



HOMELESS SERVICES UNITED

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**Testimony of Catherine Trapani, Executive Director, Homeless Services United, Inc.
Before the NYC Council Committee on Contracts
April 16, 2019**

My name is Catherine Trapani, and I am the Executive Director of Homeless Services United (HSU). I would like to express my gratitude to the New York City Council's Committee Contracts, particularly Chair Brannan for calling this hearing today and, I'd also like to thank Council Member Levin for his steadfast support of the homeless services sector. Thank you for providing me with the opportunity to testify.

HSU is a coalition of approximately 50 non-profit agencies serving homeless and at-risk adults and families in New York City. HSU provides advocacy, information, and training to member agencies to expand their capacity to deliver high-quality services. HSU advocates for expansion of affordable housing and prevention services and for immediate access to safe, decent, emergency and transitional housing, outreach and drop-in services for homeless New Yorkers.

Homeless Service United's member agencies operate hundreds of programs including shelters, drop-in centers, food pantries, HomeBase, and outreach and prevention services. The bulk of our work is funded by government contracts. It is via the nonprofit sector that the City is able to uphold the right to shelter for thousands of homeless New Yorkers and it is via the work of our sector that we have successfully brought over 2,000 individuals in off of the streets via outreach efforts.

We have been seeking support from DHS and testifying before this Council since at least 2015 regarding the harmful impact of delayed contract registration and payments to nonprofits.

In response to this crisis, HSU established a joint committee with our members and leadership from the Department of Social Services (DSS) Finance and Department of Homeless Services (DHS) Budget teams to workshop bottlenecks in the registration process and take responsibility for providers' role in ensuring cooperation with the contracting process and appropriately managing our workflow. The committee has proven extremely helpful in resolving major cash flow issues for individual members in real time, as well as helping members struggling with close-outs, invoicing, and audit concerns. I want to thank DSS and DHS for their partnership and for the progress that we have made to date.

We had hoped that partnering with DHS to implement process improvements could help to rectify delays, but our patience is wearing thin; despite our best efforts, 98.9% of all DHS contracts were registered retroactively in fiscal year 2018.

Compounding the challenges associated with delayed registration is the inability to register amendments because of the backlog. This has added additional financial pressures to nonprofits. When a contract is not registered, the City cannot add the funding necessary to implement new initiatives to improve services. The provider must wait until their underlying contract for baseline services is registered before monies can be added for new initiatives touted by the City as part of the Turning the Tide Against Homelessness plan. Examples include the model budget

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initiative from FY 2018 which was meant to bolster social services, improve shelter conditions and appropriately compensate staff. Because the amendments needed to pay for those enhancements are still not registered many nonprofits are in the position where they are fronting money to pay for these initiatives like implement COLAs, hire social workers in family shelters, improve maintenance and the like, without any compensation from the City for months and in some cases, years. In other cases, the nonprofit has delayed implementing the announced improvements for lack of funding and, services to clients and provider performance have suffered as a result.

The good news is we are in a substantially better position in the current fiscal year compared to last. Still, DHS data indicates that as of 1/30/2019, which marked the halfway point of the fiscal year, 10% of FY2019 contracts were still not registered. The last progress update HSU received on amendment registrations in early October was even less promising. At that time DHS reported that over 400 contract amendments were still pending. **This lag in registering contract amendments means service providers continue to rely upon lines of credit to meet expenses, in many cases nonemergency repairs remain incomplete and, hiring and retaining staff has remained a challenge.** Until the full backlog of contract amendments is addressed, conditions and services are not likely to markedly change.

The City had informed the sector that they aimed to clear the backlog by May of this year. However, **we have heard from our partners at the Mayor's Office of Contract Services (MOCS) and the Nonprofit Resiliency Committee that DHS continues to lag behind its sister agencies in terms of progress towards clearing the backlog and achieving timely registration in FY20.** At a recent Nonprofit Resiliency Committee meeting contracting officers from several City agencies presented on the status of their efforts to ensure all human services contracts for FY20 were registered on time. DHS had only sent out 20% of the upcoming fiscal year's contracts to providers by the target date MOCS set – a key metric of whether or not they have given themselves enough runway to get agreements back from providers in time to conduct necessary due diligence to ensure registration process prior to the start of the next fiscal year. All other agencies reporting were substantially further along. The next lowest progress report noted the agency had sent out 50% of their contracts compared to DHS's 20% and, most others were at or near 100%. **It continues to be of grave concern that DHS has been unable to resolve the backlog despite concerted efforts of our community to do so.**

It is therefore HSU's belief that additional tools are necessary to ensure timely contract registration. In the event that timely registration cannot be achieved, additional support for the nonprofit community is also necessary to help providers appropriately bridge the gap in government funding and continue to provide the quality services on which our clients rely. DHS has committed to providers that all of this funding will be in place soon as the procurement schedule normalizes and they are able to better plan for future fiscal years. We are hopeful that once these baseline budget needs are in place, the fiscal health of the sector will improve enough to allow for investments in more comprehensive service-rich programming that will enable our clients to recover from homelessness more quickly and support their transition to permanency. In the meantime, we are thankful to the Council for your advocacy and support in helping us get there. Specifically, we appreciate the spirit in which you offer Intro 1448, 1449 and 1450 calling for increased oversight, access to loans and funding for interest payments resulting from delayed contract registration.

Nonprofits cannot continue to shoulder the burden of subsidizing the City by providing core services without compensation. We look forward to continued work with the Council and the Administration to improve the procurement process. Thank you for providing me with this opportunity to testify. I am happy to answer any questions you may have.