



September 2, 2020

Hon. Bill de Blasio
Mayor, City of New York
City Hall
New York, NY 10007

Dear Mayor de Blasio:

We write to alert you to a critical threat to the financial health and stability of our non-profit sector. At issue are changes to the Indirect Cost Rate (ICR) Funding Initiative for FY20 and FY21. As you know, before the launch of the ICR Funding Initiative, social service contracts were routinely approved without the resources to sustain their mission. The City rightly included a commitment to pay city-contracted human service providers their true indirect rate in the FY20 budget. However, over a month and a half into this new fiscal year, these organizations were informed by various city agencies, including the Mayor's Office of Contract Services, that they would not receive full reimbursement for FY20 expenses already incurred. These outlays facilitated the delivery of essential direct services to our most vulnerable communities at the onset of the pandemic. Furthermore, these organizations have been told that the reimbursement rate for FY21 will likely be even less - but without any clear guidance. This is occurring as they continue to receive requests from city agencies for expanded services and facility support.

Full funding, along with a heartfelt thank you, is due to the staff of these organizations dedicated to providing greatly needed housing, mental health services, workforce development, food assistance, early childhood education, homeless services, youth programming, violence prevention, and immigrant assistance. They have worked with amazing dedication in the face of unprecedented challenges, and persevered through repeated changes in policy, and at great personal risk. We all know them to be essential, a lifeline to basic needs in physical and mental health, housing and food; a comfort from isolation; a guide in navigating devastating transitions to unemployment; and innovators in virtual engagement from the arts to fitness.

The cuts are deeply inequitable. Seniors are one of the most affected groups by the virus, yet even with the current infection rate at an all-time low, there is no indication from DOHMH when senior centers and their critical programs will be allowed to reopen. Center staff endured a sharp series of transitions. They remain at the forefront of DFTA and GetFood/DSNY initiatives to address food access and combat social isolation through wellness checks and remote programming. Many older adults do not have access to tablet computers, affordable broadband, or comfort in using digital devices and programs. Senior centers are also participating in the City's cooling program, and being asked to open their spaces for Learning Bridges as well as youth programming for this school year. All of these remote and facility based services require a strong foundation of support staff and budgets that match operating costs. Yet it is our understanding that DFTA contracts are slated to receive only 60% of their indirect rate, and only for several months of their FY20 contract. While no clear guidance has been issued, many anticipate a similar

funding rate for a limited number of months of the FY21 contracts, as DFTA did not receive funds to fill the gap.

For many organizations these shortfalls translate into a current financial liability exceeding hundreds of thousands of dollars. We recognize the extreme financial difficulty facing the City now and for several years ahead. However, these organizations agreed to provide services that the City cannot. That agreement and its full cost were mutually established in good faith, and the City should honor its part of that agreement in full.

We urge you to fully fund the Indirect Cost Rate Initiative as promised for FY20 and into FY21 including pandemic related costs.

Sincerely,



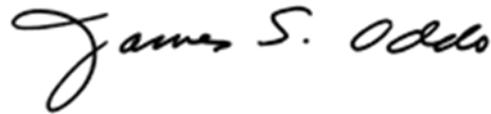
Gale A. Brewer
Manhattan Borough President



Eric L. Adams
Brooklyn Borough President



Ruben Dias Jr.
Bronx Borough President



James S. Oddo
Staten Island Borough President

Sharon Lee
Queens Borough President

cc: Melanie Hartzog, Director, Office of Management and Budget