



**City Council FY22 Preliminary Budget Hearing
Committee on General Welfare
March 17, 2021**

Testimony of Myung J. Lee, President & CEO

My name is Myung Lee and I am the President & CEO of Volunteers of America-Greater New York, the local affiliate of the national organization, Volunteers of America, Inc. (VOA). I would like to thank the Chair of the City Council Committee on General Welfare, Council Member Stephen Levin, for the opportunity to submit my testimony.

VOA-Greater New York is a human services organization that provides services to over 11,000 people every year through emergency shelters, transitional housing, and permanent supportive housing in NYC, Northern New Jersey, and Westchester. Most of our services are provided right here in NYC and we specialize in housing and care for seniors, veterans, survivors of domestic violence, persons living with HIV/AIDS, and persons with behavioral health and substance use disorders.

After a year of managing the impact of twin global health and economic crises, roughly 10 million New Yorkers are struggling with loss of income and mounting rent arrears, wondering if they will still have a home when the eviction moratoriums expire. It is well-documented that people of color have suffered disproportionately with respect to health and financial outcomes since the onset of the pandemic. It is therefore unsurprising, but still deeply disturbing, that Black and Latinx New Yorkers make up approximately 80% of those facing the prospect of eviction.

In addition to those at risk of becoming homeless, there were 56,849 homeless people, including 18,099 homeless children, in the NYC municipal shelter system as of December 2020. That figure includes a record high of 20,811 single adults, who tend to have much higher rates of behavioral health and substance use disorders compared to members of homeless families, making it harder for them to secure permanent housing without additional supports.

At VOA-Greater New York, we know that providing people who are homeless or at risk of becoming homeless with shelter is important, but it is not enough to address their complex and diverse needs. This is why wraparound services – case management, assistance with benefits and entitlements, linkage to medical and behavioral health services and substance abuse treatment, and recreational and socialization activities – is integral to our approach to caring for our clients. The provision of these services is a proven and cost-effective way to address chronic homelessness and transition to housing stability.

Our wraparound services are made possible through myriad contracts with City agencies. At a time when our clients need these services more than ever, VOA-Greater New York is experiencing significant financial uncertainty because receipt of funding from contracting agencies has been delayed, often without timely communication as to why the delay has occurred and when it will be addressed.

As recently as December 2020, we had roughly \$16 million in outstanding receivables from City agencies against a total operating budget of \$100 million. We turned to our lines of credit to cover the cost of the services the City committed to fund, and we are responsible for the interest accrued in the interim as we wait to recognize funding.

The City relies on the ecosystem of human services providers in NYC to enact some of its boldest policy initiatives, leveraging the expertise of our staff and the deep trust we have built within our communities to ensure critical services and resources are delivered to New Yorkers in need. Unfortunately, systemic delays in paying these providers undermines the financial sustainability of our sector as a whole.

VOA-Greater New York contracts are commonly registered by the City after the contract's start date, and there is confusion surrounding approval of invoices. Our staff has also identified limitations to the NYC HHS Accelerator system that exacerbate these delays in recognizing funding:

- 1) **No budget modification while there is a pending payment** – If a government partner does not make a payment timely, agencies are forced to submit the next month's billing, which further delays the ability to perform a budget modification. This process forces agencies to decide between delaying budget modifications or not comply with billing due dates in order to submit a budget modification. Both options will result in a delay of cash reimbursement.
- 2) **Disallowance of costs not permitted** – A single questioned cost, regardless of how small it is, will result in the rejection of an entire billing, which must then be adjusted and resubmitted. If Accelerator allowed for the government partner to disallow a questioned cost, this would not delay processing the balance of the payment.

When we are expected to provide contracted services before the contract itself is registered, it introduces significant liquidity risk to our organization. The risk compounds during a crisis, when the City is also experiencing tight cash flow.

In addition to liquidity concerns, our organization also faces financial stress when the City alters its funding commitments suddenly and retroactively. With less than four months left in the fiscal year, the City just announced that it only intends to fund 30% of the value of the FY21 indirect cost rate (ICR) amendments for human services organizations, amounting to a significant loss of revenue for organizations that built the full ICR into their budgets – for VOA-Greater New York, that could be over \$1 million. In light of the recent federal stimulus package, I urge the City to invest \$171 million in its FY22 budget to fully honor the commitments it made to human services providers with respect to ICR funding for FY20, FY21, and FY22.

The nonprofit sector employs 18% of the private workforce, and the majority of these employees are women, and Black, Indigenous, people of color (BIPOC). At VOA-Greater New York, 70% of our staff identify as BIPOC, and 50% identify as BIPOC women. Our City contracts do not provide adequate funding to ensure that our service providers are paid living wages, exacerbating the economic inequities that break down along racial and gender lines in NYC. Our staff members are credentialed, hardworking, and experts in their fields. They are essential workers who have been on the frontlines since the onset of this pandemic, and their wages should reflect their service to the public. This year, we were not able to provide staff with the modest salary increase they have come to expect annually because the cost-of-living adjustment (COLA) was removed from the personnel services line of our contracts.

I am grateful for the support that we have received from the NYC Department of Social Services, Human Resources Administration, and Department of Homeless Services during this crisis. It is of paramount importance that the Mayor's Office and City Council restore funding to these agencies so that human services organizations have the resources they need to drive the COVID-19 recovery effort in NYC.

I urge members of the Committee on General Welfare and their colleagues in the New York City Council to continue advocating for workers in the human services sector, who are the first line of defense in NYC during times of crisis and critical partners in the success of the City's poverty fighting initiatives.

Respectfully submitted by:

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