

Testimony of Daniel Symon,

Acting Director of the Mayor's Office of Contract Services, and City Chief Procurement Officer

Before the New York City Council Committee on Contracts

"Oversight - Returnable Grant Fund"

February 27, 2018

Good afternoon Chair Brannan and members of the City Council Committee on Contracts. I am honored to be invited to your first hearing as chair and would also like to welcome new members to the committee.

My name is Dan Symon and I am the Acting Director of the Mayor's Office of Contract Services (MOCS) and City Chief Procurement Officer. Thank you for the opportunity to discuss the Returnable Grant Fund and share information about MOCS' role in supporting the nonprofit sector. I will also discuss relevant efforts to transform procurement.

Human Services accounted for nearly a third of the City's \$21 Billion in procurement for Fiscal Year 2017, and we have a duty to maintain the continuity of services for our diverse communities. Agencies and providers ensure vital services are available for New Yorkers year-round. For example, providers help young people to build the experience and the skills necessary to be competitive in today's workforce. They also ensure that older adults have access to nutritious meals, and give families the opportunity to enroll children in stimulating educational programs at an early age. As an oversight and service organization, MOCS helps agencies and providers navigate procurement rules and builds tools to increase efficiency.

The Procurement Policy Board is authorized to promote and put into effect rules governing the procurement of goods, services, and construction by the City of New York under Chapter 13 of the Charter of the City of New York. The business processes stemming from these rules have historically been designed primarily to ensure compliance to maintain the public's trust. While measures to deter fraud and corruption are implemented, they can also slow procurement and financial processes. It is within this context that we

have maintained programs like the Returnable Grant Fund (RGF) and launched new initiatives to introduce innovation and streamline contract administration.

The RGF was launched in 1992 to ensure programs can start on time, even if contract review and registration steps are still in progress. Contract registration, a function within the City Comptroller's office, allows the City to issue payments to providers based on acceptable delivery of services. The RGF is a collaboration among MOCS, OMB and the Fund for the City of New York (FCNY) to provide short-term, interest free loans to providers. To be eligible for a loan, a provider must have a contract pending. A needs-based application process is required to access loans to cover critical operating expenses such as payroll, utilities and rent. Agencies review and approve applications, and perform responsibility determinations to advance the review process. MOCS examines applications for completeness, and approval is based on need and availability of funds. Following approval, the Fund for the City of New York executes a loan agreement with a provider and is authorized to issue the loan. Funds are generally available to the applicant within 24-48 hours of The Fund's receipt of the approval from MOCS. In Fiscal Year 2017 MOCS processed 751 loans which in aggregate totaled \$149.9 million, a value comparable to the prior fiscal year.

This program serves as a safety net for providers and the fund has grown over the years in response to the sector's needs and increased investment in human services programs by the Administration. However, fixes are also needed to speed up procurement. MOCS continues work to overhaul procurement by advancing technology, reforming dated policies, and eliminating burdensome administrative contracting practices. For human services, we streamlined and moved the Request for Proposals and financial management processes online through the HHS Accelerator System. We continue to introduce system improvements and launch new features to relieve providers and city agencies of transactional hardship. Accelerator's implementation refined and shaped our approach to digitizing the vendor disclosure submission process (formerly known as VENDEX). For well over a decade, there have been calls to move VENDEX online and simplify this arduous and cumbersome process for vendors. We've now done it. This past summer we launched the first phase of the Procurement and Sourcing Solutions Portal, or PASSPort. Vendors can now create accounts, file the

required disclosures and upload associated documentation in one shared digital space. As changes to key personnel or other information take place, providers can easily make and certify updates online. A paper driven, and labor-intensive process that in the past would take upwards of a month, is now being completed within a day for most vendors. MOCS worked closely with agencies and coalitions to phase in use of the new disclosure process over the past few months. Today, more than 8,500 vendors have already created accounts, with over 5,700 successfully filing.

Accelerator and PASSPort represent innovation efforts which leverage technology to standardize process, remove paper-based burdens, and increase access to support and information – leveling the playing field for small providers and those new to doing business with the City. While these transformation projects continue, we also look for every near-term opportunity to introduce improvements and have created spaces for providers to guide our efforts. Through the Nonprofit Resiliency Committee (NRC) the administration collaborates with nearly 100 providers to further streamline the procurement and contracting process. Since launching in September 2016, the NRC has realized over twenty accomplishments that enhance cash flow, further decrease administrative burdens, expand organizational capacity and create greater accessibility and transparency. Two relevant policy shifts will result in better cash flow for providers. Starting in Fiscal Year 2018, providers were issued a 25% advance which put cash in the hands of nonprofit providers earlier, and those payments are recouped later in the budget cycle. In Fiscal Year 2019, we will implement a streamlined budget modification process that offers providers greater flexibility. In addition, NRC initiatives clarified contract terms, increased provider participation in program design, and improved audit coordination.

We have made considerable progress and will build on these successes in the coming years, focused on near and long-term objectives. We look forward to continuing our partnerships with the nonprofit sector to address emerging and persistent needs. MOCS will also continue to promote integrity, nurture efficiency, and ensure transparency and fairness.

Thank you again for the opportunity to testify. I look forward to building a productive relationship with you and the Contracts Committee. I'm joined by Ryan Murray, First Deputy Director at MOCS, and Victor Olds, our General Counsel. We're happy to take any questions you may have.

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Name: Dan Simon

Address: 253 Broadway

I represent: MOCES

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