



Strengthening New York City's Nonprofit Human Services Sector

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Strengthening New York City's Nonprofit Human Services Sector

Millions of New Yorkers rely on nonprofit human services organizations to provide essential, lifesaving, and stabilizing supports every day. Critical services such as homeless shelters, youth centers, elder care, food pantries, health centers, and countless other necessities are provided by more than 7,000 nonprofits statewide, which are funded by government contracts, philanthropic grants, and private donations. These organizations comprise much of New York City's safety net, and over the past year, their work has kept thousands of New Yorkers fed, safe, and housed as the pandemic devastated the city and low-income communities, in particular.

Nonprofit human services workers were on the frontlines of the pandemic, often without adequate supplies and amid an explosive increase in demand for the services their organizations provide. These workers continued to serve predominantly Black, Latinx, and Asian communities—which experienced the bulk of COVID-19 infections, death, and economic hardship over the past year—while putting themselves and their families at risk of contracting the virus. The nonprofit employees who continued working on-site throughout the pandemic were disproportionately people of color (85 percent), with white workers making up only 14 percent of frontline roles.

And like so many essential workers who kept New York City running, nonprofit human services workers did so while being chronically undercompensated. These workers are overwhelmingly female (66 percent), over two-thirds are full-time workers of color (68 percent), and nearly half (46 percent) are women of color. Despite the importance of their work, they earn an average annual income of \$32,700—making this sector the second-lowest paid in New York City, behind the restaurant industry.¹ Members of the human services workforce generally make about 71 percent of what government employees make and 82 percent of what private sector workers receive, despite the fact that 63 percent of full-time nonprofit human services workers have a four-year college degree or more, 10 percentage points greater than for the private sector overall.² Insufficient pay means that more than 60 percent of workers in this sector qualify for some form of public assistance, putting many of them in financial positions similar to the New Yorkers their organizations serve.³

As with so many structural flaws and inequities exposed during the pandemic, pre-existing systemic issues within the human services sector intensified over the past year. Despite rising to meet the increased need

1. "The Road to and from Salary Parity in New York City: Nonprofits and Collective Bargaining in Early Childhood Education," The New School Center for New York City Affairs, January 2020, https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/5e222c2ab457e7527ddc6450/1579297836053/SalaryParity_Parrott_Jan2020_Jan17.pdf.

2. Human Services Recovery Task Force, "Essential or Expendable: How Human Services Supported Communities through COVID-19 and Recommendations to Support an Equitable Recover," Human Services Council, June 11, 2021, <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>.

3. "Undervalued and Underpaid: How New York State Shortchanges Nonprofit Human Services Providers and Their Workers," Restore Opportunity Now, March 2017, <https://humanservicescouncil.org/wp-content/uploads/Initiatives/RestoreOpportunityNow/ROnreport.pdf>.

for services, nonprofits were forced to operate without clarity on when they would be paid by the city, how they would cover the costs of protective equipment and other related costs associated with COVID-19, and whether they would ever be reimbursed for the additional costs of shifting their methods of service provision in response to in-person restrictions.

These challenges compounded the problems of an already overburdened and undervalued sector. For decades, human services organizations have had to rely on city contracting practices that pay late, fail to cover full costs of service delivery, and require tedious reporting and procurement metrics that do little to capture the extent to which their services meet the needs of New Yorkers.

As the next mayor looks to rebuild New York City's economy and workforce and support individuals and families recovering from the pandemic and its financial consequences, the mayor must prioritize reforming supports for the human services sector. Nonprofits rose to the occasion of the pandemic—expanding service offerings to meet the moment's needs—but they will not be able to survive unless there are meaningful changes to how they are contracted, paid, and included in future disaster and recovery planning. New York City cannot reduce poverty, expand economic mobility opportunities, and improve equity if the organizations that support low-income communities do not have the resources they need.

This section summarizes the recommendations of the Human Services Recovery Task Force, which was convened by Human Services Council (HSC) and conducted in collaboration with more than sixty-five of the leading nonprofits in New York City and New York State in order to make recommendations for shoring up the human services sector.⁴ Robin Hood, The Century Foundation, and Next100 support the task force's recommendations and in this section have focused on their importance for the next mayor as they apply to city government. To strengthen the human services sector, New York City must:

1. **Ensure strong systems are in place for human services to support equitable disaster response and community recovery** by including nonprofits in disaster planning so that the sector can respond to community needs swiftly, with accurate information, and sufficient resources, and without threatening their own financial futures.
2. **Pay equitable wages to all contracted nonprofit human services workers**, with appropriate cost-of-living adjustments and a wage floor.
3. **Ensure city government pays in full and on time for essential services for New Yorkers**, with contracts covering indirect expenses, reflecting market rates, and without delayed reimbursement.
4. **Transform the human services procurement system to prioritize meaningful outcomes for New Yorkers**, rather than race-to-the-bottom cost-cutting, starting with a Procurement Reform Commission.

