

Human Services Disclosure Reform

The NYC Mayor's Office of Contract Services (MOCS) is thrilled to announce a package of reforms that will make the prequalification process easier for small nonprofits that receive City Council discretionary awards and ensure significant human services providers disclose key information necessary for the City to protect taxpayer dollars.



 **2,518**
PQLs submitted by
providers in 2024

 **1,138**
providers who NYC only awarded
City Council money to

 **646**
providers with City Council awards
pending PQL completion

 **\$60m**
in City Council payments
pending PQL completion

One Size Does Not Fit All

There are over one thousand community-based organizations whose only City funding is awarded by the City Council. Many of these organizations are small, volunteer-managed, and struggle to complete the many steps required to get paid by NYC. In fact, as of January 2025 there were 646 organizations that had not completed the required disclosures to become prequalified. That means NYC can't pay a quarter of the City Council funded organizations over \$60 million, because they haven't completed the prequalification requirement.

There are also over a thousand organizations that win NYC human services contracts, and New Yorkers deserve high quality services free from conflicts of interest. In a 2021 report, the NYC Department of Investigation highlighted the costs to the City resulting from fraud, waste, and abuse from conflicts of interest and improper related party transactions and recommended the City collect a standard disclosure from nonprofits integrated into existing disclosures to streamline the process. Funding for human services is finite, precious, and dedicated to providing a strong social safety net in NYC. With human services contracts valued at over \$6 billion, some additional disclosures are needed from human services providers to reduce opportunities for waste and abuse in NYC's contract system.

Right Sizing Disclosures

This reform package will increase transparency and compliance while reducing administrative burden on community-based organizations through changes to the PASSPort HHS Accelerator Prequalification (“HHS PQL”) Application, which is required of all human services providers. HS Disclosure Reform will:

Shrink the reporting burden on community-based organizations by launching an alternative to the HHS Accelerator Prequalification Application. MOCS will offer a new and simplified Discretionary Prequalification (Discretionary PQL) Application for nonprofits that only receive City Council discretionary awards. This PQL will ask only three questions to verify compliance with legal filing requirements, reducing barriers for small nonprofits to access City Council funding.

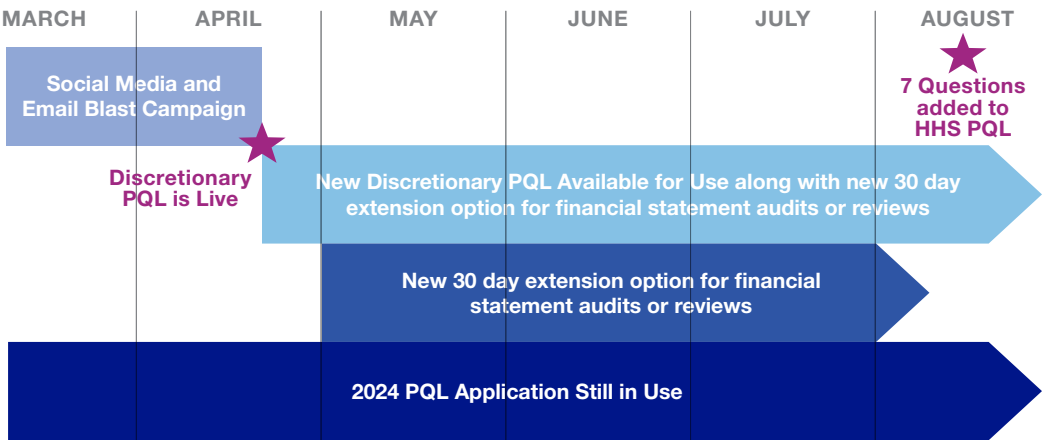
Give hard working nonprofits some grace. MOCS will add a 30-day extension option for financial statement audits or reviews that have not been completed by a Certified Public Accountant when the PQL is due.

Ask the right questions when it matters, and manage disclosures centrally. MOCS will add additional disclosure questions to the HHS PQL in PASSPort for human services providers to collect required disclosures centrally to simplify complying with the disclosures required under the new Related Party Transaction and Conflict of Interest Policy. These seven additional questions are targeted to prevent City monies from being used for wasteful or fraudulent transactions. Human services providers – both for profit and nonprofits – will be required to disclose related party transactions and/or conflicts of interest once a year in PASSPort.

Timeline

In partnership with umbrella groups, MOCS will engage human services providers and discretionary awardees with direct email campaigns, social media, and an information session in March. MOCS will also offer guidance documents and trainings on the new PQL options and how to complete the PQL.

The new Discretionary PQL will be available in April 2025, and MOCS will also make the 30-day grace period available on both the existing HHS PQL Application and the new Discretionary PQL Application. MOCS will immediately use approved status on either PQL to clear discretionary awards.



The additional questions will be added to the HHS Accelerator PQL Application in August 2025. Human services providers will see these questions on their application when their 2024 PQL expires and will be required to answer the new questions when they update their HHS PQL application. MOCS will continue to support vendors with training to ensure they understand these disclosure requirements.

Impact

By implementing these Human Services Disclosure Reforms, we expect to see benefits for both the City and our human services providers:



Standard compliance efforts Citywide will simplify accountability.



A risk-based approach reduces barriers and targets resources to support providers.



These reforms will reduce the time for small community-based organizations to get paid.