



**Testimony of FPWA**

**Presented to:**  
**Committee on Contracts and Committee on Children and Youth**  
**Oversight Hearing Examining Late Contract Payments**  
**Hon. Chair Julie Won**  
**April 30, 2025**

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We are grateful to the members of the Council Committee on Children and Youth and the Committee on Contracts for holding this hearing examining contracting payments, which recognizes the ongoing crisis and its dual threat to the well-being of our city's communities and the vitality of the human services organizations that care for them. Thank you to Chair Won for your leadership on this issue and for the opportunity to provide testimony on behalf of FPWA (Federation of Protestant Welfare Agencies).

### **Introduction to FPWA**

FPWA is a leading anti-poverty, social policy and advocacy organization dedicated to strengthening human services organizations and faith institutions and advancing economic security and justice for New Yorkers with low incomes. Since 1922, FPWA has driven groundbreaking policy reforms to better serve those in need. We work to dismantle the structural and systemic barriers that impede economic security and well-being, and we strengthen the capacity of human services agencies and faith organizations so New Yorkers with lower incomes can thrive and live with dignity.

FPWA has a membership network of 170 faith and community-based organizations. We support our members by offering workshops and training on topics such as leadership development, organizational management, and trauma-informed approaches to service delivery. FPWA provides a range of financial assistance grants through our member network, working to support individuals and families at the ground level. These grants provide direct support to New Yorkers in the form of scholarships, financial assistance for aging adults, funding for organizations providing HIV/AIDS related services, and more.

### **Why this Hearing is Critical for the Human Services Sector**

Financial precarity for human service providers risks worsening economic insecurity for all New Yorkers. Today, New York's support systems are more important than ever. According to a [recent report](#) commissioned by the National True Cost of Living Coalition, co-chaired by FPWA, 62 percent of New York City households are considered economically insecure. This number rises to 72 percent when considering New York City households with children. This means that nearly two-thirds of all households in New York City struggle to pay their bills and housing costs, afford health care and childcare, and save for their futures.

This oversight hearing examining late contract payments comes at a crucial juncture for the City, particularly for the human service organizations and the New Yorkers with low incomes that FPWA represents.

Each year, New York City spends billions of dollars contracting human service non-profits to provide critical social services like child-care, housing support services and youth programming. But in recent years, these contracts have been troubled by persistent delayed payments, impacting the delivery of these vital services by providers. With increasing reliance on the contracted workforce and worsening delays, New York City's late payments represent a serious threat to the non-profit sector.

On top of this existing precarity, the federal government is now rescinding state and local grants and cutting staffing and funds that New York's human service providers rely on. These attacks threaten to

send our vulnerable system into further disarray. The combination of payment delays and federal policy could force organizations to lay off staff, create payment and credit issues for human service organizations and their employees, and cause the shutdown of needed programming in vulnerable communities.

This is unacceptable.

New York City has the opportunity to show leadership in face of the federal assault on low-income New Yorkers by strengthening its contract system to support the human services providers it depends on.

Although the City previously cleared the backlog of more than \$4 billion in unpaid contracts and amendments, and the Mayor has announced \$5 billion in advance payments in FY26, we need to continue to hold the City accountable to human service providers.<sup>1,2</sup> New York City must ensure that it strategically protects human services as it shores up the contract system, payment of future contracts, and, in turn, a sector that serves as a critical lifeline for countless New Yorkers.

FPWA urges the City to:

- Prioritize human services in its backlog of late payments;
- Hold each agency accountable to pay invoices on time and clear the backlog of indirect and COLA contracting actions;
- Strengthen the administrative capacity of the City;
- Ensure the continued funding of NYC contracted human-service workforce in future budgets.
  - We provide more detailed recommendations at the end of this testimony.

Through these actions, New York City government can act as a bulwark against attacks on our social foundation and improve its own capacity to deliver results New Yorkers need.

