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**NONPROFITS SERVING 2.5 MILLION NEW YORKERS NEED
ADDITIONAL FUNDS TO MAINTAIN SERVICE LEVELS**

**Rally and letter to the Mayor follows Council Contracts' hearings,
Executive Budget analysis, and reports of looming crisis in the sector**

Today a coalition of NYC Council Members and nonprofits came together to call on Mayor Bill de Blasio to fund a 2.5% increase for contracted administrative costs for a total of \$25 million annually. The City contracts with nonprofit organizations that provide critical social services, including early childhood education, after-school programs, food pantries, mental health counseling, sheltering people experiencing homelessness, and caring for the elderly.

These nonprofits face an urgent budget shortfall due to a variety of issues, including decades of underfunding from government sources.

Mayor de Blasio's administration has already taken steps to turn the tide by allocating funds for staff with a 2.5% cost of living adjustment (COLA) and requiring a \$15 minimum wage for all workers contracted by the City.

The NYC Council Committee Chairs who oversee agencies with social service contracts will present [a letter to the Mayor asking for \\$25 million annually](#). The 2.5% increase in funding would help contracted nonprofits pay for supplies and repairs, food, equipment, technology, and rent. Nearly all members of the City Council signed on to the letter.

Human services nonprofits employ over 200,000 people in the City, and the overwhelming majority of employees are women and people of color, with women representing four out of every five workers.

Today's rally and letter to the Mayor follow Council Contracts hearings, Executive Budget analysis, and reports of looming crisis in the sector, including [New York Nonprofits in the Aftermath of FECS: A Call to Action](#) (February 2016) by the Human Services Council.

"This Administration is among the most progressive and generous, providing safety net services for those New Yorkers most in need. As Chair of the Contracts Committee, I want to ensure that the nonprofits we contract with have the tools they need to succeed. My first hearing in February 2014 was on the issue of late payment to vendors, and in April of this year I chaired a hearing on remaining impediments to nonprofit providers, including late payments and underfunding. Nonprofits that provide human services like early education or running food pantries are consistently paid 80 cents for every dollar of work. Human services providers need funding for resources like information technology, rent, equipment, and food in order to effectively serve the at least 2.5 million New Yorkers in their care. I join my colleagues and nonprofits in asking the Mayor to baseline \$25 million annually to close this longstanding budget gap," said **Council Member Helen Rosenthal, Chair of the Contracts Committee.**

"The city relies on nonprofit human services providers to deliver essential services on their behalf, but government contracts continually fail to cover the full cost of programs and payment is often late and unpredictable," said **Allison Sesso, Executive Director of the Human Services Council.** "This chronic underfunding prevents nonprofits from being able to make important investments in things like technology, building maintenance and employee training, which compromises the quality of important programs and services on which countless individuals and families depend."

"We must support the organizations who have dedicated their lives to taking care of our residents. Together, thousands of service providers form the safety net that cares for our children and elderly, shelters our homeless, and protects the defenseless. A modest increase in funding would mean they can worry less about keeping their doors open, and more on providing essential services to all New Yorkers," said **Council Member Stephen Levin, Chair of the Committee on General Welfare.**

"Nonprofits are essential providers of services, particularly for low-income New Yorkers, and it has been troubling to see so many struggle to pay for essential expenditures like equipment, rent and staff training," said **Council Member Margaret Chin, Chair of the Committee on Aging.** "This additional funding we are requesting from the Administration is essential for the long-term financial stability of many nonprofits across our City. I thank Chair Rosenthal for taking the lead on this incredibly important issue."

"The Administration should support a 2.5% increase in the OTPS ("Other Than Personnel Services") line of city contracts with nonprofits. These organizations, who are providing

vital human services across the city, require simple things like modern technology and office supplies in order to do their work. The agencies should not struggle with worry over the lights being kept on and the doors remaining open, instead their focus should be on providing services. We must support the nonprofits needs, so they can support the needs of New Yorkers,” said **Council Member Andrew Cohen, Chair of the Committee on Mental Health, Developmental Disability, Alcoholism, Substance Abuse and Disability Services.**

"It's troubling to learn that the organizations we rely on to provide much needed senior, youth, cultural, and legal services to our communities face critical budget deficits and struggle to supply employees with operating necessities. I join my colleagues in calling upon Mayor de Blasio to include a 2.5% OTPS increase for nonprofits contracting with the City in the FY17 budget, and thank Council Member Helen Rosenthal for drawing attention to this serious issue," said **Vanessa L. Gibson, Chair of the Committee on Public Safety.**

“As New York City Council Members, community services and nonprofit groups are the bedrock of our constituent support. Our current government contracts lack appropriate funding for these services to provide the best care possible for students in after school programs, seniors and those who are most vulnerable. A 2.5% increase in OTPS for city contracts with nonprofits would ensure that they are equipped with sufficient resources to deliver their community services in totality,” said **Council Member Vincent Gentile.** “Human service nonprofits provide vital resources to our most innocent and vulnerable New Yorkers and the work done on the ground floor is handled by primarily women and minorities,” said **Council Member Donovan Richards.** “Underfunding these organizations cannot continue, as it does a disservice to our children, elderly and mentally ill as well as the hardworking New Yorkers who dedicate their lives to improving life for those that need it the most. I’d like to thank Council Member Rosenthal for leading this charge in the Council.”

