our agency partners are engaging with. That is a much longer-term strategy and roadmap. Our goal is to figure out how to first develop the efficiencies. It may mean consolidation of some of the systems or it may mean just having a better, more robust sharing of the data amongst the systems. A prime example would be the decommissioning of HHS Accelerator and adding that functionality to PASSPort. Similarly, we've added some subcontractor functionality to PASSPort. The advent of PASSPort was the sun setting of APT and Vendex, so the City has been making strides towards creating a true end to end system. We've been looking for ways in which to build efficiencies. But I wouldn't be able in this moment to say which systems would be sunsetted and what functionality needs to be added because we want to ensure that whatever we do, it's a helpmate and not a technical challenge or blocker that we're introducing.

CHAIRPERSON WON: Okay. As you can tell by the amount of questions we had on this bill, this is a top priority for the Council, for our human service providers, all the non-profits that we work with, all vendors, as well as Speaker Adams for her legacy, so we will continue to have very active conversations with you.

I'm going to move on to other questions. Roughly 80 percent of all contracts in Fiscal Year '25 were registered late and 90 percent of human services contracts were registered late. Why has the late registration crisis persisted despite multiple reform efforts over the last several years? Can you just help us understand the primary bottlenecks causing the late registration? It seems like you were able to figure some things out because we're about halfway into Fiscal Year '26 and you are now at 88 percent completed in registration on time. So, help us understand the evolution under your leadership.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won. A part of, I will say, the reason why FY26 has been so successful is because we've been building on the lessons learned and really working with agency partners to identify what are some of

their blockers in order to move things through the system quickly. We've moved up our preprocessing, which starts as early as January and February, which is what we did last calendar year. We initiated the process to enable agencies and providers to get contracts registered on time. I also want to acknowledge the HHS migration from Accelerator to PASSPort, which, while we had no choice due to the system needing to be sunset because of vulnerabilities, we acknowledge that that also introduced complexities and additional workloads and burdens for the prior fiscal year for agency partners, of which we've been steadily regaining ground on. So, there are certain system implications that impacted previous years' delays, that doesn't identify or acknowledge all of the challenges that are leading to delays, but it speaks to the effort that we've all done collectively to be able to move to the place of getting 100 percent on-time registration.

CHAIRPERSON WON: Okay. Which agencies have the worst late registration rates and what is being done to hold them accountable?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. While I don't have the data in front of me of a worst offender, as I know that there are many things that contribute to why an agency is experiencing late registration, there are so many different nuances. There are aspects of things that are being requested from providers that they are not yet in receipt. It could be a system challenge. There are many aspects of what contributes to it, so I do not have which agency currently has the least or not the best record in terms of registering, but the steps that we are taking, I will say, in terms of the payment task force. We've established financial dashboards in order to help track and monitor the agency's responsiveness, how they're turning things around, identify trends and bottlenecks of which the payment task force works with each agency individually to help them move things along throughout the process. Similarly, they also have the ability to now work and partner with the non-profit providers to ensure that we're looking at the comprehensive picture in terms of moving these items forward.

EXECUTIVE DIRECTOR SEDILLO: Chair Won, if I may, I do have some agency data in front of me. I don't know if this is the appropriate forum to air the agency, put them on blast without context, I think, on this space, but I will say, as I mentioned in my testimony, transparency, very important to me, and the Preliminary Management Report starting in January, that kind of data we're planning on making available to the public and to you all, so I would look out for that starting in January. I will say, not to be a broken record, I caught that you guys don't want to talk about discretionary much anymore, but again, if the conversation is about backlog, it cannot be decoupled from discretionary contracts, which are inherently backlogged, 64 percent of our backlog. If you look at DYCD, for example, 81 percent of their backlog are discretionary contracts. That's 53 percent of our total backlog contracts, just this DYCD discretionary contracts. So, while the problem is multifaceted from a backlog standpoint, again, down 74 percent since the start of the Administration, and we're seeing really positive trend lines there.

2 CHAIRPERSON WON: So would you share that
3 with us privately?

4 EXECUTIVE DIRECTOR SEDILLO: Thank you for
5 the question, Chair Won. I'm happy to brief you
6 anytime you would like on some of the things that
7 we're seeing from a data perspective.

8 CHAIRPERSON WON: Okay. So, we'll follow
9 up with the Contracts Journal Council for a private
10 briefing on these numbers. Just working from memory
11 from what I remember from previous hearings, and I
12 think DHS is in the room, so can you give us an idea
13 of how DHS has been working through their backlog, if
14 there's been any improvements or changes for DHS, as
15 well as can you help me understand why you're opposed
16 to the initial pilot for 1392?

17 EXECUTIVE DEPUTY COMMISSIONER FERDINAND:
18 Thank you for the question, Chair Won. I'll take the
19 first question first. We've done a tremendous amount
20 of work at DHS to reduce delays, delays in contract
21 registration, in budget approvals, in budget mod
22 processing, and in invoices. And we've really taken a
23 two-prong approach, which is really grounded in data,
24 coordination, and communication. So internally, we
25 rely heavily on data that comes out of PASSPort. So

we are using that as a management tool day in and day out to identify trends, to identify where there are issues, to see where things are going well, because if there's an opportunity to replicate that, we certainly want to do that. We have many, many meetings where we're going contract by contract to understand what the nuances are. You've heard that a few times from my colleagues at the table. There is no one issue, and there is no one solution to these delays. So, we take very seriously the need to really understand each contract, each budget. In addition, we work with our partners at the table to make sure that we're strategizing, we're learning about best practices, and making asks. So MOCS has already removed one level in the invoice process, and that really gained us some ground with improving the invoice turnover rate. We are also reviewing our internal processes and procedures to make sure that everyone is following the same guidance so that our providers can expect a consistent approach to processing invoices. So that's really gained us some ground. So, our processing time has dropped from 25 to 26 when it comes to invoice processing.

