



**Testimony on behalf of Volunteers of America-Greater New York
The New York City Council Committee on Contracts
Preliminary Budget Hearings
March 24th, 2025**

Introduction and Thanks

My name is Eric Lee, Director of Public Policy for Volunteers of America-Greater New York (VOA-GNY). We are the local affiliate of the national organization, Volunteers of America, Inc. (VOA). I would like to thank Deputy Speaker Ayala and the members of the Committee for the opportunity to submit testimony for this hearing.

About Us

VOA-GNY is an anti-poverty organization that aims to end homelessness in Greater New York through housing, health and wealth building services. We are one of the region's largest human service providers, serving more than 12,000 adults and children annually through 70+ programs in New York City, Northern New Jersey, and Westchester and thousands more via our Operation Backpack® initiative. We are also an active nonprofit developer of supportive and affordable housing, with a robust portfolio permanent supportive housing, affordable and senior housing properties—with more in the pipeline. VOA-GNY is a member of Homeless Services United (HSU), The Supportive Housing Network of New York, the Human Services Council (HSC), and the Family Homelessness Coalition (FHC).

Thank you, Chair Won and Members of the Contracts Committee for your laser-focused leadership and attention on improving the city's contracting process for non-profit providers. As uncertainty continues to grow at the federal level, New York City must do everything within its ability to shore up our human services safety net and restore the fiscal health of city-contracted non-profit organizations. By strengthening local non-profits and ensuring the New York City agencies are well staffed and working collaboratively with providers, the city can help ease disruptions caused by cuts and changes at the Federal level.

The City of New York must immediately pay all outstanding invoices in PASSPort, halt recoupment of advances and, advance an additional \$500 million to the human services sector to ensure nonprofits can remain solvent through the end of the fiscal year.

New York City owes the nonprofit sector hundreds of millions of dollars for work already completed. In many cases that work was completed several fiscal years ago. VOA-GNY alone is owed nearly \$40 million dollars and has been forced to rely on our line of credit to continue operations. This fiscal strain has become untenable, leading us to delay the opening of one new shelter facility and walk away from another recently awarded contract entirely because we simply cannot afford to carry the costs of operating these programs while the City is mired in delayed payments. In addition, we have been unable to implement the COLA the Council fought so hard for because the City never released the funding necessary to do so. The added uncertainty regarding the leadership of MOCS adds to our anxiety and underscores the need for decisive leadership on this issue from the top. **We implore the City to take emergency action to clear the backlog of pending invoices, stop recouping advances until payments flow smoothly, and issue additional advances as needed to restore positive cashflow to nonprofits like us so we can remain full partners in addressing the crisis of homelessness.**



Increase Funding for MOCS, DSS, DHS, DOHMH and other City Agencies to process and approve contract actions and reimbursements for human services providers.

Emergency measures alone won't solve the City's late payment crisis. The City must invest in the infrastructure of its agencies so that they can appropriately process contracts and payments in real time going forward. Timely reimbursements are critical to maintaining our ability to continue to answer the city's call to stand up new programs and to maintain the flow of our development pipeline of affordable and supportive housing projects.

VOA-GNY has been forced to rely on our line of credit and incur interest costs that are not reimbursable to bridge the gap created by City reimbursement delays. This year, VOA-GNY spent \$1,000,000 on interest fees to keep our NYC contracted programs running, and we project spending \$1,500,000 in interest fees for FY26. We could do a lot of good if we weren't forced to divert funds to pay for interest to cover the City's fiscal delays. These delays could also impede our development pipeline, as banks may eventually view our diminished cashflow and the highly leveraged position of our investments as possible concerns when considering future loans for financing affordable and supportive housing projects.

MOCS, DSS, DHS and DOHMH need additional headcount to eliminate the backlog of pending budget amendments and modifications, new needs requests, Form 65A subcontractor approvals and pending invoices.

MOCS is responsible for overseeing the city procurement process and leading reform initiatives to make it more equitable, transparent, and efficient. However, pending contract actions are preventing VOA-GNY from getting paid for the services we provided as far back as FY17. This includes updating our budgets with approved Indirect Cost Rates to cover overhead costs, as well as Cost of Living Adjustments (COLAs) for our staff from prior fiscal years. This is unsustainable for our organization, as continual delays in procurement processes further restrict cash flow, already hindered by an unwieldy reimbursement process which limits us to submitting only two invoices per contract at any given time. MOCS, DSS, and DHS need to be adequately funded to ensure that providers' contracting needs are met so that we can focus on providing services to our communities and so we can support what MOCS is asking for in the budget to ensure appropriate service levels.

In addition to needing to catch up on all pending and yet-to-be-submitted contract actions and to disburse the hundreds of millions owed to non-profits, these city agencies need sufficient headcount to sustainably do the work moving forward. DHS' shelter capacity grew four times larger in recent years, yet their contract services headcount has not had a corresponding expansion. Just as higher caseloads negatively impact on the work of case managers, we cannot expect MOCS, DSS, DHS, and DOHMH to turn around these significant payment and contracting delays if they do not have sufficient staff to sustain the work.

Int 514-2024 (Brannan):

- VOA-GNY strongly supports the intent of this legislation, which would make interest a reimbursable expense for city-contracted non-profit providers when the city provides delayed reimbursements for their contracts. This legislation would create an effective financial incentive for the city to pay its bills on time. Non-profit providers like VOA-GNY cannot continue to wait for years to be paid for services rendered. One note of caution is that the bill language should



be clarified to prevent monies budgeted for programming to be able to be billed against to cover the cost of interest payments for a contract. Additionally, we recommend the reimbursable interest rate should be the actual interest rate charged to the nonprofit provider.

Thank you, Chair Won and Members of the Committee on Contracts, for your unwavering leadership and commitment to protecting non-profit organizations and ensuring that the city meets its contractual obligations. By protecting our human services safety net, New York City is safeguarding the lives of hundreds of thousands of New Yorkers who rely on the services provided by organizations like Volunteers of America- Greater New York. Thank you for the opportunity to testify today.

For more information, please contact me at elee@voa-gny.org