4. Human Services Recovery Task Force, "Essential or Expendable: How Human Services Supported Communities through COVID-19 and Recommendations to Support an Equitable Recover," Human Services Council, June 11, 2021, <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>.

Goals

These recommendations aim to support more effective delivery of vital human services to millions of New York City residents by fostering stability for organizations and their workers. A new administration should aim to:

- establish a wage floor for the 120,000 nonprofit human services workers in New York City of no less than \$21 an hour,
- decrease the proportion and value of delayed payments among city-contracted human services organizations,
- ensure the city's Indirect Cost Rate (ICR) Funding Initiative is fully funded and that future contracts and renewals honor the approved indirect cost rates moving forward, and
- reduce the number of city-contracted human service organizations that depend on lines of credit and decrease the amount of interest payments on loans.

Background and Need

The nonprofit organizations that comprise New York City's human services sector are the foundation of the city's safety net, providing essential services to millions of New Yorkers every day. Funded through government contracts, philanthropic grants, and corporate and private donations, these organizations are embedded into the fabric of communities across the city. From food pantries to homeless shelters, education and child welfare programs to elder care, job training to community health centers, and countless other services in between, these organizations and their staff work tirelessly to make sure New Yorkers have what they need, regardless of income, immigration status, or other demographic characteristics.

When the pandemic hit New York City, these organizations became more important than ever, as the health and economic crisis disproportionately devastated low-income communities of color, increasing their reliance on supports from nonprofits. Unlike the many New Yorkers who were able to transition to remote work or worked for companies that were able to scale back while they waited for government loans and assistance, workers at human services nonprofits continued to work, day in and day out, to prevent hunger, homelessness, and death during a raging pandemic.

During the height of the pandemic, reliance on nonprofit services increased, as millions of New Yorkers faced unemployment and risk of eviction. Data from Robin Hood's Poverty Tracker shows that prior to COVID-19, roughly 12 percent of New Yorkers used a food pantry at least once in a twelve-month period.⁵ But in September and October of 2020, 32 percent of adults reported that they used a food pantry at least once in the twelve-months prior, an increase of more than 250 percent relative to January and February. Other Poverty Tracker data highlights the enormous uptick in hardship across the board.⁶ Half of New Yorkers, and more than half of low-wage workers, lost work or income since the start of the pandemic. One in four renters have missed a rent

5. Sophie Collyer, Chantal Bannerman, Rebecca Charles, Katherine Friedman, and Christopher Wimer, "Food hardship in New York City is rising as New Yorkers wait for a second federal stimulus bill," Robin Hood Foundation and the Center for Poverty and Social Policy, Columbia University Population Research Center, November 2020, https://www.robinhood.org/wp-content/themes/robinhood/images/poverty-tracker/pdfs/POVERTY_TRACKER_REPORT22.pdf.

6. Michael Williams, "Life in New York City during COVID-19," Robin Hood Foundation and the Center for Poverty and Social Policy, Columbia University Population Research Center, February 2021, https://www.robinhood.org/wp-content/themes/robinhood/images/poverty-tracker/pdfs/POVERTY_TRACKER_REPORT24.pdf.

payment since March 2020. Two-thirds of New York City parents are extremely worried about their children falling behind in school, especially parents without access to computers or the Internet at home.

Amid all these intensifying hardships, thousands of nonprofits have stepped in to help New Yorkers survive, often expanding the services they offer. Data from a Bennett Midland survey of more than sixty-five human services nonprofits in New York City and New York State, commissioned by Human Services Council (HSC), found that 82 percent of organizations reported launching new services; 72 percent of organizations reported expanding existing services. Nearly half (45 percent) of organizations launched telehealth services, 47 percent launched services related to food and nutrition, and 32 percent launched new services related to direct financial assistance programs.⁷

This enormous increase in demand for services, coupled with government budget cuts and fundraising challenges, forced nonprofits to dip into their own accounts and reserves to pay for protective equipment (PPE) for staff, other essential supplies, and expanded offerings. Data from the Bennett Midland survey shows that nonprofits statewide spent an average of \$539,000 each last year on costs related to COVID-19, from PPE to new technology enabling remote services, where feasible. Organizations overwhelmingly had to turn to philanthropy (79 percent) or draw down their general operating funds (69 percent) to pay for items essential to maintaining operations and keeping their workforce safe during the pandemic.