### **New York City's Late Contract Payments Compound Economic Insecurity**

In FY24, \$19.9 billion of New York City's expense budget is allocated specifically to human service contracts.<sup>3</sup> Through contracts, City agencies finance a wide array of community support systems including but not limited to childcare, foster care, in-home health services, and shelter and food assistance programs.<sup>4</sup> Today, contract spending comprises more than 50 percent of total spending in six human service agencies, including the Departments of Homeless Services (DHS), Aging (DFTA), Small Business Services (SBS), Youth and Community Development (DYCD), Children's Services (ACS), and Health and

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<sup>1</sup> <https://www.nyc.gov/office-of-the-mayor/news/552-22/mayor-adams-city-has-unlocked-more-4-2-billion-contractual-dollars-for#/0>

<sup>2</sup> <https://www.nyc.gov/office-of-the-mayor/news/260-25/mayor-adams-unprecedented-5-billion-advance-payments-be-made-city-contracted>

<sup>3</sup> [https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about\\_data](https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about_data)

<sup>4</sup> <https://www.osc.ny.gov/files/reports/pdf/report-10-2025.pdf>

Mental Hygiene (DOHMH).<sup>5</sup> These human service contracts are critical to the functioning of New York, with City agencies having increased their reliance on contract spending to deliver services over the past fifteen years.

New York City relies on contracted services to meet many of its policy goals and provide services to New Yorkers. This fiscal year, the City plans to spend over \$34 billion on contracted services with 45 percent of this funding provided through the expense budget, approved annually by the City Council.<sup>6</sup>

Yet despite these services playing a critical role in ensuring the health and safety of New Yorkers, the City's track record treats them as if they are optional.

In FY24, over 8-in-10 contracts were registered late, with this delay even worse for non-profits where 9-in-10 contracts are late.<sup>7</sup>

According to the Comptroller's most recent report, almost 40 percent of contracts are over a year late.<sup>8</sup> Payment delays complicate a number of intersecting, complex issues including poor workforce retention rates, underfunded contract rates, and failures to meet community needs. More specifically, they:

- Prevent contracted non-profits from paying workers in a timely manner.
- Encourage the understaffing and overworking of human service organizations.
- Complicate contract expenses, with providers unable to spend money that has been allocated but not provisioned.
- Drive up costs as providers are forced to turn to ad-hoc, temporary or emergency solutions.
- Cause key delays in needed human service interventions and cause more people to go without adequate help and support.
- Burden understaffed organizations with bureaucratic processes to chase down funds in addition to their program management.

Through these impacts, late contract payments have worsened the financial stability of human service organizations and have exacerbated the economic insecurity of New Yorkers in the process.

In this way, by creating economic instability for human service organizations, the City also undermines racial and economic equity. Human service organizations not only serve primarily black and brown populations, they are also majority staffed by people of color. According to the Center for New York City Affairs' 2022 report, "The Case for Ending Poverty Wages For New York City's Human Services Workers", the human services contracted workforce employs over 80,000 workers and is staffed predominately by workers of color (75 percent) and women (70 percent).<sup>9</sup> Moreover, "women of color constitute 55

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<sup>5</sup> <https://www.osc.ny.gov/files/reports/pdf/report-10-2025.pdf>

<sup>6</sup> [https://www.checkbooknyc.com/spending\\_landing/category/1/yeartype/B/year/126](https://www.checkbooknyc.com/spending_landing/category/1/yeartype/B/year/126)

<sup>7</sup> <https://comptroller.nyc.gov/reports/nyc-contracts/>

<sup>8</sup> <https://comptroller.nyc.gov/reports/nyc-contracts/>

<sup>9</sup> <https://www.centrernyc.org/reports-briefs/the-case-for-ending-poverty-wages-for-new-york-citys-human-services-workers>

percent of this workforce”. As “roughly two-thirds of all full-time human services workers had 2019 earnings below the City’s near-poverty threshold,” cuts and delays to human service funding threaten to drive New Yorkers into poverty.<sup>10</sup>










### **New York City’s Past Budgetary Choices Have Exacerbated Contract Payment Issues**

At FPWA, we have found that financial precarity for contracted services, like for families, is not only rooted in increasing costs, but a result of low resourcing – aggravated by the City’s continued late payments.