Our second prong of our approach really is related to how we interact with our providers. It's very important to us that we have open communication, that we are meeting with providers regularly. And in fact, over the spring, we met with all 84 providers individually to hear their experience with the payment process. And as I learned very quickly, as I just said, there is no one issue. Everybody is experiencing things differently. We have many providers that have multiple contracts that are in different parts or touch points in the process so it was important that we heard. In those meetings, we were able to resolve easy things right in the meeting, but a lot of followup was required after that as well. So, maintaining that communication, make sure that we're listening to providers, we're taking their concerns seriously so that we can make meaningful change and really improve the process.

CHAIRPERSON WON: Has MOCS or the Mayor's Office taken any disciplinary action against agency leadership for chronic late registrations?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. Disciplinary actions, I will say, are part of our financials dashboard. As

much as it is a tool for helping agencies identify trends, it is also a tool that we use for reporting up so that there is an awareness of what's needed to ensure that the agency partners have the resources in place to support the volume and we get a better understanding of what's contributing to the delays. Again, there are, in terms of disciplinary, it's really on a case-by-case basis because of the level of nuances in terms of invoicing and the stage of which each invoice is at. We bring awareness with the data, so we make data-informed decisions, and we have the ability to bring it to the attention of our Deputy Mayors and the Administration so that we know if and when additional pressure or support. We prefer to lead with the carrot, but in instances when we require additional steps, that's when we look to the Administration to support us.

CHAIRPERSON WON: So has there ever been a time where you took additional steps for chronic nonpayments?

FIRST DEPUTY DIRECTOR MARKLAND: I will say in terms of on a case-by-case basis, it's more so it's about support. So, we've had opportunities in which we've had to partner with agencies, we had to

share resources in order to alleviate the backlog, and we work hand-in-hand with them, and that's a part of how we support our agency partners because whether it's punitive or not, the goal is to make sure the invoices are paid. And I'm not privy to the different conversations that I would say of in terms of the Administration, but we do walk it up to ensure that there is a level of awareness and that they have the information needed.

CHAIRPERSON WON: Do ACOs at poorly performing agencies receive performance evaluations that reflect their failure to register contracts on time?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won, for the question. I'm not aware if ACOs are receiving performance reviews of that nature, but again, when contracts are being failed to be registered on time, there are so many different things that contribute to that. So, oftentimes it means we have to have the conversation about what are the blockers, what's contributing to it, what's preventing them from moving things along, and we pull resources to be able to get things through. So. I'm not privy if those types of performance reviews are

happening, but I do know that we use the data to inform and to empower our agencies and the provider community.

CHAIRPERSON WON: Okay, okay. Gentle parenting it is over here. For non-profit organizations that have testified repeatedly about the devastating impact of late payments, taking out loans, cutting services, delaying payroll, and even closing programs, what is the administration doing now... well, I feel like we talked about this, and how many City-contracted non-profits have closed, reduced services, or laid off staff? Oh, okay, I see. This is a question for testimony. Yeah, okay, this is just in the wrong place. I'm sorry.

Does MOCS have adequate staff with procurement expertise to provide technical assistance to all of the agencies, as well as providers?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. And thankfully, we were able to say yes. As a result of, I want to say after the last hearing, we received robust lines in order to support answering questions from the provider community, providing engagement and answering questions for our agency partners, the payment task

force being fully staffed. All have positioned MOCS to be able to provide that level of hands-on support, of which we do daily.

CHAIRPERSON WON: I feel like it was forever ago, but the Non-Profit Resiliency Committee and the Task Force to Get Non-Profits Paid on Time, and the other initiatives and coalitions that have been built over the last term. Can you help me understand, have the recommendations made in 2022 by the joint task force been fully implemented? Which have not, and why?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. I don't have in front of me all of the recommendations, but MOCS has been actively acting upon, actioning many of those. The payment task force, for one, which I know you keep hearing, but it was something that was a long time coming that we are very excited that we were able to fully implement this past July. So, I can have a team member, we can get you that information in terms of which recommendations we were not able to fully act on, but we have moved on many of those recommendations as they were very well informed and

spoke to a lot of the issues and concerns that both agencies and providers were feeling alike.

EXECUTIVE DIRECTOR SEDILLO: Chair Won, if I may, when that came out, I was working for former Deputy Mayor Sheena Wright, and there were a number of recommendations. I think there were 19 recommendations, if I remember correctly. Many of them have been accomplished. So, one, I think they called for an allowance clause to be administered into contracts to reduce the reliance on amendments. MOCS did that, I think, in the first or second year of the Administration. It called on ContractStat to be launched. That's been launched. It called on the Mayor's Office of Non-Profit Services to be fully staffed and set up. Obviously, that has happened. It shone a light on the discretionary contracting process and actually called on us to do something like the grant-like process, which, as you know, we have done. It also called on us to do a Lean Six Sigma process, end-to-end, to understand where the bottlenecks are in the contracting process, which we did earlier in this Administration, and were able to, from that, start the Non-Profit Steering Committee. The Non-Profit Resiliency Committee, which was, in

many ways, the prerequisite to the office that I run now and the de Blasio Administration, a lot of what came from there is still in play today. So, the advance policy came from that. The indirect cost rate came from that. The HHS cost manual came from that, and that's all in existence today. So, in many ways, we're continuing on the path that was blazed from the NRC in the previous administration.

