



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER  
SCOTT M. STRINGER

April 14, 2020

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

Re: Fiscal Year 2020 Nonprofit Contracts

Dear Mayor de Blasio:

I am writing today about two urgent situations that are emerging for nonprofit organizations as a result of the City's decision making around the current budget shortfall. The first concerns honoring Fiscal Year (FY) 2020 contracts for nonprofits, and the other concerns the consequences of ending the Summer Youth Employment Program (SYEP). While it's essential that the City make tough budgetary decisions at this time, these decisions must be made in a responsible and orderly way that does not jeopardize the ability of the City's nonprofit organizations to continue to serve New Yorkers. Accordingly, I have several questions about the decisions that appear to have been made to date on these two issues.

Honoring FY20 Contracts

On April 8th, the Mayor's Office of Management and Budget sent guidance to City agencies advising that they should stop submitting Fiscal Year 2020 contracts to my office for registration and withdraw any contracts that had been submitted but not yet been registered. Specifically, OMB's e-mail to agencies stated:

*Contracts, whether expense or capital funded, will not be approved by OMB unless they are for one of the four categories mentioned above [NOTE: the four categories were Human Services contracts; Life/Safety; M/WBE contracts, and COVID-19 related]. There should be no contract registrations submitted to the Comptroller without prior OMB approval. For any exceptions to the procedures outlined above, please reach out to your OMB Task Force. ... For existing contracts currently with the Comptroller, if they do not fall into the four categories defined above, we ask that you please withdraw them now.*

FY20 contracts represent commitments by the City, and in many cases, the programs they fund have either been fully or partially executed, meaning the City's nonprofit partners have already spent the promised funding. My office has heard from numerous nonprofits over the past few weeks that are still waiting for their FY20 contracts to be submitted for registration (discretionary awards in particular) and are experiencing cash flow issues as a result. Many of them have outstanding loans with their financial institutions in anticipation of City contracts. Delaying or stopping execution and registration of these contracts could cause significant financial harm to the City's nonprofits—harm that some organizations will not recover from.

Please respond to the following questions regarding the above guidance:

- Will all human services contracts be submitted for registration, regardless of the source and manner of the award? Not doing so would appear to be inconsistent with previous promises from the City that human services providers would be held harmless in the event that the original scope of work could not be fulfilled. Do those prior assurances cover discretionary contracts?
- How many FY20 contracts, by agency, have yet to be submitted for registration, or are expected to be withdrawn? What is the total dollar amount of those contracts, by agency? Please distinguish between contracts with for-profit and not-for-profit entities, and for nonprofits, between City Council discretionary awards and agency procurements.
- How much in savings does the City expect to realize in the current fiscal year by this action?
- To what extent are contract submissions outside of the four listed categories subject to OMB approval? Is there other internal OMB guidance on what criteria will be used to guide approval or rejection? How quickly will decisions be forthcoming?

#### Suspending the Summer Youth Employment Program

On Tuesday, April 7th, the Department of Youth and Community Development notified providers that the Summer Youth Employment Program (SYEP) would not be operating this summer, and that SYEP contractors would not be reimbursed for any program expenses after April 8th (subsequently amended to April 15th).

In addition to the impact on program participants, the decision means SYEP providers are now forced to abruptly lay off staff. And since providers can no longer submit for program expenses, they will be saddled with costs associated with the remainder of the program.

Please respond to the following questions regarding the City's decision on SYEP:

- How is this decision consistent with the March 18th guidance from the Mayor's Office of Contract Services that human service providers would be paid for contracted expenses so long as they worked with their agencies on plans to continue, modify or suspend services?
- How much does the City expect to realize in savings in Fiscal Year 2020 from this action?
- What consideration was given to alternative course of actions, such as keeping registration open pending adoption of the FY 2021 budget (with the possibility that some level of funding would be available)?
- Did the City consider that SYEP providers that applied to the Federal government's Paycheck Protection Program (PPP) may no longer be eligible for loan forgiveness, since that aspect of the program is predicated on staff retention?

Given the urgency of these matters for nonprofit providers, I respectfully request a response to the above questions no later than the close of business, Friday, April 17th, in order to clarify the City's policy and intentions.

Sincerely,



Scott M. Stringer  
New York City Comptroller

C: Melanie Hartzog, Director, Mayor's Office of Management and Budget