When city and state government assistance finally materialized, nonprofit service organizations were only reimbursed for a fraction of their costs. According to HSC, of the total amount that organizations spent on COVID-19-related expenses, only about 38 percent was reimbursed by city and state government, leaving the rest unreimbursed, despite government dependence on nonprofits to deliver more and more services to meet emerging needs of residents. While COVID-19 expenses ate up valuable financial resources, New York City and New York State took drastic measures to shore up their own budgets, at the expense of providers and communities.

As with housing, education, the economy, and the health care system, the pandemic exacerbated existing structural flaws and inequities within the human services sector and its relationship with city, state, and federal governments. In the decades preceding COVID-19, the New York City government has transferred most legally mandated human services functions to the nonprofit sector, in order to save money and contract out addressing many of society's most challenging problems. Meanwhile, nonprofits have had to endure chronic underfunding, delays in payment, and lack of support and cooperation from all levels of government, making it nearly impossible for them to create meaningful and sustainable interventions that will improve quality of life and equitable outcomes for all in New York City.

Lack of sufficient support and resources from New York City and New York State governments and agencies have pushed the human services sector into financial and programmatic jeopardy that threatens the availability of high-quality services for New Yorkers. Data from HSC shows that, historically, city and state government

7. Human Services Recovery Task Force, "Essential or Expendable: How Human Services Supported Communities through COVID-19 and Recommendations to Support an Equitable Recover," Human Services Council, June 11, 2021, <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>.

agencies typically cover only about 80 percent of a nonprofit human services organization's total costs to provide services—services that these governments are legally required to ensure are provided. This underfunding forces organizations to scale back essential programs that New Yorkers need, to cut pay to an already underpaid workforce, and to dedicate huge portions of staff time and effort (which could otherwise be dedicated to serving New Yorkers) on raising money from philanthropies, corporations, and private donors.

The city and the state not only fail to pay nonprofits what they need to cover costs on government contracts, they also fail to make payments on time, putting nonprofits further at risk. Data from the Bennett Midland survey⁸ cited earlier found that delays in payments from the city and state governments wreak havoc on organizations, with 70 percent of organizations reporting a delayed payment from the city and 60 percent from the state in the past year. Over the past year, the average value of delayed payments to nonprofit services organizations from the city was \$8,025,000 (an average of 13 percent of organizations' annual operating budgets).

Underfunding and late payments, combined with the unprecedented challenges resulting from COVID-19 and the economic crisis, have pushed nonprofits into deeper financial duress and insolvency. The Bennett Midland survey⁹ found that 62 percent of organizations statewide had to either permanently or temporarily lay off or furlough staff, and among the organizations that made permanent layoffs, an average of 74 percent of their staff are Black or Latinx. The survey found that more than half of organizations reported a decline in expected revenue for calendar year 2020, with an average decline of nearly \$9.1 million. Nearly half of organizations surveyed were forced to take out loans or draw on a line of credit due to withheld or delayed payments—sometimes at significant cost. The average annual cost of interest for those organizations that had to take on interest-bearing loans is reported as \$223,000. While financial hardships have undoubtedly intensified since the pandemic, even in 2018, 20 percent of New York City human services organizations were fiscally insolvent.¹⁰

For too long, nonprofit human services organizations have been undervalued, as have their staff and the communities they serve, both of which are made up primarily of low-income people of color. As the next mayor looks to rebuild New York City—and make it a fairer, safer, and more prosperous home for all New Yorkers—the mayor must focus on supporting and investing in New York City's human services sector. Sixty percent of nonprofit human services workers qualify for public assistance; 15 percent qualified for food stamps in the 2016–18 period, and if child care workers and home health aides are included in the sector, nearly a quarter of all nonprofit human services workers received food stamps in that period. Government's current treatment of the human services sector perpetuates the economic instability and poverty human services organizations work to address.

8. Human Services Recovery Task Force, "Essential or Expendable: How Human Services Supported Communities through COVID-19 and Recommendations to Support an Equitable Recover," Human Services Council, June 11, 2021, <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>.