CHAIRPERSON WON: Okay. We'll follow up for the line-by-line of what was not implemented and what the holdups are.

So, this is a sad question, but I must ask. What specific measurable goals will the Administration commit to before leaving office to reduce late registration rates and improve vendor payment timeliness, since there's only two months left?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. I don't know if there's a specific goal. The goal is to continue to get money out the door, working consistently and just steadily working on improving the processes, working with non-profit providers, the payment task force, working with agency partners, partnering with MONS, engaging

with the sector, and understanding what their issues continue to be to make sure that we're being reflective and responsive to their needs. So, I think with the short time that we have left, we have to continue to listen. I think I was just sharing earlier, MOCS is doing a sentiment tour, because we want to really understand if all of our efforts are making an impact, because if not, this is a part of what we can prepare for a transition, so that they're aware of what are the priorities and the goals to continue this work. Even with little time, we're not going to stop the work. It's important that our partners know that they're supported and that we're doing everything that we can in order to get money to them. So, it's not a one-day thing. This is a marathon and definitely not a sprint.

CHAIRPERSON WON: Okay. I'm just going to put it out into the ether. Eric Adams, pay 30 billion dollars before you leave in the next two months.

EXECUTIVE DIRECTOR SEDILLO: Do you mind if I answer that question, Chair Won?

CHAIRPERSON WON: Oh, sure. Is that a yes to the 30 billion?

EXECUTIVE DIRECTOR SEDILLO: I'm in my head already with the answer I'm going to give, so I didn't fully register what you had said, but I'm sure if it's about getting non-profits paid, then I agree.

Here are a few things that I would say. You asked for measurable goals. One, increase in the provider sentiment survey results. Again, this is a quarterly survey that our office sends to non-profit providers. See an increase in 10 percent over the course of the year. We're doing it again in December. I would love to see an increase in that before the end of this calendar year.

Continue decreasing invoice cycle time. Yexenia mentioned that it's 16 days this Fiscal Year. That's down from 20 days last year. I'd like to continue to see that be reduced or at least stay at 16 below the 20 from last year.

From a cycle time from a POCR/budget modification standpoint, I'd like to see that continue to go down. We're already seeing positive trend lines, significantly positive trend lines, and you have to give credit to MOCS' payment task force for staying really on it with agencies and that.

I'd like to see a reduction in the backlog. Again, we're below 3 billion dollars now. That's 3 billion too much in my opinion. I'd like to continue to see that go down before the end of the calendar year.

And then for the discretionary grant pilot, I would like to see all the grantees that made it to the clear list get their grant agreements in in December so they can get fully paid in January.

So those are the indicators I'm looking at.

CHAIRPERSON WON: Okay, great. And 30 billion dollars from Eric Adams before he goes.

Intro. Number 1298. So we're going to move on. Today, we heard about Intro. 1298 which expands the general insurance requirements created by Local Law 106 of 2024 for food service procurement to all City vendors. What has MOCS' experience been with the rollout of Local Law 106? Are more small vendors able to meet contract insurance requirements and get the City to work? Have any challenges emerged from the implementation of Local Law 106?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. In terms of Intro. 1298,

again, I think MOCS' position is that we are concerned about standardization of this because it does impact the smaller non-profits. So, we defer to the Law Department, but we do want to keep in mind that it does impact the competitiveness and can skew to be more unfair for smaller non-profits.

CHAIRPERSON WON: Okay. So, the current existing law would expand it to all City agencies?

Okay. Yeah, because what we hear a lot is how a lot of small vendors actually are the ones who can't compete because they don't have the premium to pay for all of these different insurances which agencies all have in order to serve the same food so that's what we're trying to resolve.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the clarification, Chair Won. A part of that is also being mindful that all of the varying contracts all have a difference in scope so it's not as simple to have one unified process. While we want to support smaller M/WBEs and non-profits to remain competitive, we also know that each of these contracts have different requirements across multiple agencies, but even within specific agencies, the varying scope of those contracts will require different variants in

terms of insurance. But again, I am not a legal expert, despite what I may feel, so we defer to the Law Department on this.

CHAIRPERSON WON: We'll just take the discussion for 1298 offline with our legal expert to discuss because it's clear that there's a clear problem because we hear it from the vendors as well as non-profit service providers who are being served horrible food from large vendors who can afford to compete, and those who are mom-and-pop restaurants in the districts who want to compete can't afford all these insurance premiums for all these agencies.

But we're going to move on to 1392. Oh, sorry, we did this already.

Okay, we're going to talk about 1401. I had last seen you all at the joint hearing between Contracts and Parks because of concerns that have been raised by the public on conflict of interests that have been overlooked in City contracts by the Parks Department. So going off of that, we have a bill from Council Member Yusef Salaam. How might labor and human rights disclosures allowed by this bill affect agency contracting awards in a negative way?

FIRST DEPUTY DIRECTOR MARKLAND: I'm
sorry, Chairwoman, can you repeat the question?

CHAIRPERSON WON: Okay. I'm going to skip
that question because my General Counsel wants me to
ask the next question.

What experience does MOCS have with
voluntary disclosures from bidders and have bidders
submitted information on, for instance, the
environmental impacts of their supply chains, labor
practices, or other social responsibility factors?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you
for the question, Chair Won. So, in terms of the
voluntary disclosures, again, it's voluntary. What we
have experienced is that in terms of the competitive
nature among smaller vendors, it can lead to
confusion and unfair competition. And so in terms of
the disclosures, we want to ensure that we maintain
an open competitive process and not introduce things
that may hinder the smaller entities from engaging
with contracting with the City of New York.

