

## **Challenges Facing Nonprofits in City Contracting**

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New York City Council  
Committee on Contracts  
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My name is Sara Rakita, Managing Director of the New York Immigration Coalition. Thank you to Council Member Rosenthal and the Committee on Contracts for holding this hearing on the Challenges Facing Nonprofits in City Contracting. This issue is of great importance to the nonprofit sector and particularly for immigrant communities in New York, and I appreciate the opportunity to offer testimony on the contracting issues impacting nonprofits in New York City.

The New York Immigration Coalition (NYIC) is an umbrella policy and advocacy organization for 175 multi-ethnic, multi-racial and multi-sector organizations and groups that work with immigrants and refugees in New York City and State. A leading advocate for immigrant communities on the local, state and national levels, the NYIC promotes and protects the rights of immigrants, improves newcomers' access to services, fosters their leadership, and provides a unified voice and vehicle for collective action. With member organizations located in every borough in New York City that collectively serve communities in more than 65 languages, the NYIC has a long history of coordinating collaborative efforts with our member groups and key allies to reach target populations and respond to issues.

Many of our member organizations have contracts with the City and they experience a number of challenges, including insufficient funds. Others member organizations are well-placed to provide human services to vulnerable communities but have been unsuccessful in obtaining City contracts to do so, leaving their communities underserved.

The NYC has been engaged in a productive dialogue with the City about ways to improve City contracting with small Community-Based Organizations (CBOs) over the past several months, along with our partners at the Federation of Protestant Welfare Agencies, Coalition for Asian Children and Families, Hispanic Federation, Asian American Federation, NY Urban League, and YWCA. We have been encouraged to see the Administration take our concerns seriously and express a commitment to remedying a number of shortcomings. There are a number of steps that the city should take to improve the process for immigrant-serving CBOs in particular, falling into several categories: getting immigrant CBOs involved, providing sufficient funds, streamlining bureaucratic requirements, and building capacity of small CBOs.

Immigrant-serving CBOs play a crucial role in their communities. Their linguistic and cultural competency enables them to provide proper service. In addition, they are known and trusted by vulnerable individuals who might otherwise be afraid to come forward for help.

### **Getting Immigrant CBOs involved**

Current bureaucratic processes in City contracting essentially deter immigrant-serving CBOs from applying for funds in several ways.

It is essential for City agencies to hire culturally competent staff to develop programs and evaluate proposals.

City agencies should do more outreach on Concept Papers, RFPs, and potential opportunities directly to communities that are under-served. Small CBOs are often unaware of opportunities to apply for City contracts. One strategy to overcome this is to encourage more CBOs to join HHS Accelerator, though that will not reach all immigrant CBOs. It is important for City agencies to also send people with cultural and linguistic competency out into communities where target populations live to let them know about opportunities.

In addition, RFPs are often seeking organizations to carry out programs using strategies that existing programs have already been using. However, these strategies may not always be the most appropriate for immigrant communities, particularly recently arrived immigrants. In order to better reach communities that are currently marginalized and under-served by city contracts, it would be advisable to consult immigrant-serving CBOs when developing programs and to allow applicants to propose different strategies to achieve the desired outcomes. This will also contribute to innovation in human service provision.

### **Budget & Finance Issues**

The budget strictures of City contracts can also be problematic – while City contracts often provide insufficient funds for non-profits to meet their deliverables and to operate their organizations, there are also many times when contracts are actually too large, essentially shutting out small CBOs that lack the capacity to work city-wide or on a large scale.

To address the problem of City contracts that do not pay enough, it is crucial for contracts to allow CBOs to charge reasonable rates of indirect costs so that they can pay for basic necessities like rent and staff salaries. There should also be mechanisms to amend contracts when costs increase.

On the other hand, the City should create more opportunities to get smaller amounts of money to CBOs when that makes sense. Reducing the burdens involved in subcontracting would allow larger service providers to partner with CBOs and make sure to take advantage of the crucial role they play in immigrant communities. In addition, the City should educate agencies on the possibility of using micro-purchases to get small amounts of money to small CBOs that can meet a pressing need.

It presents enormous cash flow challenges for CBOs that City contracts are reimbursement-based, as opposed to foundation grants which are typically paid before work is done. The Fund for the City of New York's Cash Flow Loan Program is an important resource for this. However, the City can do much more to ensure timely payment for services that CBOs have completed. It is not

uncommon for the NYC's City contracts to take upwards of 9 months to be executed before we can even start submitting vouchers for reimbursements. In addition, slow processing of vouchers and requests for reimbursements are particularly challenging for CBOs to manage. Payment should be processed within 60 days of submission of a voucher.

### **Administration, Technical Assistance & Capacity Building**

In addition, the City can and should do much more to level the playing field so that small CBOs without experience in City contracting or large administrative staff can participate.

The nonprofit sector is committed to transparency and accurately reporting how we do business and operate programs. Regulation is a necessary part of our industry and relationship with government, but many of the mandates we comply with are duplicative and can be streamlined to better use scarce resources and still adequately capture important compliance information. Creation of HHS Accelerator and its Document Vault have streamlined some of the paperwork required in City contracts. However, the volume of documents required to apply for and process a City contract remains excessive. It is not uncommon for multiple agencies to request the same documents, or even for the same agency to request the same document more than once. While best practices would dictate that agencies should inform CBOs of all requirements up front, the NYC has frequently found that they later come back to request additional documents later in the process. In addition, multiple external audits which the City does not follow up on and other mandates that are not essential to the work or compliance are a substantial drain on resources.

Agencies should also help build capacity of small CBOs to take advantage of City contracting. The Department of Youth and Community Development (DYCD) has been a leader in this regard by offering training programs for CBOs that are new to City contracting.

Agencies should also provide funding for coalitions and federations to provide technical assistance and support for small CBOs.

When CBOs are unsuccessful in applying for City contracts, they should receive feedback regarding the shortcomings in their applications.

### **Conclusion**

The NYIC and its members share the City's goals and we are eager to partner with the City to achieve those goals. We are pleased that both the Administration and the Council are committed to addressing the challenges preventing immigrant-serving CBOs from doing our part. There is much work to be done to ensure that CBOs receive sufficient funds to properly perform, to identify ways to modify rigid processes to allow CBOs to get services to immigrant communities, to streamline bureaucracy to make it possible for small CBOs to participate, and to strengthen the capacity of small CBOs to allow them to contract with the City, improve their governance, and provide better services for New York City's immigrants.

Thank you again for providing me with this opportunity to testify, and for your continued partnership with our sector. Please contact me at 212-627-2227 if I can provide further information.