9. Human Services Recovery Task Force, "Essential or Expendable: How Human Services Supported Communities through COVID-19 and Recommendations to Support an Equitable Recover," Human Services Council, June 11, 2021, <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>.

10. Dylan Roberts, George Morris, John MacIntosh, and Daniel Millenson, "Risk Management for Nonprofits," Oliver Wyman and SeaChange Capital, March 2016, <https://www.oliverwyman.com/our-expertise/insights/2016/mar/risk-management-for-nonprofits.html>.

Policy Response

The recommendations that follow come from the work of the Human Services Recovery Task Force, convened by the Human Services Council in November 2020 and supported by Robin Hood. Over the past eight months, the task force has analyzed the impact that the COVID-19 pandemic has had on the human services sector and developed recommendations for more effective city and state policies to ensure high quality services for New Yorkers, prepare for the next disaster, and mitigate long-standing problems in the sector. The task force—made up of leaders of human services providers in New York City and New York State, as well as advisors from philanthropy and the private sector—generated the recommendations that follow, and this report has adapted them to apply specifically to New York City.

1. Ensure Strong Systems Are In Place for Human Services to Support Equitable Disaster Response and Community Recovery

As discussed above, to meet the massive increase in economic instability and hardship, New York City's nonprofit human services organizations have had to expand the range of services offered, transition to remote delivery where possible, and step in where government assistance and programs fell short, jeopardizing their own financial viability while they waited for reimbursements and assistance from government.

Looking ahead, the next mayor of New York City must do more to include human services in disaster planning for the city and prepare resources so that the sector can respond to community needs swiftly, with accurate information, and without risk to their own financial futures. New York City must create formal mechanisms in the contracting process so that if there is a declared state of emergency or disaster, human services organizations will still have contracted expenses covered in the event that providers cannot fulfill all contract deliverables but still have outstanding expenses that must be met. The city must also ensure that providers will have approved costs covered if service delivery is altered to meet changing emergency needs, as was the case with many organizations that shifted practices to meet COVID-19 restrictions.

A new administration should establish disaster and response recovery funds available to human services agencies to cover necessary expenses, including costs associated with deploying and protecting the human services workforce, such as PPE, overtime, and transportation, and costs associated with service delivery in a disaster, such as dispersing supplies to the community, technology, client transportation, sanitation, and infrastructure.

Furthermore, COVID-19 has made it clear that how government structures provide services during response and recovery efforts, and how individuals and families access those services, is increasingly dependent on online services—and the digital divide has left human services organizations and the New Yorkers they serve in desperate need of a technology upgrade. Human services organizations need to be able to serve their community remotely, but many providers faced difficulty doing so during the pandemic because they and the people they served had online access challenges. The Bennett Midland survey found that more than 80 percent of organizations in New York City and New York State launched new services, including telehealth services, spending more than \$200,000 on average on COVID-19-related IT expenses last year. Furthermore, data from Robin Hood's Poverty Tracker shows that roughly 18 percent of New Yorkers surveyed do not have

a computer or tablet that has Internet access. Brooklyn and the Bronx have the highest rates of residents without access, at 23 percent and 22 percent, respectively, compared to Manhattan, where 14 percent lack a computer with Internet access.¹¹ A new administration must ensure that broadband is universally available, with the city government partnering to ensure access to all individuals and families, regardless of income. The city should also alter human services contracts to budget broadband as a utility, not an indirect expense, due to its essential nature in program delivery.

2. Pay Equitable Wages to All Contracted Nonprofit Human Services Workers

Human services providers in New York City rely on a mix of government contracts, philanthropic grants, and private donations—but the bulk of funding comes from city and state government contracts. Data from a report by SeaChange shows that among New York City’s fifty largest human services nonprofits, philanthropy only covers 4 percent of the total budgets of these organizations, the rest is funded through government contracts.¹²

But these government contracts do not cover the full cost of services or incorporate cost escalators and rarely include cost-of-living adjustments (COLAs), creating gaps in funding in already financially stressed budgets. Some reprieve came to these workers during FY18 when the city granted a three-year, 3 percent COLA to nonprofit human services workers, but that expired in FY20. In FY21, a time when these workers repeatedly showed up for duty and put their lives at risk to meet New Yorkers’ most critical needs, the city did not renew the COLA.