The City’s contracted human service sector experiences higher rates of late payment and receives lower contract rates for services than those received by capital-intensive projects, like projects contracted by the Department of Design and Construction (DDC) and the Department of Parks and Recreation (DPR).<sup>11</sup>

Unfortunately, the City’s budgetary process has not been able to provide adequate and stable resourcing to its own human service agencies.

According to [FPWA’s NYC Funds Tracker](#), inflation-adjusted investment in human service agencies like DSS, ACS, and SBS, are lower than pre-pandemic levels.

Agency	Adjusted Exp. in 2024	% Change from 2023	% Change from 2019
Department of Social Services	<b>\$12B</b> 	 6.5%	 -1.8%
Administration for Children’s Services	<b>\$3B</b> 	 8.6%	 -11.3%
Department of Small Business Services	<b>\$247M</b> 	 -30.6%	 -4.5%

This impacts the ability of agencies to address the root causes of contracting payment delays.

For example, citywide full-time staffing levels have declined significantly, leading to administrative gaps in overseeing contract payments. This staffing decline is in part due to heightened attrition during the

<sup>10</sup> <https://www.centrernyc.org/reports-briefs/the-case-for-ending-poverty-wages-for-new-york-citys-human-services-workers>

<sup>11</sup> <https://comptroller.nyc.gov/reports/nyc-contracts/>

pandemic but also to the Mayor's decision to force preemptive and unnecessary hiring freezes last budget season. According to the State Comptroller, these declines in staffing afflicted most of the largest contracting agencies, even as contract expenses grew.<sup>12</sup>

Moreover, last year's budget reductions further complicated needed resourcing. The Mayor's FY24 Program to Eliminate the Gap (PEG), in lead up to the FY25 budget, relied on "expense re-estimates" to cut budgets. Put simply, expense re-estimates allow the Mayor to revise or adjust initial cost projections of a project, product, or service. These "re-estimates" cut into allocated spending for contracted services, despite the Mayor's claims that services were unaffected.<sup>13</sup> Although the Mayor claims that they balanced the budget "without laying off a single city worker," human service contract workers struggled to keep their staffing amidst budget uncertainty and reductions.<sup>14</sup> While the contracted workforce does not qualify as "city workers" to the Mayor, they are the primary front-line service providers for New York City. In fact, the contracted workforce spend is larger than the City's payroll spending.<sup>15</sup>

These re-estimates affecting the City's capacity are particularly critical because while staffing has decreased, demand for services is soaring. From 2019 to 2024, emergency food visits have risen 83 percent and rates of homelessness and overdoses have more than doubled.<sup>16,17</sup>

### **New York's Preliminary Budget Would Further Undermine Contract Payments**

This year's City budget does not repair the damage to the City's administration over the past few years. In fact, the City's Preliminary Budget proposes reducing non-asylum seeker human service contract spending by **\$682 million**.<sup>18</sup>

In addition to these cuts, the Preliminary Budget proposes reducing the budget for the Department of Citywide Administrative Services, **the very office responsible for procurement**, by over \$160 million dollars. **That's a 7.7 percent cut to the department's budget**.<sup>19</sup> Moreover, the Mayor's Office of Contract Service's (MOCS) budget was cut 33% —along with a headcount reduction of 14 positions in the last fiscal year. These kinds of cuts do not reflect good faith leadership needed to fix persistent contracting payment delays.

