



HOMELESS SERVICES UNITED

307 W. 38TH STREET, 3RD FLOOR
NEW YORK, NY 10018
T 212-367-1589
www.HSUnited.org

Testimony of Homeless Services United before the New York City Council Committees on Contracts, Youth Services and, Aging

Nonprofit Contracting and Prevailing Wages

January 30, 2023

My name is Catherine Trapani, and I am the Executive Director of Homeless Services United (HSU). HSU is a coalition of approximately 50 non-profit agencies serving homeless and at-risk adults and families in New York City. Each day, HSU member programs work with thousands of homeless families and individuals, preventing shelter entry whenever possible and working to end homelessness through counseling, social services, health care, legal services, and public benefits assistance, among many other supports.

Thank you for holding this important hearing. Nonprofit organizations are the backbone of the City's social safety net. Mission driven nonprofits like those in HSU's membership have pioneered programs such as safe havens, shelters with integrated mental health programs, rapid rehousing centers and, other models that support people experiencing homelessness and help them achieve housing stability. The need for our services is greater than ever given the influx of asylum seekers and the expiration of COVID era eviction protections. Our sector has been steadfast in our commitment to ensure that every New Yorker, including the newest arrivals, is able to access a safe place to stay and receive services that help them to successfully transition to permanency.

The fact is that without nonprofit service providers, New York City would be unable to uphold its legal obligation to provide shelter to every individual and family who needs it. For this reason, it is critically important that these nonprofits can rely upon the City to provide the necessary funding and support to do this work to the standard that our clients deserve.

We need the City to treat us as true partners – groups who have relevant expertise to inform program design and implementation. We also need to be able to rely upon the City to pay on time and in full so we can be confident that we have the financial resources to support our programs and operations. I would like to sincerely thank the City Council for recognizing this and elevating these critical issues and for being a champion of our workforce and sector.

Wages for human services workers

The City needs to fund nonprofits to pay wages that are commensurate with the work our staff is doing to support our clients. The workers at our members programs are truly essential. It's not just a hashtag that we can abandon when it's inconvenient. These are the people that are canvassing the streets during cold weather emergencies making sure that people don't freeze to death. They are the people that drive the vans to the shelters and the people that welcome the person in from the cold providing clean linens,

a meal and a place to rest. They are the case managers and housing specialists who help secure benefits and homes. They are the social workers we rely upon to help heal the invisible wounds our clients carry.

Our staff deserve to be paid wages that are fair and livable. As things stand now, turnover is extraordinarily high because people simply cannot survive on the wages government sets. This causes instability and gaps in services for our clients. Some programs report a turnover rate as high as 50% - they are constantly recruiting and training which means there are limited resources for innovation and perfecting practice. Some of our staff are even experiencing homelessness themselves.

The fact is that DHS pays its own staff performing substantially similar functions more for the same work and refuses to pay nonprofits the same rates. Caseworkers at DHS earn more than \$47,000¹ a year to start whereas nonprofit caseworkers start in the low \$30,000s. DHS also offers a comprehensive benefits package with a fringe rate of nearly 50% while they cap nonprofit fringe rate at 26%. There is simply no reason for these disparities to exist.

Nonprofits have tried to negotiate increases and advocate fiercely for COLAs and other investments, but those efforts have resulted in half measures of paltry COLAs insufficient to cover inflation, retention incentive promises that we are still waiting for approval to pay out and limited adjustments to budgets. There have also been legislative efforts to parse out specific titles, like security guards for wage increases but those have been difficult to implement and fund. The prevailing wage mandate for shelter security guards went into effect in May of last year and many nonprofits have still not received funding to implement it.

We need a better solution. One that establishes a wage scale that is not simply based on an already too low industry average. Rather the scale should at minimum establish parity with government counterparts. We need a scale that features appropriately stepped increases to create wage ladders for progressively responsible positions and a scale that recognizes and rewards those with rich experience or specialized skills like foreign language fluency or social work licensure. The scale would also have to be indexed to ensure that as the landscape changes and costs increase, workers automatically receive cost of living increases to avoid a scenario where wages stagnate, and the utility of the scale is diminished over time. There also need to be clear guidelines on how to assign titles and functional equivalents to ensure it is clear to both staff and providers alike on the appropriate rate of pay. Finally, **nonprofits must be able to set composite fringe rates that match actual costs so that any increase in salary is not cannibalized by high employee healthcare contributions given the City's current rule that cap fringe rate reimbursement.**

We also need to ensure that the funding is in place to pay for this scale not on an arbitrary "effective date" in the law but on the date that the contract or renewal is registered, and funding is available for the nonprofit to draw down. Finally, there needs to be ample support and training to implement the policy across the sector.

It may or may not be possible to achieve all of these goals legislatively with Intro 510 but, we are committed to working with our partners at the City Council, the Comptroller's Office and City Hall and its agencies to get there.

¹ <https://www.seethroughny.net/payrolls>

Timely payment

I would also like to address the other major barrier to nonprofit success: timely payment.

The City has long lagged on its commitment to timely contracting. The Department of Homeless Services is one of the worst performing agencies in terms of timely contracting and payment. While things have improved in recent years, notably with the clearing the backlog initiative spearheaded by Mayor Adams and Comptroller Lander, **DHS still owes tens of millions of dollars' worth of amendments to nonprofit providers for everything from prevailing wages for shelter security guards, other workforce enhancements and, monies for new and expanded services to meet the demands of COVID and more recently asylum seekers in hotels and other annex locations.** Intro 511 recognizes these pain points and calls for the City to establish and adhere to timelines to make the process more predictable and easier to manage to. This is a potentially good step towards a more rational system that can be accountable to nonprofit providers.

I do want to flag that registration is not the full story. The City also continues to set up barriers to timely payment in the form of redundant processes to receive approvals necessary to unlock funds for subcontractors providing critical services like food, maintenance and security as well as multiple layers of approval prior to paying invoices for services rendered even after a contract is registered. We have much more work to do to establish procedures that optimize cash flow while maintaining appropriate oversight of programs. It is our hope that the Mayor's Office for Nonprofit Services to address these issues and would welcome the Council's support as well.

We also appreciate the Council's calling for increased transparency of the procurement process via Intro 514 however, it is crucial that the development of this procurement database does not create administrative burdens for the providers. The City utilizes tools like PASSPort Public that can be optimized to serve the purpose outlined in the bill; human services organizations should not be responsible for inputting data into this new public procurement database. Rather, contracting agencies should be responsible to support the database and that would achieve the goals outlined in the legislation. Providers already face many administrative burdens as they navigate multiple systems and spend staff time and financial resources to comply with various mandates. Administrative burdens divert resources from programs and communities, so it is critical that this bill mandates government to be responsible for this procurement database and own the responsibility of government accountability and transparency instead of shifting that obligation to providers.

Thank you for the opportunity to testify. Should you have any questions please feel free to contact me at ctrapani@hsunited.org.