



Photo credit: NYC Nonprofits

Nonprofit Resiliency

Agencies: Coordination between the Deputy Mayor for Health and Human Services, the Deputy Mayor for Strategic Policy Initiatives, Office of Management and Budget, Mayor's Office of Contract Services, 40 City Agencies, Department of Education and, 100+ Nonprofit Human Services Providers

Context

In 2016, the human services sector was facing financial instability with a large social service agency declaring bankruptcy and other nonprofits on the brink of failure. The state of affairs threatened the health and well-being of millions of clients, a significant workforce and a critical component of the City's infrastructure. The Administration recognized the need to stabilize and strengthen the sustainability of the sector and the Mayor launched the Nonprofit Resiliency Committee (NRC) to do just that.

By way of background, the City supports its most vulnerable communities through a range of human services delivered by a network of hundreds of nonprofit providers. Human services include

programs such as afterschool and summer enrichment for at-risk youth, Older Adult Center programming and meals, shelters for people and families who are homeless and support for children in foster care. In Fiscal Year 2021, human services contracting comprised 40% of annual purchasing by City Agencies, totaling more than \$12 billion. Year over year, the human services industry is routinely the largest procurement portfolio in the City.

With the launch of the NRC, the City established a centralized channel of communication with the nonprofit human services sector that it has leveraged to facilitate better coordination, share important business information, identify opportunities to make it easier for this sector to do business with the City and collaborate on human services design and implementation.

With the COVID-19 pandemic human services became more critical than ever – designated as “essential” by the Mayor – to ensure the health and safety of all our residents. With a model in place for coordination, information and collaboration, the City’s nonprofit human services providers were able to withstand the pandemic, respond to unprecedented changes and maintain uninterrupted services to a growing population of vulnerable residents.

Response

The Administration's approach to supporting the human services sector was multi-dimensional, kicking off with the establishment of the [NRC](#) in 2016 and continuing with a close collaboration between the Office of Management and Budget (OMB), the Mayor’s Office of Contract Services (MOCS) and the Office of the Deputy Mayor for Health and Human Services. The NRC was a standing committee of more than [100 nonprofits](#), leadership from the City’s 40 health and human services agencies, Department of Education, City Hall, OMB and MOCS. The NRC is chaired by the Deputy Mayor for Health and Human Services. The NRC was responsible for multiple citywide policy reforms that are outlined in the Results Section below.

Leveraging this established network, the Administration and the sector have maintained close communication and coordination during the height of the COVID-19 pandemic and now, as we look towards recovery. There is a weekly conversation with membership organizations to share information on reopening policies and hear directly from the sector on operational concerns.

Results

- Implementation of a 25% standard advance policy across human services contracts, with recoupment at the end of the fiscal year. Effective Fiscal Year 2017. Now an institutionalized practice. Human services contracts are typically designed as cost reimbursement, requiring providers to first lay out funds and then seek payment from the City. This framework creates cash flow concerns, especially at the start of the fiscal year when there are a number of start-up costs to get programs off the ground. Prior to this policy, each agency had different policies regarding advancement of funds and many agencies had varying policies across programs. Many nonprofits were forced to draw down on lines of credit to manage the cash crunch. Today - with a standard advance

practice in place - nonprofits have financial predictability, steady cash flow and can now more effectively manage their budgets and finances.

- Flipping the historical statistic of 80% late contract registration to 90% ready for registration on time for nearly all HHS contracting agencies (ACS, DFTA, DHS, DOHMH, DOP, HPD and HRA) in FY20 and 21.
- Development and adoption of a citywide human services [Cost Manual](#), categorizing the costs across the City's largest contracting portfolio and establishing calculation methodologies for indirect cost rates. Before the Cost Manual, each of the City's hundreds of programs defined costs and acceptable indirect cost rates differently, creating administrative challenges and expenses for nonprofits and barriers to entry for small and new contractors.
- First large city in the country to recognize organizational indirect cost rates and fund them. Investment of \$94M/year – baselined. Previously, contracts capped indirect costs or didn't allow them at all. Many other funding sources do the same (e.g., some foundations and other municipalities/jurisdictions). The City's recognition that each organization has a different financial profile and that all costs are required to run a program was historic.
- Investments in indirect costs, wage increases, model budgets and rate adjustments totaling more than \$790M per year by Fiscal Year 2022.
- Automatic Budget Modifications up to 10% of annual budget. Maintains steady cash flow and offers financial flexibility, as modifications can also be made across Personal Services and Other Than Personal Services.
- Uniform adoption of HHS Accelerator Financials – a centralized financial management platform - for transparent, standardized and more expedient budgeting and invoicing.
- Provider-informed and designed update of 3 Standard Human Services Contracts. Reducing administrative costs through automatic approvals of subcontractor agreements up to \$20,000 and through an automatic exemption from HireNYC Human Services for contracts less than \$25,000.
- Streamlined and coordinated [invoice review and payment policies](#)
- [Guidebook for collaborative program design](#), allowing for enhanced conversation between service providers and City agencies.
- [Guidebook for Performance Based Contracting](#). A critical tool for maximizing contract outcomes by establishing data-informed milestones.
- COVID-19 Financial Support: \$755M in budget advances disbursed from 3/13/20 to 5/31/20 and more than 10,450 invoices paid during the height of the COVID-19 pandemic, with a 3 day cycle time from approval to payment. 1,411 expedited contract registrations.
- [COVID-19 Business Support](#): 7 Guidance documents to facilitate flexible contracting practices including digital pre-proposal conferences, waiving notary requirements, allowing digital signatures and flexibility in contract scopes and expenditures. Access to hotels, childcare for human services staff.
- [\\$24M one-time investment](#) in the human services costs for returning to office post-COVID-19.