CHAIRPERSON WON: What resources would
MOCS need to implement and oversee voluntary
disclosure program? And what I'm trying to understand
is right now we already have basically a self-

reporting system so continuing to add to self-reporting, I guess, I'm sorry, Council Member Salaam, is not effective. But we have to address the problem here, which is that vendors who are in jail for federal indictments, vendors who've had labor wage issues that are publicly reported, corruption, bribery, fraud, these people have been getting across in multiple agencies, and that's what the Council is responding to. So, can you help us, your ideas on how we're going to resolve for this because self-reporting is not working.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won, for the question. So, while we do rely on self-reporting and we acknowledge that there are ongoing issues, this is work that we continue to actively address. We have the Vendor Integrity Unit at MOCS. Our Risk team are always steadily combing the internet, looking for information. But we rely on the self-disclosure because it is the due diligence of those that are seeking to do business with the City to inform us. But even beyond that, MOCS also actively researches and looks into it.

But keep in mind the sheer volume of vendors of which we contract with. That is a very

extensive process, and a part of it is that we have to rely on vendors being honest.

CHAIRPERSON WON: Okay. But they're not honest. So once they're found to not be honest, how do we stop them from continuing to get City contracts?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you for the question, Chair Won. So we do have disclosures in the system. There are flags that we can put in PASSPort that all of our agency chief contracting officers have access to. They rely upon that. They look at what is self-disclosed. They look at the flags that the MOCS team might identify. There are also ways, all of the contracting agencies also have their own process of which to verify, validate, and review, and we share and leverage that information and we ensure that that is accessible in PASSPort so that various contracting agencies can review said information before making an award. But we acknowledge that it's not a perfect system and we are continually to work on that and we welcome additional dialogue and conversations to figure out how to ensure that we have better guardrails in place.

CHAIRPERSON WON: Yeah. For one, I think we should not allow vendors who are debarred from the State to be vending with the City or being contracted with the City. I just want to bring up that Local Law 127 of 2016 was a law passed requiring a voluntary disclosure program for ethnic and gender makeup of board of directors for City contractors, so this seems to be a similar bill, but, you know, self-reporting is self-reporting so I'll leave it at that and you will have to negotiate it with Council Member Salaam.

I just want to say for Intro. 1012-A for codifying PASSPort, I think it's extremely important... is this the right one? I'm sorry if I'm reading the wrong bill number. Oh, okay. I just want to flag that as someone who comes from tech, I think it's horrifying that you expect the same vendor who created your platform to be also doing oversight over your platform. So, my bill says that you have to have, that it's going to be required for the City to have a third-party quality assurance vendor distinct from the platform developer because it's the same thing as self-reporting, right? If I go to you, I'm like, hey Mike Sedillo, how well did you do as MONS'

Director? He's going to be like, I'm awesome. You know, same to you. We cannot be having quality assurance for PASSPort be done by the people who built PASSPort. They're all going to be like, yeah, we're doing a great job. That's a huge problem. We can't have that, which is what's currently happening now.

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won, for the question. And we are in agreement. However, it's a little bit more nuanced than the vendor who is contracted actually doing QA. We have ongoing performance testing that they have to perform of which our tech team is responsible for reviewing. So, it would be duplicative to have an external QA do that work because we require it as a part of the ongoing system performance. It's routine. It's embedded in the work that they're doing that they have to perform these metrics and provide that level of reporting. And I will say I, too, come from a tech background so it's not as though they get to fudge the report. We have access to the data. They have to explain it. The CTO meets with them on a regular basis. I, myself, sit in on meetings on a weekly basis to hear what's going on in the system.

We are also monitoring internally. So it's not as if, though, we're asking them to report on themselves. They're giving us the performance metrics, but we have the ability to track and review it as well. And oftentimes, we're coming to the same conclusions as they are.

CHAIRPERSON WON: Okay. I have serious concerns about quality assurance done by the same vendor that built it. But for the sake of time, we'll move on.

Can the Administration pause on recoupments to ensure that there's consistency for cash infusion? If no, why not?

FIRST DEPUTY DIRECTOR MARKLAND: Thank you, Chair Won, for the question. Pausing on recoupment, again, the system currently, the way it's set up, after a certain amount of monies are advanced, there has to be a level of recoupment in order to ensure that more funds can go out the door. Last Fiscal Year, the City is still, there is about 700 million dollars that has still not been recouped. So there are guardrails in place to ensure that the funds that are going out of the door are adequately accounted for. So, that's a guardrail that we can

have conversations about what else can be put in place. But we do want to ensure that we're being fiscally responsible as well.

CHAIRPERSON WON: And how do you envision the admin to work with providers to reconcile advances to actual expenses throughout the year?

EXECUTIVE DIRECTOR SEDILLO: Thanks for the question, Chair Won. I think that's exactly the type of question we would want to think through, right? I mean, Yexenia talked about the hundreds of millions of dollars in recoupment that are owed. And to your previous question, I mean, right now, the way it's set up in our reimbursement model, we verify the services were delivered, and people like Robert send those invoices and expense reports to the State for reimbursement many times to show that the services were delivered. And really, there's no other way currently to recoup that advance, which, again, the advance goes out. We have to show how the money was spent towards services other than a recoupment process. So going back to the advance directive, one of the things that was really helpful in that is that we asked agencies to articulate to each of their providers what their recoupment schedule was, which

many times had changed or even throughout the fiscal year been different among units within an agency, maybe not the agencies at this table, but other agencies perhaps. And so I think really it's about predictability and information sharing so that they know when recoupments can happen, but I think agencies are pretty flexible when providers reach out and know that they have a cash flow concern from a recoupment standpoint.