Chronic underfunding results in increased staff turnover, as staff are severely underpaid relative to their government counterparts, depriving New Yorkers of services from the most experienced, well-trained staff and jeopardizing high-quality services. The Bennett Midland survey found that nearly a third (30 percent) of organizations have a vacancy rate higher than 15 percent, and 80 percent of respondents reported that inadequate pay significantly impacted their organization’s ability to make hires—far and away above other factors.

Layoffs during 2020 exacerbated existing financial hardships for nonprofit employees, who were already underpaid because of inadequate government contracts. Data from Robin Hood’s Poverty Tracker show that before the pandemic, nearly 50 percent of essential workers, which includes nonprofit workers, were experiencing poverty or were low-income; 20 percent were unable to make a full rent or mortgage payment; and 30 percent had fallen behind on utility bills. The data show that these types of financial hardships have only intensified over the past year.¹³

City contracting practices have created an intolerable situation of extreme pay disparities between the contract sector and the public sector, with the result that a human services workforce that is overwhelmingly

11. Michael Williams, “Life in New York City during COVID-19,” Robin Hood Foundation and the Center for Poverty and Social Policy, Columbia University Population Research Center, February 2021, https://www.robinhood.org/wp-content/themes/robinhood/images/poverty-tracker/pdfs/POVERTY_TRACKER_REPORT24.pdf.

12. “Too Big to Fail: New York City’s Largest Human Service Nonprofits,” SeaChange, April 2020, <http://gd7xi2ioeh408c7o34706rc-wpengine.netdna-ssl.com/wp-content/uploads/2020/04/Too-Big-To-Fail.pdf>.

13. Sophie Collyer, Sonia Huq, Kahlen Washington, and Christopher Wimer, “Nearly half of all New York City workers lost employment income from the pandemic, deepening economic insecurity and racial inequity across the city,” Robin Hood Foundation and the Center for Poverty and Social Policy, Columbia University Population Research Center, October 2020, https://www.robinhood.org/wp-content/themes/robinhood/images/poverty-tracker/pdfs/POVERTY_TRACKER_REPORT21.pdf.

workers of color is paid 70 cents on the dollar compared to public employees, putting nonprofit workers in the same situation as many of the clients they serve.

New York City's incoming leadership must establish a wage floor for all city-government-contracted nonprofit human services workers at a rate of no less than \$21 an hour, 40 percent higher than New York State's minimum wage, reflecting the need for a reasonable premium for entry-level nonprofit workers compared to the minimum wage.

The next mayor must work to bring together the comptroller, government agencies, human services providers, and labor organizations to establish a wage and benefit schedule for all government-contracted nonprofit human services workers to put them on an equal footing with comparable city employees. Once established, these compensation benchmarks should be incorporated into all contracts, along with funding to support career advancement and promotion opportunities. The city should phase in funding increases to achieve full compensation parity and immediately establish a reserve for recruitment and retention to stabilize the contracted human services workforce. Lastly, the city should create an automatic annual COLA incorporated into all human services contracts, not as a substitute for comparable pay but to ensure that pay parity is maintained on a continuing basis. The Human Services Council estimates that the cost of renewing the COLA at 3 percent in FY22 would be \$48 million for New York City, benefiting approximately 120,000 City workers and 400,000 State workers.

3. Ensure City Government Pays In Full and On Time for Essential Services for New Yorkers

Chronic underpayment and late payments have plagued the human services sector for decades, in part because organizations are limited by the amount of indirect costs the city and state allow them to reimburse on contracts. Data show that, on average, organizations reported a loss of \$396,000 in FY20 between the indirect cost rate initially approved by the city and the revenue that they actually generated under the new Indirect Cost Rate Funding Initiative.¹⁴ Other industries are not arbitrarily capped on what it truly costs to provide a service, and by neglecting to pay for necessary expenses, city government has stripped human services providers of fundamental resources needed to successfully operate. It was this structural flaw that goaded New York City to recently implement the Indirect Cost Rate Funding Initiative, allowing nonprofits to qualify for a higher and individualized indirect rate, and yet the funding has fallen short. The mayor's FY22 budget includes a substantial investment of \$120 million for the next two years for this program.¹⁵ However, the next mayoral administration must ensure that the city makes a permanent commitment to the Indirect Cost Rate Funding Initiative to cover costs on future contracts.