"Nonprofit agencies with city contracts provide critical services in my district, and yet too many are underfunded. When the city underfunds these agencies, it negatively impacts their employees, four out of five of whom are women of color -- plus the millions of New Yorkers they serve on our behalf, because underfunding ultimately results in fewer services. I support my colleagues' call for funding a modest increase so that these agencies can continue to provide critical services to all New Yorkers," said **Council Member Debi Rose.**

"Nonprofit human services organizations complement and enhance services provided by City agencies, and often fill in the gap for services that are not provided. Yet, they operate with devastating budget deficits due to the lack of improved City funding and often aren't able to meet demand. It's imperative that the City's budget reflect the increase in OTPS for contract providers and include \$25 million annually," said **Council Member Ritchie Torres of the Bronx.**

“Since coming into office, Mayor de Blasio has taken steps to provide greater support for

the human services sector, which provides a variety of vital services for our communities, including the first ever fully funded \$15 wage floor and last year's 2.5% cost of living increase," said **Jennifer Jones Austin, CEO and Executive Director of FPWA**. "We look forward to continuing to work with his administration to implement additional support and reforms that will strengthen this critical sector, which for too long has struggled with a lack of investment from both the City and State."

"The New York Immigration Coalition proudly stand with Councilwoman Rosenthal and the NYC Council in demanding increased funding for critical social service organizations. The City should also find ways to support the small and immigrant-led human services sector, that is the first point of contact for the City's three million immigrants," said **Steve Choi, Executive Director of the New York Immigration Coalition**. "Despite their efficiency and deep reach, many of these groups face barriers in even accessing city contracts, but also struggle even more with solvency, cash flow, overhead rates and paperwork. The City must pay special attention to the needs of these organizations, as they help keep our nonprofit human services agencies sustainable."

"Feeding the hungry, preventing homelessness, providing safe learning environments and care for children, and helping seniors live in their communities are services provided by the UJA-Federation of New York network of nonprofit agencies. These critical programs are funded via contracts with New York City Government and underfunding puts these services at risk. UJA-Federation thanks Council Members Rosenthal, Levin, Chin, Cohen, Cornegy, Dromm, Eugene, Gibson, Johnson and Williams for their efforts to help nonprofits continue to offer quality care to clients while at the same time running stable businesses that can cover basic expenses such as keeping the lights on and paying rent. We urge Government to increase service budgets to better reflect an appropriate portion of the contracts not directly linked to direct care for clients. UJA-Federation strongly supports the New York City Council's request for a 2.5% increase in funding," said **Louisa Chafee, Senior Vice President of External Relations and Public Policy for the UJA-Federation**.

"The dedicated staff of BCS is grateful for the COLA wage increases that the Mayor and the Council supported for our City-funded programs. But our staff works in programs where we haven't had any increased funding for rising rents, insurance premium hikes or any similar costs for many years. We hope the City can find a way to help us meet the challenge of paying for those expenses, too, as we work together to deliver high quality programs in all of our facilities," said **Marla Simpson, Executive Director of Brooklyn Community Services**.

"Unfortunately, we are faced with the choice of turning away government contracts for much needed services because they do not support the true cost of providing those services," said **Beatriz Diaz Taveras, Executive Director of Catholic Charities Community Services**.

"JASA is committed to doing whatever we can to ensure that older New Yorkers receive the support that they need to remain healthy and active in our communities. All we ask is

that government pay fully for what it requires us to do," said **Heidi Aronin, JASA's Chief Administrative Officer.**

"The nonprofit sector is entrusted with the lives of our City's most vulnerable residents. In spite of our demonstrated success in helping children and families to succeed in school, jobs, and communities, our contracts from government agencies don't cover the costs to run those programs. We urge officials to increase OTPS funding and stand with us as partners to build a stronger, more resilient City," said **Elizabeth McCarthy, CEO of Sheltering Arms Children and Family Services.**

"Nonprofit human service organizations are the lifeblood of our city's fundamental system of supporting children and families in our most challenged neighborhoods," said **Phoebe Boyer, President and CEO, The Children's Aid Society.** "Therefore, the city government contracts under which we operate are critical to the well-being of hundreds of thousands of New Yorkers and our ability to serve them over time. While we applaud the mayor's steps to address the need for regular cost-of-living adjustments for wages and salaries, this is only a half-step towards what is truly needed. Annual cost escalators that cover the full scope of contracts are vital to the health of the nonprofit sector and to the idea that New York City offers opportunity to all its citizens."

"Underfunded government contracts push non-profits towards a dangerous brink that can lead -- and has lead -- to chronic financial instability, insolvency, and bankruptcy. In order to help non-profits regain stability and ensure their future well-being, it is critical that government contracts cover the true cost of doing business, including overhead expenses that range from computer equipment to accounting. Payments have to be timely and reliable and contract renewals have to reflect cost increases as necessary. Non-profits and government agencies need to work as partners to address the serious issue of underfunded contracts. Together, they need to assess risk, develop strong programs, and establish sustainable payment structures. New York's non-profits have been running on empty for too long. It is time to make sure they can keep going and deliver the programs that benefit millions of New Yorkers every year," said **Rita Santelia, Associate Executive Director from Mosholu Montefiore Community Center (MMCC).**

"So many New Yorkers rely on nonprofits for basic needs: food, health, housing, and educational support. If the city wants to build stronger communities and improve overall quality of life, it needs to provide adequate funding to these agencies," said **Traci Lester, CEO of Little Sisters of the Assumption Family Health Service.**

"Our Beacon programs are already resource-starved as they are funded at a much lower rate than any other city-funded youth program. Eliminating the Summer Enhancement funding that had brought essential program enrichment that helped engage additional numbers of community youth diminishes the impact to which we are all dedicated to provide," said **David Slotnick, Program Director for the Samuel Field Y.**

Letter signed by 47 Council Members available [here](#).

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