CHAIRPERSON WON: Okay. So, more discussions to come for 1012-A.

FIRST DEPUTY COMMISSIONER FELLINI: Can I add that the State does not reimburse on advances? Okay. So if advances are not recouped, you will not get the reimbursement, so we have to be mindful of the revenue that's coming in.

CHAIRPERSON WON: Got it. Thank you. Thank you for your presence today.

Just on time. We're going to wrap up our testimony. I will speak to you both offline to meet our goals for the end of this year. Let's go. Eric Adams, 30 billion dollars in payments before he leaves.

We're going to move on to public testimony. I will call you by panels. Kristin Miller, Catherine Trapani, Dr. Henry Love, Terry Troia, Dan Lehrman.

Okay. We can start from this side.

KRISTIN MILLER: If you don't mind, could I go first?

CHAIRPERSON WON: Sure.

KRISTIN MILLER: Okay. Great.

Good afternoon. My name is Kristin Miller, and I'm the Executive Director of Homeless Services United. HSU is a coalition representing over 55 mission-driven homeless service providers in New York City. We are grateful for this incredible attention to our members' payment issues, and thank you for the work of this Committee and the speaker on this important matter.

We appreciate the recent temporary cash flow our organizations have received with DHS's FY26 advances that you've been hearing about. Overall, our members say things are somewhat better. However, providers still have months of catch-up in pending budget actions, updates, and invoice approvals that are prohibiting them from being reimbursed for the

services they have already performed. To illustrate this point, HSU sampled its DHS-contracted members to assess the outstanding budget actions. One-third of our members have over 189 million dollars in outstanding budget actions from FY20 to '25, so these are the past fiscal years that they've not been able to close out and therefore can't invoice against. They cannot get paid for. As we mentioned here today, we've heard some providers have stopped bidding on new DHS contracts because of the risk of doing further business with the City is simply too high. This comes at a time when the demand for shelter in New York City doubled in just two years and vulnerability to homelessness is increasing due to federal cuts. The lack of normalcy when it comes to payments puts organizations at risk. It makes it difficult to pay staff, vendors, and run programs for our clients. As we've been talking about, they've been forced to take out lines of credit and pay interest. The non-profits typically make requests to add money to their total contract amount due to new expenses they must incur throughout a contract year to operate their programs or shelters. Only after

these requests move through multiple approvals from the City can they provide an invoice for payment.

If I may, 1392, we support. Codifying a predictable and regular payment schedule is essential to protecting non-profit shelter providers. By shifting to quarterly payment schedule on the contracts, DHS would help protect the financial health of our member organizations rather than weaken it. The devil will be in the details. So we are very looking forward to working with you and the Administration on what the details are.

I will just add one last thing, if I may, which is a response to the conversation that we had on the returnable grant funds that you guys were discussing earlier. Yes, they are available, but they are very, very challenging to access. It is a simple application, but must be completed for every outstanding invoice so it is not as if you have a million-dollar contract and you want to loan for 250,000 for all the money you are owed. You have to go bit by bit in order to get it so you are owed millions, you ask for millions, and you get maybe hundreds of thousands so I just wanted to clarify that.

And again, thank you. We look forward to continuing to work with you.

DAN LEHRMAN: Good afternoon. I am Dan Lehrman, President and CEO of Health USA. Thank you, Chair Won and Members of the Contract Committee, for the opportunity to testify today.

For 40 years, Health USA has provided transitional shelter and other services to fight homelessness and housing insecurity, including homelessness prevention, supportive housing, programs for survivors of domestic and intimate partner violence, and through its affiliate, Health Development Corporation, builds and operates permanent affordable housing.

Health USA contracts with the City Departments of Homeless Services, Health and Mental Hygiene, Housing Preservation and Development, the City Human Resources Administration, and the Mayor's Office of Criminal Justice, serving over 30,000 people each year across New York City and other jurisdictions. We appreciate the prompt advances received for our contracts with DHS for Fiscal '26. However, we still have many contract budgets that are out of date with respect to key items like mandated

salary adjustments, insurance, utilities, and other occupancy costs, and maintenance and repair, which prevents us from being fully reimbursed in a timely manner for costs incurred to provide the services we are contracted for. This places even large organizations like Health under financial distress, impacting our ability to pay required staff wage adjustments and critical suppliers on a timely basis, even as we expand to meet ever-growing demand for contracted shelter services in New York City. We are forced to spend hundreds of thousands of dollars on interest for working capital line of credit loans to bridge these cash flow delays, a cost that is not reimbursable under City contracts and drains our resources further. A quarterly payment schedule as proposed under Intro. 1392 on shelter contracts is essential to protecting the financial health of the non-profit organizations the City depends on for mandated services. This change will establish a critical buffer for delays in reimbursement that regularly result from prolonged contract budget negotiations and modification actions. That said, the success of the proposed pilot program depends on the procedural details to be established by DHS, the