Beneficiary Stories

“The Nonprofit Resiliency Committee has been a productive collaboration between the Mayor's Office and social services organizations. Because of our partnership, we have increased funding for nonprofit providers, reduced bureaucracy, and improved equity and access for small organizations.”

Northern Manhattan Improvement Corporation (NMIC) reported that FY 20 was the first time that the Executive Director could enjoy her winter vacation without worrying about meeting payroll and paying the rent because the funds were in the bank . This was due to timely registration and accompanying advances, which got her funding earlier in the contracting process.

These non-profit executives have also reported direct benefits for their organizations and clients: Allison Nickerson, Executive Director for LiveOn NY. “The [NRC] is tackling long standing, bureaucratic challenges head-on. Thanks to the leadership of the NRC, needed and timely solutions are being implemented such as streamlined processes, innovative engagement with stakeholders and a continued commitment to support the human service sector. For LiveOn NY and our member agencies, this work translates into more effective and efficient services for older New Yorkers” (Mayor’s Office Press Release, “Mayor de Blasio Announces Results of Streamlined Contracting Process for Health and Human Services Providers,” August 16, 2019 <https://www1.nyc.gov/office-of-the-mayor/news/393-19/mayor-de-blasio-results-streamlined-contracting-process-health-human-service>)

Wayne Ho, President and CEO of the Chinese-American Planning Council, Inc.: “The Nonprofit Resiliency Committee has been a productive collaboration between the Mayor's Office and social services organizations. Because of our partnership, we have increased funding for nonprofit providers, reduced bureaucracy, and improved equity and access for small organizations.” Mayor’s Office Press Release, “Mayor de Blasio Highlights Accomplishments of Nonprofit Resiliency Committee’s First Year,” October 11, 2017

Next Steps

Describe any next steps to be taken on the action/program/policy.

- Maintain NRC, or a similar forum, that allows for regular communication with the sector and problem solving in a centralized manner across agencies, oversight and including the sector. It is important that the leadership remain at the Deputy Mayor level to support accountability and implementation of recommendations. Currently [legislation](#) pending Executive signature for an Office for Nonprofits.

- Maintenance of the Indirect Cost Rate Funding Initiative to continue to fully fund Indirect Cost Rates. Currently, the investment funds contracts that were in place at the time of FY22 Adopted Budget. New contracts should also be funded.
- Implementation of the Guidebook for Collaborative Program Design. This would require agencies to collect sector feedback before issuing an RFP and indicate the bases of design decisions (e.g., milestones, staffing requirements, contract value).
- Establish agency accountability for timely contract registration with City Hall. This means asking about procurement timelines and ongoing status checks. Early consideration of contracting timelines will help to ensure alignment between registration and contract start date, thereby supporting timely payment and maximization of the City's advance policy. Manage timelines with procurement data.

Relevant Publications

- <https://cities-today.com/industry/lessons-from-nyc-procurement-during-the-pandemic/>
- <https://cities-today.com/how-new-york-is-transforming-procurement-by-partnering-with-vendors/>
- <https://www1.nyc.gov/office-of-the-mayor/news/652-17/mayor-de-blasio-highlights-achievements-nonprofit-resiliency-committee-s-first-year>
- <https://www.harlemworldmagazine.com/mayor-de-blasio-speaker-johnson-and-city-council-announce-the-launch-of-the-indirect-funding-initiative/>
- Podcasts with New York Nonprofit Media and Fund the People
- <https://www1.nyc.gov/site/nonprofits/funded-providers/nonprofit-resiliency-committee.page>