Moreover, scopes of work proposed by government agencies are typically developed without a market survey of costs or input from service providers. This results in budgets that do not account for the true cost of services and provide inadequate compensation for the highly educated workforce needed, which make implementing high-quality programs next to impossible. In addition, persistent delays in government contract

14. Human Services Recovery Task Force, "Essential or Expendable: How Human Services Supported Communities through COVID-19 and Recommendations to Support an Equitable Recover," Human Services Council, June 11, 2021, <https://humanservicescouncil.org/wp-content/uploads/2021/06/HSC-Taskforce-Report-Essential-or-Expendable-How-Human-Services-Support-Communities-Through-COVID-19.pdf>.

15. "The Recovery Budget: Mayor de Blasio Releases the Executive Budget for Fiscal Year 2022," City of New York, April 26, 2021, <http://www1.nyc.gov/office-of-the-mayor/news/307-21/the-recovery-budget-mayor-de-blasio-releases-executive-budget-fiscal-year-2022>.

payments force providers to take on loans or lines of credit to make payroll, rent, and service delivery, which often amass interest not reimbursed by government contracts even though it is not the fault of the provider.

A new administration must ensure that contract payments cover actual indirect expenses, reflect market rates, and are paid on time. To do this, New York City must recognize the costs of operating human services programs and commit to paying indirect costs on all human services by fully funding the Indirect Cost Rate Funding Initiative on current contracts and work to ensure that RFPs and renewal contracts support approved rates going forward. The city must commit to paying providers in a timely way, including clear timelines for payments, and creating interest penalties for delayed payments that cannot be paid out of the value of the contract. Currently, the city will occasionally pay interest on delayed payments. However, the interest comes out of the value of the contract, rather than as additional money meaning that providers can deduct interest as an expense on the contract but cannot get any interest payments above the contract value.

4. Transform the Human Services Procurement System to Prioritize Meaningful Outcomes for New Yorkers

New York City's human services sector continues to grow, as the city increasingly relies on the sector for a broad range of vital public services. However as described above, nonprofits have simultaneously experienced decades of divestment, contracts that do not cover the full cost of service, overregulation and micromanagement, and persistent delays in procurement that have left organizations in desperate financial positions.

The city asks nonprofits to function and serve like businesses, meeting performance metrics and keeping costs low, but they do not treat them or pay them as such. State and local government agencies both continue to propagate programs without the input, collaboration, and shared goals of providers, limiting the ability of the sector to actually advance systemic changes for the communities they serve. Providers are asked to report on metrics, outputs, and levels of service rather than measures of progress toward sustainable outcomes and what level of funding might be necessary to achieve lasting change. Furthermore, government agencies perpetuate scarcity, forcing providers to compete with one another on providing services for the lowest dollar rather than on the quality of programs, constraining the resiliency of the sector and the communities that they serve.

To ensure the viability of the human services sector and support New York City's transformation into a more equitable and prosperous city for all New Yorkers, the next mayor must commit to supporting transformative human services programs, which mean those services that are (1) designed with providers and communities to (2) get at the root cause of the issues with (3) provable and achievable outcomes that demonstrate individual and community value. This will require New York City's next mayor to conduct a reimagination of the entire model in collaboration with providers and commit to creating a Procurement Reform Commission that redesigns the procurement system within the first sixty days of office, with six months to deliver a plan and eighteen months for implementation. This reimagination of procurement should:

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- focus on performance outcomes that are aligned with the needs of the clients and communities organizations serve;
 - encourage continuity and competition so that organizations of all sizes have access to government contracts;
 - administer timely payments that cover the full cost of services so that the sector can focus on delivering high quality programs without the threat to sustainability;
 - maintain consistency, transparency, and communication in processes across all contracting agencies; and
 - support racial and social equity, as funding needs should be a direct response to community needs and rooted in transforming conditions that produce injustice.

The city should review PASSPort digital procurement portal data to establish clear timeframes that are codified through legislation for the contracting process and utilize the Mayor's Management Report to include procurement measures and targets. The Procurement Reform Commission must establish mutual accountability for both contracting agencies and providers by:

- establishing clear human services leadership with access to City Hall;
- working across contracting agencies to build systems in coordination and synchronize their data instead of requiring providers to use multiple systems;
- legislating penalties for failure to pay on time at the city level;
- establishing meaningful and impactful reporting and mandate reporting requirements for all contracting agencies, including developing key KPIs and scorecards;
- including cost escalators within fixed costs of contracts;
- holding providers accountable for outcomes, while allowing for flexible budgeting as providers are the experts in knowing how to implement programs; and
- utilizing the Nonprofit Resiliency Committee's Guide to Collaborative Communication with Human Services Providers before releasing procurements.



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