We call on New York City's Office of Management and Budget to be more transparent in how it intends to provide the necessary resources to fix contracting delays. FPWA will continue to call attention to

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<sup>12</sup> <https://www.osc.ny.gov/files/reports/pdf/report-10-2025.pdf>

<sup>13</sup> [https://www.nyc.gov/office-of-the-mayor/news/307-24/transcript-mayor-adams-releases-fy25-executive-budget-holds-q-and-a?utm\\_source=chatgpt.com](https://www.nyc.gov/office-of-the-mayor/news/307-24/transcript-mayor-adams-releases-fy25-executive-budget-holds-q-and-a?utm_source=chatgpt.com)

<sup>14</sup> [https://www.nyc.gov/office-of-the-mayor/news/041-24/transcript-mayor-adams-presents-fy25-budget?utm\\_source=chatgpt.com](https://www.nyc.gov/office-of-the-mayor/news/041-24/transcript-mayor-adams-presents-fy25-budget?utm_source=chatgpt.com)

<sup>15</sup> [https://www.checkbooknyc.com/spending\\_landing/category/2/yeartype/B/year/126](https://www.checkbooknyc.com/spending_landing/category/2/yeartype/B/year/126)

<sup>16</sup> <https://www.cssny.org/news/entry/testimony-hunger-and-food-insecurity-in-new-york-city>

<sup>17</sup> <https://www.osc.ny.gov/press/releases/2025/01/dinapoli-numbers-homeless-population-doubled-new-york>, <https://www.nyc.gov/assets/doh/downloads/pdf/mh/state-of-mental-health-new-yorkers.pdf>

<sup>18</sup> [https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about\\_data](https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about_data)

<sup>19</sup> [https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about\\_data](https://data.cityofnewyork.us/City-Government/Expense-Budget-Funding-All-Source/39g5-gbp3/about_data)

contracting resourcing in our [NYC Budget Watch](#) report series which provides the latest facts and figures on the City budget, with a special focus on what it all means for human services delivery.

### **Federal Policies Threaten to Worsen Late Payments for Human Services While Exacerbating Needs**

On top of the City's mismanagement of resources for human service contracts, we now have a federal administration set on dismantling government's capacity to deliver services.

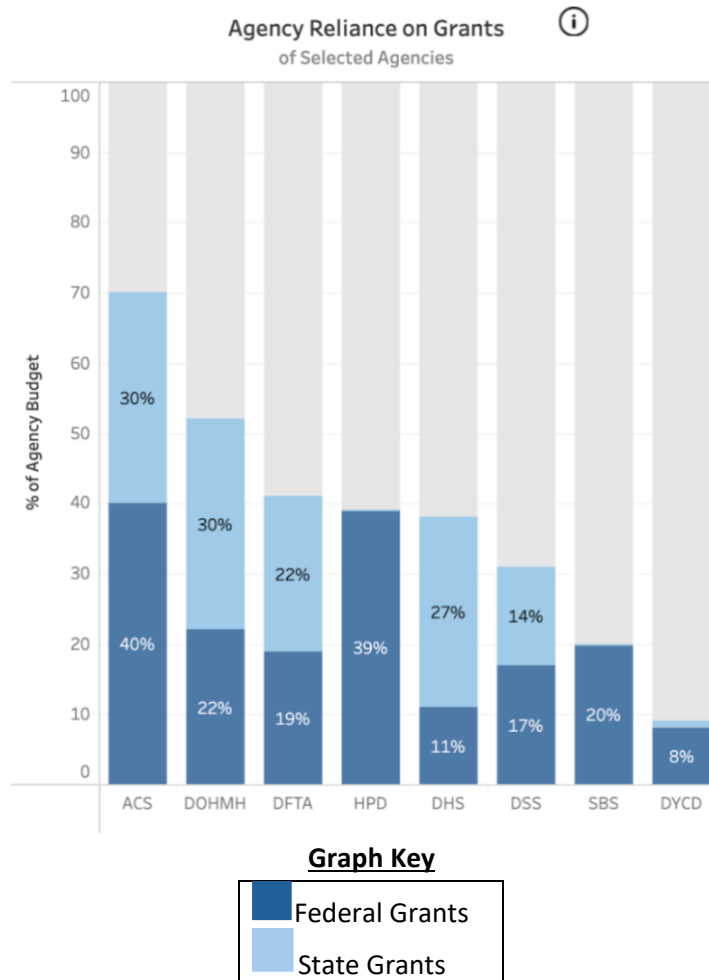
While this administration's cuts are uniquely aggressive, FPWA has long warned about the federal government's shrinking commitment to funding New York City.

