

FY27 Provider Guidance on HHS Contract Advances, Recoupment, and Invoicing

September 2026

Working Together in FY27

We want to make sure that you have the following updates about how advances and payments are managed in health and human services (HHS) contracts. With larger upfront funding comes a shared responsibility to ensure timely invoicing, predictable recoupment, and clear communication.

We are committed to working in partnership with you to make Fiscal Year 2027 (FY27) successful. By planning ahead and maintaining consistent invoicing practices, providers can take full advantage of these changes.

If you have questions, please reach out to your contract or program manager. Thank you for your continued partnership and the critical services you provide for New Yorkers.

FY27 Guidance at a Glance

- Nonprofit providers with eligible HHS contracts should have received a 50% contract advance under Local Law 156 at the start of the fiscal year or when contracts were registered. Timely invoicing and full recoupment will be required to maintain eligibility in future fiscal years.
- Agencies were required to provide recoupment schedules to you before the start of the fiscal year.
- Providers should submit invoices consistently, even if there are pending new needs requests, and communicate early about any invoicing delays to avoid impacts on future advances.

Overview

In Fiscal Year 2026 (FY26), the City of New York provided most human service nonprofit providers with a 50% advance to help address cash flow concerns caused by payment delays. This process is now codified by Local Law 156, requiring 50% advance payments on most HHS contracts to nonprofit providers. Now that FY27 has begun, the City is implementing

important updates to how advances, recoupment, and invoicing will be managed for human services contracts.

This guidance applies to eligible FY27 human service contracts as outlined below and is intended to help you understand what to expect for the remainder of FY27. Our shared goal is to ensure that providers receive timely funding while maintaining clear, consistent processes for managing public funds.

Advances: What to Expect

As a reminder, the City issues advances as prepayments on new fiscal year expenditures based on individual contracts, and all advance funding is required to be used on the activities listed in the contract. Using your advance funds for other activities may put your organization's advance funding at risk.

Contract Eligibility

Eligible contracts are human service contracts with nonprofit providers subject to the HHS Cost Manual. The advances are 50% of the annual contract budget, excluding any unallocated, allowance, and non-City (state or federal) funding sources. Any amount under these categories is excluded from the advance calculation.

The following contracts are not automatically eligible for 50% advances under Local Law 156 and may receive the standard 25% or other advance amount, at the agency's discretion:

- Contracts awarded by the Department of Homeless Services (DHS) for temporary housing assistance for single adults, adult families, and families with children;
- Contracts awarded by the Mayor's Office of Criminal Justice;
- Emergency contracts established pursuant to section 315 of the charter;
- Contracts awarded for foster care;
- Contracts awarded for emergency services for victims of domestic violence;
- City Council discretionary contracts.

As outlined by Local Law 156, to be eligible for a 50% advance on FY27 contracts, providers must:

- Have not missed more than three invoice periods on the contract during the previous fiscal year, and
- Be on track to achieve full recoupment of the previous FY advance by submitting invoices to account for the advanced funds.

The provider will not be penalized if any failure to invoice or recoup was caused by agency delays.

Because FY27 is the first full year under this policy, agencies were instructed to provide 50% advances on eligible contracts, even if the provider did not fully meet prior year invoicing and recoupment requirements. **In FY28, all providers must satisfy the requirements of Local Law 156 in order to receive the 50% advances.**

Recoupment

What Is Recoupment?

Recoupment is the process by which advance payments are accounted for through invoicing over the course of the fiscal year. Since advances are issued at the beginning of the year, payments are reduced to avoid overpayments. Full recoupment of advances allows City agencies to properly account for the use of taxpayer funds and helps support the availability of future advances.

Recoupment Schedule

Agencies established recoupment schedules at the start of the fiscal year to provide information and predictability to providers. Recoupment schedules outline how much of the total advanced amount will be recovered each month or invoice period and should have been provided to you before the start of the fiscal year to help you project cash flow confidently through the fiscal year. Providers should defer to agency guidance as schedules and rates will vary based on contract type and agency policies. While recoupment schedules vary by agency, providers should be prepared for recoupment to start earlier than in previous fiscal years to ensure that agencies are able to fully recoup at stable rates throughout the fiscal year. The majority of agencies will begin recoupment on the September invoices.

Agencies will be required to adhere to their established schedules, though adjustments may be necessary to ensure the full recovery of the advance by the end of the fiscal year. Any unavoidable changes will be communicated to the provider at least 30 days in advance to allow for adjustments to cash flow projections.

Key Points

- Recoupment is calculated against the total advance amount and applied proportionally to each submitted invoice, rather than being based on individual invoice amounts.
- Monthly recoupment amounts will be structured to ensure advances are fully recovered by the end of the fiscal year. If the submitted invoice amount is less than the expected recoupment amount, the entire invoice will be applied toward recoupment resulting in no payment for that period.

Staying on Track

To avoid large adjustments later in the year:

- Submit invoices regularly and on time
- Monitor payments and recoupment amounts to confirm that advance amounts are being recouped as scheduled.
- Communicate early with your agency if billing patterns change.

Invoicing: Expectations and Best Practices

The City of New York is committed to making sure you get paid. Timely and consistent invoicing is critical to making that happen.

Submission Expectations

Providers are expected to submit invoices regularly (typically monthly). Agencies may work with you to establish a schedule that aligns with your operations. There is no strict limit on the number of invoices a provider may submit at one time, but providers are expected to consistently adhere to agency invoicing schedules.

Late Invoices

MOCS and agencies will be closely monitoring invoice submissions.

- If a delay in submission is anticipated, providers must notify the agency in writing via email before the expiration of the submission window. The request must include the reason for the extension and the anticipated submission date, and it is subject to agency approval.
 - Upon receiving written approval from the agency, the provider must upload the agency's approval documentation along with all supporting materials when submitting the delayed invoice.
 - If the provider fails to submit a required invoice within the submission window or does not provide agency approval for a late submission, that period will be recorded as a missed invoice period.
- Repeated missed invoices (three or more) may affect eligibility for future advances.

Budget Modifications

PASSPort does not currently allow providers to submit invoices when there are pending budget modifications. Because of this limitation, throughout the fiscal year, providers should coordinate closely with their contracting agencies on the timing and purpose of any requested budget modifications (POCRs) to ensure in-scope services and facilitate timely invoicing. MOCS is working on future PASSPort updates that will help address this issue.

Partial Payments

To support expedited cash flow, providers are required to submit all necessary supporting documentation with each invoice. In cases where an invoice is otherwise approvable but contains a discrete dispute or issue, agencies must issue partial payments for the approved portion rather than holding the entire invoice amount. Any remaining amounts will be paid once the agency approves the remaining amount.

Returning Funds (If Needed)

If advances are not fully recouped through invoicing by the end of the fiscal year, providers will be required to return remaining funds. Additionally, if a provider is unable to properly

substantiate how advanced funds were used, funds must be returned. Agencies will provide instructions on how to complete this process. Full recoupment of advances is required; incomplete recoupment may result in disqualification for future 50% advances.

Additional Support

The Returnable Grant Fund (RGF) may be available to support short-term cash flow needs. Providers are encouraged to communicate early and often with their agency partners to address any concerns. Please visit the [MOCS RGF website](#) more details on applying for a loan.