



## HUMAN SERVICES = HEALTHY COMMUNITIES

**The human services sector is in crisis. Without immediate investment, NYC will not have the services necessary to ensure the safety, success, and wellbeing of our communities.**

218 organizations, which represent over \$5 billion in human services spending in the City, are sounding the alarm about how decades of underinvestment have left the sector on the brink of collapse. We are calling for immediate investment on our contracts to stop the closure of essential services that make New York a safe, diverse, and inclusive sanctuary for all.

To ensure New York is able to respond to policies that impact all of us, we need the City to shore up our organizations and make long-overdue investments. We ask the City Council to include support for a 12% across-the-board increase in your budget response and sustain the organizations and programs serving communities across the city.

Without this investment, we will not be able to provide critical interventions, promote well-being, and most alarmingly, will not be able to provide the services essential to protecting New York against threatening Federal policies; the sanctuary we have promised.

The sector's health is in severe crisis; underfunded contracts are the main driver of their financial struggles.

18% of NYC providers are insolvent

52% of New York nonprofits report that local contracts do not cover the full cost of the services they are required to provide

### What organizations have had to do because of budget shortfalls on City contracts:

- Pass along costs of health insurance to staff —a workforce that is already underpaid—and cut other benefits, like retirement
- Delay infrastructure repairs and upgrades to their existing facilities, including roof repairs, technology upgrades, and routine maintenance
- Close programs or program components to address deficits
- Reduce or furlough staff



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## Why this investment matters:

53% of New York human services providers report that they do not anticipate being able to meet needs in their communities.

We need nonprofits to be better prepared to meet need and advance the City's agenda

Underfunding has stripped their organizational capacity, particularly when it comes to indirect funding.

56 % report receiving indirect rates at 9% or less, with 91% reporting receiving 15% or less

Evidence shows that nonprofits that spend appropriately on overhead - up to 25% which is still far less than for profit entities - are better run. They are able to better meet safety standards, compliance standards, and security measures.

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## What this investment means for our communities:

This funding will save the City money, as organizations will be able to use this increase to:

- Invest in long-term planning instead of operating in crisis mode, because the Board and staff are not trying to make payroll, but putting time into risk management and growth.
- Appropriately support administrative functions so that organizations can better gauge success, find new funding opportunities, and make sound financial decisions
- Give staff increases, training, and invest in benefits to attract and retain talented personnel. High turnover rates waste time and money, and impact clients who need consistency. Low pay keeps many talented employees who could help build the organization from even accepting jobs.

Nonprofits are a great bargain for government, as we are able to leverage private and philanthropic dollars, as well as State and federal contracts, but the gap between what the City funds on contracts and what we can supplement has grown too wide. Providers are already beginning to make the difficult decisions of not competing for or turning back contracts. While not easy, these decisions are necessary to insure the financial health of vital community organizations.