Aside from a temporary increase during the pandemic, Federal grant levels have trended downwards over the last 13 years, with inflation-adjusted federal funding levels in FY24 the same as FY11 levels, despite increased needs.

Despite decreased grant levels, federal funding remains vital to New York City's functioning. Over \$100 billion of federal grants flow to New York City, with \$8 billion contributing directly to the City's FY25 annual operating budget.

FPWA tracks the flow of this funding in our [NYC Funds Tracker](#), an interactive budget dashboard which tracks trends the City's revenues and expenditures over more than a decade. From the NYC Funds Tracker, we can see that the federal funds have, on average, made up a critical 10 percent of the City's budget and contributed an outsize portion of funding to human service agency budgets.

### Human Service Agencies Are Highly Reliant on Federal Funding



Cuts from the new federal administration have already begun to undermine the City’s ability to receive and administer grants that human service contractors rely on.

So far, this administration, under DOGE’s “oversight”, has reduced the federal workforce by almost 60,000.<sup>20</sup> It plans to reduce funding for education by 45 percent and health and human services by 24 percent.<sup>21</sup> Already, the administration has dismantled key human service agencies, like the U.S. Interagency Council on Homelessness and the Institute of Museum and Library Services.<sup>22</sup>

DOGE claims to have also rescinded hundreds of millions of dollars in federal grants to New York State that benefit human services in New York City, including \$40 million from the New York State Office of Alcoholism and Substance Abuse Services, \$39 million from New York State Department of Education, \$24.5 million from the New York State Department of Health, and \$24 million for New York Food for

<sup>20</sup> <https://www.nytimes.com/interactive/2025/03/28/us/politics/trump-doge-federal-job-cuts.html>

<sup>21</sup> <https://www.nytimes.com/interactive/2025/03/28/us/politics/trump-doge-federal-job-cuts.html>

<sup>22</sup> <https://www.nytimes.com/interactive/2025/03/28/us/politics/trump-doge-federal-job-cuts.html>



New York Family. These cuts have also hit City level services, many of which are contracted services, including services for trafficking victims and citizen and education training.<sup>23</sup>

While these cuts have already proved harmful, additional cuts proposed by Congress which target social services could decimate funding for the sector.

In particular, we are worried about recent disruptions to, and discussion of, eliminating Federal Head Start funding. Head Start provides early childhood care, education and other supports for 19,000 New York City children and their families.<sup>24</sup> A substantial portion of this funding is administered through sub-contracts to non-profit providers.<sup>25</sup>

In the event that cuts to Head Start take place, FPWA calls on the City to clarify how it will ensure that providers are remunerated for services already provided and stipulate a plan of action for continuing to provide these essential services to the thousands of children and families that the program benefits. Correcting the backlog of late payments can be one meaningful step in ensuring that available funding reaches those affected and mitigate personal financial hardship due to cuts.

**New York City Must Strategically Protect Human Service Contracts in Face of City and Federal Budgetary Constraints**

Considering federal cuts, New York City's payment and contracting system must be made even more nimble to respond to fill gaps in essential human services. We are aware that in anticipation of a constrained budget, the City needs to make smart, targeted choices to correct contract delays and minimize disruption of services as much as possible.

We believe the City should consider measures that streamline and improve the procurement process. Recently the City Council advanced local laws that target the procurement processes, including the Establishing Procurement Timelines (Local Law 169 of 2023) and Streamlining Document Management (Local Law 31 of 2024). We also support the proposed procurement solutions suggested in the Council's policy brief, "A Better Procurement System: The City Council's Plan to Support Non-Profits".<sup>26</sup>

We thank the City Council for taking action to address this crisis.