Mayor's Office of Contract Services, the Office of Management and Budget, and perhaps even the City Comptroller. Aspects such as a schedule for reconciling and recouping advances versus actual expenses for truing up long-standing contracts for current day costs, for addressing the care days payment structure for family shelters that places providers at risk if client referrals fall below contract budget assumptions, and preventing OMB from short-funding the Department of Homeless Services' contracted shelter services by hundreds of millions of dollars each year are essential to realizing the full benefits of the proposed new payment schedule and must be addressed as well. And I want to pause on that point because I think, Chair Won, you highlighted this earlier. If you look at the budget documents, you can see that the adopted budget for Fiscal '26 for contracted family and single adult shelters was about 2.7 billion dollars, but the final modified budget for Fiscal '25 was about 3.3, 3.4 billion dollars. I know when I was a budget analyst at OMB, I didn't misestimate something by 550 million dollars. That wasn't an accident. That was an intent. We commend the Council for supporting the City's non-

profit service providers. We encourage the Council to take the steps necessary to ensure that wages and salaries for non-profit staff are fair and equitable relative to their City government counterparts, that all contracts recognize the true and complete cost of service delivery, including reasonable administrative overhead and indirect costs without requiring drawn-out contract budget negotiations that benefit no one. We hope the Council continues to consider these and other mechanisms to ensure the financial health of the non-profit service providers the City depends on.

DR. HENRY LOVE: Good afternoon, Chair Won and Members of the Committee. My name is Dr. Henry Love, and I'm Vice President for Public Policy and Strategy at WIN, the largest provider of shelter and supportive housing for families with children in New York City and across the nation. Each night, nearly 7,000 New Yorkers, including 3,800 children, call WIN home. We operate 16 family shelters and nearly 500 supportive housing units across all five boroughs.

We appreciate the recent steps by the Department of Homeless Services to ease cash flow challenges, but the City still faces months-long delays in processing budgets, approving invoices, and

registering contracts. These delays make it impossible for us to fully reimburse for services we've already delivered, services the City depends upon to meet its legal and moral obligation to families experiencing homelessness. That's why WIN strongly supports Intro. 1392, establishing predictable quarterly advance payments for DHS shelter contracts. This is common-sense reform that would stabilize providers and protect the City's homeless service ecosystem. A quarterly schedule will help us meet payroll, pay vendors on time, and continue delivering high-quality care without the uncertainty of when or if payments will arrive. As rulemaking moves forward, we urge the Council to ensure key details, recoup timelines, and phasing out care days work in practice, and the program should start at the beginning of the next fiscal year, not mid-year.

Finally, we urge you to advance Intro. 514, which would also require the City to pay interest on late payments. Agencies should bear the financial consequences of delays, just as providers are held accountable for ours. Because late payments don't just destabilize non-profits, they endanger the

very families that we serve. Every delay means fewer repairs, fewer services, and less stability for children and parents rebuilding their lives. Thank you for your time and your continued partnership with New York City's human service providers.

CATHERINE TRAPANI: Good afternoon. My name is Catherine Trapani, and I am the Assistant Vice President for Public Policy at Volunteers of America Greater New York. We're the local affiliate of the national organization VOA. I want to thank you, Chair Won, Members of this Committee, Speaker Adams, for all of the work that you've done to really champion the non-profit sector and homeless service providers in particular.

We are an anti-poverty organization that aims to end homelessness in the Greater New York region through housing, health, and wealth building services. We're one of the region's largest human services providers, impacting more than 12,000 adults and children annually through over 70 programs in the area, including DHS shelters.

I'm here to testify to express my unwavering support for Intro. 1392. As uncertainty continues to grow at the federal level, New York City

has to do everything in its power to shore up our human services sector safety net and restore the fiscal health of City-contracted non-profit organizations. By strengthening local non-profits and ensuring New York City agencies are well-staffed and working collaboratively with providers, the City can help ease disruptions caused by cuts and changes at the federal level. As of June 30th, 2025, my organization was owed approximately 40 million dollars for services rendered through our City contracts as far back as Fiscal '20, with the lion's share being owed by DHS. That was 18.7 million and another 10 million from HRA. As a result, we were forced to rely on our private line of credit and incurred non-reimbursable interest costs to bridge the gap created by the City's delays. Last Fiscal, we spent 1.08 million dollars on this, and we've budgeted \$1.14 million for FY26. That's money that we could do a lot of good if we were allowed to. So today, the net amount owed to VOA is lower than it was six months ago, and that's due in large part to the influx of advances for our FY26 contracts. But due to chronic delays (TIMER CHIME) to invoicing and payments, many of our contracts are not in a place

where we can draw down funds with any predictable cadence. That means that once those advances are exhausted, a cash flow crisis will happen as expenses continue to be incurred and the agency has continued to fail to catch up on all of our outstanding budget actions. Given DHS's finite capacity, agency staff prioritize approving new fiscal year budgets to enable providers to begin invoicing, which means backburnering the outstanding contract actions for prior fiscal years, which preclude our ability to seek reimbursements for those years. So already within the second quarter, we will soon exhaust our advances while programs continue to incur new costs for services, and we are still owed tens of millions of dollars from prior fiscal years.

CHAIRPERSON WON: Thank you. We're going to follow up with written testimony only because we have a lot to go, and I have a hard stop at 4:30, so I'm already over time. Okay.

CATHERINE TRAPANI: I really appreciate all of your work.

CHAIRPERSON WON: Thank you for all of your support.

REVEREND TERRY TROIA: Hi. My name is Reverend Terri Troia. I'm President and CEO of Project Hospitality, and we serve homeless Staten Islanders, approximately 40,000 Staten Islanders through emergency food, shelter, and outreach services throughout our borough.

