

FY25-27 Cost of Living Adjustment Investment Provider FAQ

Following up on our [June 4th communication](#), the City has made available a Frequently Asked Questions (FAQ) resource on our recent Cost of Living Adjustment investment.

Background

1. What is the FY25-27 COLA Investment?

On March 14, 2024, Mayor Adams announced a \$741 million investment in a cost of living adjustment (COLA) for nonprofit human services workers. This investment is a significant step towards delivering better pay across race and gender for a workforce that provides lifesaving services across the City. The COLA investment will be made over three years with 3% effective this July 1, 2024 (FY25), 3% effective July 1, 2025 (FY26), and 3% effective July 1, 2026 (FY27). In delivering this important and meaningful funding, we recognize the significance of the City's partnership with nonprofit organizations and their critical role in supporting our communities.

2. What is the effective date for FY25-27 COLA?

The FY25 portion of COLA funding is effective July 1, 2024.

3. How does this comport with the Workforce Enhancement Initiative (WEI)?

The FY25 WEI is incorporated into the FY25 Personnel Services (PS) base used to calculate COLA funding.

4. Is the investment funded?

Yes, COLA funding is reflected in the FY25 Executive Budget.

Implementation

5. What is the timeline for implementation?

Both providers and City agencies have expressed a sense of urgency in processing this investment so the nonprofit workforce can feel the impact of increased wages quickly. In pursuit of transparency, the City is making available the following timeline and implementation plan:

- OMB apportions funds and shares COLA templates with City contracting agencies (May)
- Agencies review COLA templates and return to OMB for confirmation (June)
- OMB approves COLA templates (June)
- Agencies share COLA templates with providers (June-July)
- Providers review and accept COLA templates (June-July)

6. Are there any documentation or application requirements?

Each provider is required to sign an attestation form when submitting the approved COLA template to their contracting agency.

7. How will providers receive FY25 COLA funding?

To facilitate quicker access to COLA funds, agencies will issue increased advances at the beginning of FY25. Pursuant to the City of New York's advance guidelines, providers will receive an increased automatic advance of 30% of the approved contract fiscal year budget in PASSPort.

8. How will contracting agencies process COLA funding?

Where available, agencies will utilize allowance clause funding for budgetary changes in lieu of processing separate COLA amendments. Effective FY23, all eligible human service contracts contain an allowance portion that is reflected in the registered contract amount. Allowance remains an unallocated/un-invoiceable portion of the budget until the contracting agency allocates those funds to the budget. For COLA funding, agencies will work with providers on the necessary budget modifications to transfer allowance funds into the budget for invoicing. If the allowance portion has already been used for other budgetary changes, agencies will process separate COLA amendments for registration.

9. Who are the points of contact for questions?

Agencies will be reaching out directly to providers with COLA award amounts. Providers should direct questions related to eligibility and funding to their agency point of contact.

Contract Eligibility

10. What contracts are eligible for the FY25-27 COLA Initiative?

The following contracts are eligible to receive COLA funding:

- All FY25 baselined Mayoral human and legal services non-profit contracts.
- Human services contracts and amendments expected to be registered and active in FY25.
- Rate-based and deliverable-based contracts active in FY25.
- Programs for which City funds will at least partially fund the COLA.
- The non-rent portion of NY15/15 and pre 15/15 Supportive Housing contracts.

The following contracts are **not** eligible to receive COLA funding:

- Human service contracts in which personnel received the COLA enacted in the FY24-25 State Budget, above 3%.
- Contracts supported with Federal funds where program statutes or regulations prohibit the City from applying the Health and Human Services Cost Policies and Procedures Manual (HHS Cost Manual).
- Contracts supported with State of New York funds where requirements from State oversight agencies or program grants prohibit the City from applying the HHS Cost Manual.

- Program areas specified within the HHS Cost Manual as ineligible for the ICR Initiative: ACS Residential Foster Care, HRA Emergency Domestic Violence, DOHMH Ryan White, and DOE Pre-K for All.
- City Council Discretionary Contracts.
- Emergency Contracts, including emergency procurements pursuant to PPB Section 3-06.
- Subcontracts, unless the prime contractor is acting purely as a fiscal agent.

11. Are contracts that are fully funded by State or Federal dollars eligible for COLA?

If the contracts received WEI funding, then they are included in the COLA Investment.

12. Are subcontractors eligible to receive COLAs?

At this time, subcontractors that are under a prime contractor acting purely as a fiscal agent and were included in the WEI are eligible for COLA. To ensure expeditious payments on upcoming FY25 budgets, the City is currently rolling out the initiative for prime contractors and exploring how to expand the universe of subcontractor eligibility.

COLA Allocation

13. Is the COLA applied across all PS salaries?

COLA is applied equally to a contract's budgeted PS base as approved by the contracting agency, irrespective of vacancies.

14. How are vacancies treated?

COLA is applied to budgeted PS irrespective of vacancies.

15. How do contracted providers allocate the COLA to their budgets?

COLA investments must go to personnel through increases in budgeted PS wages. The organization's Chief Executive Officer/Executive Director and Chief Financial Officer must attest to this increase during the budgeting process. The 3% COLA must be applied equally to all PS costs.

All budgeted personnel on the contract must receive the COLA.

16. Can the COLA be applied to satisfy union negotiated raises?

Yes, for human services contracts in which personnel received a collective bargaining agreement below 3%, providers can adjust up to the COLA rate to apply COLA funds. For future negotiated agreements within the FY25-27 period, COLA funds should be used first to support the increase.

COLA Calculation

17. How is COLA calculated?

COLA funding is calculated per FY budget, as follows:

$[(\text{PS amount} + \text{fringe amount}) * 3\%] + (\text{PS indirect cost amount} * 3\%)$

Example: \$1,000,000 PS, 30% fringe rate, 10% indirect cost rate (ICR)

1. Calculate PS and fringe base: $[\$1,000,000 + (.30 * \$1,000,000)] = \$1,300,000$
2. Apply 3% to PS and fringe base: $\$1,300,000 * .03 = \mathbf{\$39,000}$ COLA on PS and fringe
3. Apply City Accepted ICR or de minimis to PS and fringe base: $\$1,300,000 * .10 = \$130,000$
4. Apply 3% to PS portion of ICR: $\$130,000 * .03 = \mathbf{\$3,900}$ COLA on PS portion of ICR
5. Add COLA totals: $\mathbf{\$39,000 + \$3,900 = \$42,900}$

18. Is COLA funding applied to ICR and Fringe?

Yes, please see example above. COLA funding will be applied to the provider's approved fringe rate and City Accepted ICR (or City de minimis ICR of 10%). While the ICR for the contract will not change due to COLA funding, proportional indirect cost increases related to PS will be funded.