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<sup>23</sup> [https://www.americanprogress.org/article/doge-cuts-by-city-state-and-congressional-district/?utm\\_medium=email&hsenc=p2ANqtz-8e0\\_YcBMervOMZe1-CTxoRmetYw5T-2HDNXyjiNebONks0-EOWGKRH4bm7Zp8TcwZrmwCtfGQ2EbMJ1t5aquC1UBPf0uurKW-VBCKHu1WXM9mNBw&hsmi=356348238&utm\\_content=356348238&utm\\_source=hs\\_email](https://www.americanprogress.org/article/doge-cuts-by-city-state-and-congressional-district/?utm_medium=email&hsenc=p2ANqtz-8e0_YcBMervOMZe1-CTxoRmetYw5T-2HDNXyjiNebONks0-EOWGKRH4bm7Zp8TcwZrmwCtfGQ2EbMJ1t5aquC1UBPf0uurKW-VBCKHu1WXM9mNBw&hsmi=356348238&utm_content=356348238&utm_source=hs_email)

<sup>24</sup> [https://assets.nationbuilder.com/unhny/pages/23/attachments/original/1744901949/UNH\\_Testimony\\_-\\_Preparing\\_NYC\\_for\\_Changes\\_in\\_Federal\\_Funding.pdf?1744901949](https://assets.nationbuilder.com/unhny/pages/23/attachments/original/1744901949/UNH_Testimony_-_Preparing_NYC_for_Changes_in_Federal_Funding.pdf?1744901949)

<sup>25</sup> [https://assets.nationbuilder.com/unhny/pages/23/attachments/original/1744901949/UNH\\_Testimony\\_-\\_Preparing\\_NYC\\_for\\_Changes\\_in\\_Federal\\_Funding.pdf?1744901949](https://assets.nationbuilder.com/unhny/pages/23/attachments/original/1744901949/UNH_Testimony_-_Preparing_NYC_for_Changes_in_Federal_Funding.pdf?1744901949)

<sup>26</sup> [https://council.nyc.gov/press/wp-content/uploads/sites/56/2025/04/nonprofit-procurement-brief\\_041425.pdf](https://council.nyc.gov/press/wp-content/uploads/sites/56/2025/04/nonprofit-procurement-brief_041425.pdf)

While we think the Council's proposed solutions are a step in the right direction, we recommend the City take the following additional actions, which will help address the structural issues at the root of contracting delays:

- **Increase transparency about the City's management of services**, including:
  - Providing detail on the City's increased reliance on contracting for City Services, and which trade-offs the City faces when deciding whether to hire a City worker or contract out the work;
  - Requiring the New York City Office of Management and Budget (OMB) to be more transparent in how they intend to provide stability and predictability to the necessary resources to fix contracting delays for human services.
- **Urgently expedite all late payments and resolve contracting issues in City contracts** with human services providers in anticipation of continued mass federal cuts;
- **Carry out a strategic and expedited drawdown of federal funding that the City receives**, in coordination with human services nonprofit contract holders;
- **Prioritize critical human services in the use of existing and new emergency reserves**, as gathered from emergency reallocations, revenue streams, fundraising, and other mechanisms for emergency budgeting;
- **Coordinate a comprehensive counter-strategy to the anticipated mass cuts to human services funding**, including:
  - Immediately assess all contracts impacted by current and proposed federal cuts, clearly indicating the at-risk federal agency/funding source affiliated with each City-managed contract.
  - Provide these risk assessments to contract holders, and share aggregate data on risks to providers to support sector-wide emergency planning and advocacy;
  - Direct City entities to have all contract managers work with contract holders at risk to identify continuity of operations and discuss options for more flexible budgeting/deliverables;
  - Coordinate with State leaders, such as the Office of the NYS Attorney General, and other stakeholders, such as state and national nonprofit coalitions, that are challenging federal actions that are dissolving agencies and cutting critical funding sources;
  - **Strategize best use of City Council discretionary funds** for the protection of human service workers in the Council members districts.

These immediate actions, which prioritize expediting late contract payment, should be intended to serve to a larger, strategic goal to properly fund and provide protections to human service workers who are fighting for a New York where we all can thrive.