

Statement on the Release of the New York City Fiscal Year 2019 Final Budget *Human Services Advancement Strategy Group*

The Human Services Advancement Strategy Group (HSASG) was established in 2017 to secure the programmatic, financial, and operational resources needed to fully cover costs and meet the contractual obligations of provider organizations holding City health and human services contracts. The HSASG consists of nine membership associations representing some 2,000 human services provider organizations across the City.

As representatives of the human services sector, we are disappointed that the final FY2019 New York City Budget, released on Monday, June 11, 2018, does not contain the urgently needed investments in the sector that we identified as crucial and also supported in the City Council Budget Response. In particular, we called for increased funding in the areas of indirect expenses, fringe benefits, insurance, and occupancy costs—areas that are critical to the fiscal, administrative, and operational integrity of the sector. Human Services providers are the City's partner in building the wellbeing of neighborhoods, families, and children through a network of services, and decades of underfunding have eroded the financial health of these providers. Key investments must be made on human services contracts as a whole so that providers can deliver quality services to our communities.

The City must do more to right-size human services contracts moving forward by including cost escalator clauses to account for rising costs - particularly in occupancy and insurance costs, reimbursing indirect costs at appropriate rates so that providers can adequately perform key administrative functions, and reversing the trend of low, stagnant salaries for the workforce by allowing a 37 percent fringe rate along with regular cost-of-living increases.

While we appreciate the progress made by the Nonprofit Resiliency Committee in tackling administrative issues in the contracting relationship between nonprofits and the City, more must be done to immediately fix the lags in contract registration, amendments, and payment. Providers are still experiencing delays in getting contract amendments for the investments made in FY18, and as we are at the end of the year this is creating cash flow issues as well as making it difficult for providers to finalize their budgets for the new fiscal year starting July 1, 2018.

As noted in the Comptroller's recent report, human services contracts experience significant delays: in several agencies, 100 percent of contracts are registered late, with nonprofits beginning service delivery without payment. This creates administrative nightmares for providers, causes real cash flow issues, and can cost organizations money if they have to take out a line of credit to cover late payments by the City agency. To make matters worse, few nonprofits receive interest when the City fails to pay them on time. This needs immediate attention and we suggest a SWAT team be deployed to City agencies to break up the vicious cycle of delays and clean up the backlog, both in registration of new contracts and pending amendments for FY18 investments. In the longer term, there needs to be a tracking system, centralized at the Mayor's Office of Contract Services (MOCS), to better track registration, City agencies should be required to give regular updates to the Deputy Mayors about contract registration, and MOCS should be given the authority to make process changes at City agencies to streamline the process.

The sector is frustrated that although there has been recognition that human services contracts do not cover the full costs of services and despite our suggestions and good faith efforts at cooperation and problem solving, progress has been slow. Organizations take these contracts at great risk to their stability, but they do so because they are mission driven and want to ensure that New Yorkers receive quality services. Nonprofits cannot continue to operate without crucial investments and systems changes, and this budget does not include the commitments necessary for a robust human services delivery network.

About the Human Services Advancement Strategy Group

HSASG is a coalition comprised of the following membership organizations: Human Services Council , Catholic Charities: Archdiocese of New York , FPWA , United Neighborhood Houses , UJA Federation of New York , LiveOn NY , Homeless Services United , Council of Family and Child Caring Agencies, The Coalition for Behavioral Health. Collectively, HSASG represents over 2,000 human services organizations that provide a wide range of human services to New Yorkers every day.

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