We have really struggled to pay our bills without getting money from the City. Six months ago, we were at 14.5 million dollars that we had to take out loans, lines of credit, etc., in order to pay our bills. I'm happy to say today it's only 1.5 million. It's gotten really better, and we are grateful for that.

We want to offer our support to Intro. 1392, quarterly advance payments for DHS shelter contracts. I can't say enough about how important it is for us to be able to pay our bills on time and to be able to get those advance payments in our contracts.

We want to also recommend to the City Council support for Intro. 5114 2024 introduced by Council Member Brannan, which would require interest to be paid on late payments. That would really be a great help to us. We hope the Council continues to

consider this and other alternatives to enforcement mechanisms to hold agencies accountable so that we can be paid so that we can serve the people of this city.

Thank you very much for your time and your commitment to addressing the critical issue affecting all of us who are on the streets and in the trenches.

CHAIRPERSON WON: Thank you. I just want to also thank both of you, Catherine and Kristin. I feel like the homeless service providers, you guys have been with me through the years, come to testify at every single one. You were with me and giving us feedback for legislation. You got our rally, got the Speaker's attention through the rally. I thank you and hopefully we'll see some good changes by the end of the year, hell or high water. Even if they don't want it, we're going to pass it. We're really good at overruling their veto. Thank you.

Our next panel is Lily Shapiro, Hailey Nolasco, Brandon Lloyd, and then we just have two more on Zoom.

BRANDON LLOYD: Thank you. Good afternoon. My name is Brandon Lloyd, and I'm the Director of

Government Affairs at the Urban Resource Institute, URI. URI is the largest provider of domestic violence shelter services in the country and a leading provider of temporary housing for unhoused families. On any given night, nearly 4,000 individuals, which nearly 60 percent of whom are children, find safety at one of URI's 25 shelter locations across New York City. URI is also working to bring supportive and deeply affordable permanent housing development for survivors of domestic violence in Harlem with a focus on single survivors without children. In addition to residential services, URI is committed to ending cycles of violence and homelessness by providing trauma-informed and client-centered support to families in our care. URI helps families achieve economic wellness. We work with youth and communities to interrupt cycles of violence, and we are committed to engaging people who have caused harm in the solutions to end violence.

URI is very grateful to Speaker Adams and the New York City Council for its partnership with the non-profit sector and its commitment to working with us to address long-term contract and procurement delays that have bedeviled the sector for years. The

Council has ushered in some of the most significant reforms the sector has seen in decades. With the 2026 advanced payments for the New York City Department of Social Services have helped address some of our cash flow issues, URI still owed millions in outstanding payments from the City of New York on contracts dating back to 2023. Particularly during unpredictable times like these, the unpredictable nature of the City contracting and the procurement delay process puts our agency at great risk. We need wholesale reform of the process that institutes lasting change. We need to be paid on time. URI supports Intro. 1392, which would implement a process for quarterly advanced payments for DHS shelter contracts, a reliable and transparent process which will enable providers like URI to budget and pay staff and vendors in a timely manner. We also would like to see the program go into effect at the start of the fiscal year rather than January.

And just lastly, really quickly, URI also supports Intro. 5104 of 2024, which would require interest to be paid on late payments. We hope that the City will consider this as an additional enforcement mechanism.

Again, thank you and we appreciate the Council's continued partnership.

CHAIRPERSON WON: A blast from the past.

HAILEY NOLASCO: Hi, Chair Won. Good afternoon. It's great to see you. My name is Hailey Nolasco, Senior Director of Government Relations for the Center for Justice Innovation. Thank you for the opportunity to testify in strong support of Intro. 1392.

For nearly three decades, the Center has partnered with local residents, courts, and City agencies to develop practical solutions that address the root causes of crime and instability, creating safer, healthier, and more equitable communities through youth programs, alternatives to incarceration, and more. Non-profits are the backbone of New York City's social safety net. Every day, thousands of organizations like ours provide essential services from housing and food assistance to health care, education, and violence prevention. Collectively, we generate tens of billions in economic activity and employ hundreds of thousands of New Yorkers, most of whom are women and people of color. These organizations are not only service

providers, but also community anchors and engines of economic mobility. Yet despite this vital role, too many non-profits are forced to operate on unstable financial footing due to the City's contracting process and delays in payments. As a result, organizations take on debt, cut essential programs, delay payroll, or even lay off staff, undermining their ability to meet community needs. At the Center, we've actually seen these impacts firsthand. We've sometimes served as a fiscal conduit for grassroots partners, facing reimbursement delays, but even then, these inefficiencies in the procurement process have caused significant challenges and costly loan interest charges. For our own programs, although improved, we are still owed millions in reimbursements for work already completed. While we've had the capacity to manage these difficulties, many of our smaller community-based organizations cannot. Predictable quarterly advance payments would provide reliable cash flow, reduce borrowing costs, protect jobs, and keep programs running. Intro. 1392 would not only stabilize non-profit finances, it would strengthen the city's social safety net, as many of the programs funded by these agencies, MOCJ

and DHS, and the piloting of others, provide essential services to our most vulnerable New Yorkers. When non-profits can rely on timely advanced funding, they can focus on delivering the services that keep our communities stable and safe. We appreciate Speaker Adams, Chair Won, and the City Council for recognizing the need for systemic reform. Thank you.

CHAIRPERSON WON: All of my favorite people on this panel, the last two panels.

LILY SHAPIRO: Thank you, Chair Won, for the opportunity to provide testimony today. My name is Lily Shapiro, and I'm Policy Counsel of the Fortune Society's David Rothenberg Center for Public Policy. We are a 58-year-old organization that supports successful reentry from incarceration and promotes alternatives to incarceration, thereby strengthening the fabric of our communities. In Fiscal Year '25, we served over 18,000 people across our many programs, including housing over 1,000 people, and we now have well over 500 employees. We are proud to say that we hire our mission as nearly half of our staff have been impacted by the criminal legal system, including having been incarcerated

and/or in recovery, and 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, and well over half of Fortune's funding comes from the City so we are particularly grateful for the steps that this City Council, under the leadership of Speaker Adams and the Administration have taken to recognize the importance of the non-profit field and workforce over the past few years. For far too long, our City non-profits have struggled to keep themselves afloat and retain staff in the face of unpredictable contract payment timelines, even though we provide services to our city's most vulnerable populations who require high levels of care and support. So we are especially grateful that the members of this Council, Chair Won, and Speaker Adams, have been such tremendous champions in bringing attention to the significant role that we all play in the well-being of our city, and we also appreciate the steps that our largest source of City funding, MOCJ, has taken to ensure that providers like us are not operating programs with no certainty as to when we would recoup our costs. And I would

note, when I last provided testimony to this Committee in August of 2024, we were owed approximately 20 million dollars by MOCJ so we are grateful that contracts are now registered in a timely fashion. MOCJ now regularly issues advances, as does DHS. To be truly sustainable, however, contracted non-profits require consistency and accountability, so we cannot depend on the good intentions of a particular administration at a particular point in time so we are strongly supportive of Intro. 1392. Knowing we would receive quarterly payments provides (TIMER CHIME) the kind of much-needed stability that allows for planning around hiring and retention. We are also grateful for the reporting requirements, including the summary of contractor feedback. So, we thank you and stand ready to partner with the Council and the Administration in any way possible. Thanks again.

CHAIRPERSON WON: Thank you so much.

We're now going to move on to online testimony. Eric Rosenbaum and Gloria Kim will be next.

SERGEANT-AT-ARMS: You may begin.

Are you able to come off mute? If not,
Alex Yablon, can you please help him unmute?

Apologies for the technical difficulty.
Hold on one second. We're going to get you access to
speak.

Sergeant-at-Arms, would you be able to
unmute the two speakers?

ERIC ROSENBAUM: Can you hear me now?

CHAIRPERSON WON: Yes. Thank you.

ERIC ROSENBAUM: All right. Thank you. I'm
Eric Rosenbaum. I'm the CEO of Project Renewal, one
of the city's largest and most prospective human
services non-profits. Thank you to Speaker Adams and
to Contracts Chair Won for your advocacy on our
behalf. This session has been amazing to listen to.

We shelter about 5 percent of all single
adults in the City's shelter system each night in
seven shelters, and it's about to be 10 shelters.
Many of our clients also suffer from mental illness
or substance use disorders. We also house over 1,200
individuals and families in transitional and
permanent supportive housing. We're a federally
funded health care provider delivering primary care,
psychiatry, substance use treatment, and dental care.

And we have award-winning employment programs that bring our clients into living wage careers.

We strongly support Intro. 1392 for quarterly advance payments, and I want to share our numbers, which I think really make the point why. As of June 30th, the end of the fiscal year, Project Renewal was owed about 23.6 million dollars by the Department of Homeless Services alone. That was offset by 6.7 million dollars of advances and loans, of which 1.3 million came from the Returnable Grant Fund. This meant that at the end of the fiscal year, we were essentially loaning the City 16.9 million dollars, and almost 4 million of that has been owed to us for over four years. Now, the current fiscal year got off to a fantastically better start. All of our FY26 budgets were approved in a timely way, and they reflect the actual approved amounts, including the new indirect cost rate. We got about 25 million dollars of advances, which is fantastic and amazing...

SERGEANT-AT-ARMS: Your time is expired.

Thank you.

ERIC ROSENBAUM: But we're now in a dilemma.

CHAIRPERSON WON: Thank you.

ERIC ROSENBAUM: Okay.

CHAIRPERSON WON: Yeah. We'll follow up from your writing, only because I was supposed to be out of this room by 4:30, and we're over time.

We're going to move on to our HSC fellow Korean, Gloria Kim.

SERGEANT-AT-ARMS: You may begin.

GLORIA KIM: Thank you so much, Council Member Won and Members of the Committee. My name is Gloria Kim. I'm the Director of Policy Research and Impact at the Human Services Council. We're a membership organization representing over 180 human services providers in New York. I'll keep this short.

We really thank the Council for passing Intro. 1247 at the last contracts hearing with the advance payment of 50 percent, but this bill excludes specific contracts by DHS and MOCJ. So, it's crucial that Intro. 1392 is passed to provide quarterly advances for those contracts so that steps are taken to mitigate the persistent procurement delays and massive cash flow challenges that providers are experiencing. And it may be helpful if the first set of quarterly advances go into effect in July 2026, or a new fiscal year, as January might be too quick to

get implementation exactly right for the countless DHS and MOCJ contractors who are waiting on this funding to provide critical services to communities. And with this passage of this bill, it would ensure that all human services providers are covered by an advanced policy. So, we really thank you and the City Council for your commitment to procurement reform and understanding the delayed procurement processes that providers face. Thank you.

CHAIRPERSON WON: Thank you so much for coming and for MOCS and MONS for both staying, exemplary leadership. We don't have this often in any of our Committees so thank you so much.

And this Committee is now hereby adjourned.[GAVEL]

C E R T I F I C A T E

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



Date October 31, 2025