



NEW YORK CITY COMPTROLLER
BRAD LANDER

Nonprofit, Nonpayment

An Analysis of Payment Delays for the City's Human Service Contractors

April 2025

Executive Summary

New York City's human service contractors deliver critical services to residents every day, representing \$8 billion in spending in Fiscal Year 2024. With federal funding for nonprofit service providers under threat, the very least the City can do is pay contractors on time and in full for services already rendered. Timely payment is essential to protecting both service providers and the New Yorkers who rely on them from the harmful impacts of the Trump Administration's efforts to target the non-profit community. Yet the City's payment delays are growing worse by the day.

The Comptroller’s mandated [annual contracts report](#) provides an in-depth analysis of delays in the contract registration process – a critical step before most contracts become legally enforceable. The contract registration process has been plagued by delays for decades; to address that long-standing challenge, the Comptroller’s Office has developed detailed recommendations to reform the City’s contract registration process to better ensure that nonprofits are paid on time, in full, and with certainty so they can keep meeting the needs of New Yorkers.^{i,ii} In recent years, however, human service providers have increasingly experienced payment and invoice processing delays even after contracts are registered. These delays are reportedly forcing nonprofit providers to take on debt, consider layoffs, and scale back services in the face of mounting financial issues.ⁱⁱⁱ This report examines contract and payment timelines from the point of contract award to when non-profit providers receive payment from the City, painting a holistic picture of the delays these contractors face.

The analysis focuses on the nine agencies¹ with over \$100 million in active² non-profit contracts as of Fiscal Year 2025, five of which are responsible for at least \$1 billion in spending – Homeless Services (DHS), Health & Mental Hygiene (DOHMH), Children’s Services (ACS), Social Services (DSS/HRA), and Youth & Community Development (DYCD). While the Comptroller’s Office has anecdotally heard that similar issues exist at the Department of Education (DOE), the agency is excluded from analysis as relevant data is not available to the Comptroller’s Office due to the agency’s use of a separate system with fewer built-in oversight and reporting capabilities.

Key Findings

- An April snapshot of Procurement and Sourcing Solutions Portal (PASSPort) records revealed over **7,000 pending unpaid invoices worth over \$1 billion**. At least **\$675 million** in unpaid invoices were billed for service dates in FY 2024 or prior.³

¹ The agencies reviewed are the Administration for Children’s Services (ACS), Department for the Aging (DFTA), Department of Homeless Services (DHS), Department of Health & Mental Hygiene (DOHMH), Department of Social Services (DSS), Department of Youth & Community Development (DYCD), Housing, Preservation & Development (HPD), the Office of Criminal Justice (OCJ), and Small Business Services (SBS).

²For the purposes of this report, an “active contract” refers to contracts where the contract start date has passed but the contract end date is still in the future. Statuses reflect data pulled from the City’s Financial Management System (“FMS”) on 4/15/25.

³ PASSPort is the City of New York’s end-to-end digital procurement platform that manages every stage of the procurement process from vendor enrollment, to the solicitation of goods and services, to contract registration and payments. Invoice data was exported from PASSPort on 4/15/25.

- 2,508 contracts valued at **\$4.6 billion await registration** even as their start dates have already passed. These vendors are likely providing services to New Yorkers at-risk and cannot begin receiving payment for those services until their contracts are registered.
- At seven of eight⁴ agencies reviewed in FY 2024, the City issued first payments to human services providers **over 200 days (or 6.5 months) on average** after the contract's official start. At five agencies (DFTA, DOHMH, DYCD, HPD and SBS), that figure was **over a year**.
- HPD exhibits the worst overall delays from the point when contract work begins to the first contract payment, with human service contractors waiting **765 days (over two years) on average** to process the first payments for their contracts.
- Over the last year, DOHMH and DHS took **40 or more days** on average to process an invoice to payment; both agencies had **hundreds of invoices that sat pending for 100 or more days**.
- Between FY 2023 and FY 2024, payment delays at about **half of the agencies reviewed worsened** (DHS, DOHMH, HPD and SBS).
- The majority of agencies reviewed did not meaningfully improve their on-time payment performance over the past five years. Across the agencies, time to first contractual payment was **16% longer in 2024 compared to 2019**.
- **Modifying a contract budget**, even for modest changes to line items like rent or payroll, **contributes significantly to payment delays**, and often completely stops the flow of money to vendors. **85%** of contracts with an approved FY 2025 budget have been modified at least once.

Recommendations

- **Launch and expand ContractStat to track delays in the contracting process from start to finish, including payments:** The City has continuously failed to implement ContractStat, a management tool to track and improve the City's delays in contract registration as outlined in [A Better Contract for New York](#). The City of New York must immediately launch this critical management and public transparency tool and expand it to measure and improve agency performance in budget and subcontractor approval, invoice processing and payments.

⁴ OCJ is a newly created agency and does not have an adequate archive to review for this section of analysis.

- **Make partial invoice payments a standard practice across agencies:** Within the last year, the Mayor’s Office of Contract Services (MOCS) added a functionality authorizing agency staff to make partial payments on undisputed sections of an invoice. The City should create new standards through which invoices that meet certain criteria result in a portion of the funds being automatically released, with the remaining funds made available after agency staff have affirmed that the vendor has satisfied all required paperwork and documentation.
- **Reboot the City’s “Clear the Backlog” initiative with a focus on human service providers & agencies with the longest delays:** In 2016 when thousands of contracts were stuck in pre-registration, the de Blasio Administration convened a Nonprofit Resiliency Committee. The Committee developed a suite of reforms to the contracting process, resulting in 90% of Human Services contracts submitted for registration on time in Fiscal Years 2020 and 2021.^{iv} The City should immediately **reboot this initiative** to:
 - **Expand to clear backlogs in payment and invoice delays.** In the first iteration of *Clear the Backlog*, the cause of delays was largely centered around pre-registration. Now, providers are additionally experiencing delays in receiving payment due to higher rejection rates for budgets and invoices and other post-registration issues. The initiative should be rebooted and expanded to include the full scope of delays in invoice processing and payments.
 - **Immediately pay outstanding invoices to registered contractors facing financial risks that will disrupt service provision due to demonstrable delays in the contracting and payment process.** The City should establish a prioritization process for immediately issuing payments to nonprofit contractors that demonstrate the following set of criteria:
 - Delays in contract registration or payment that are creating or exacerbating significant financial strain on the organization
 - An established history of exemplary City service provision
 - Deriving 75% or more of operating income from City sources and/or a significant loss of federal contracts
 - **Publish key findings and implement systemic reforms.** The team should report publicly on the results of their efforts at regular intervals alongside agency-specific and citywide action plans to City contracting to tackle systemic challenges and reduce delays.
- **Dramatically expand the Fund for the City of New York’s grants and bridge loans program:** The City should work with philanthropic partners to temporarily infuse the Fund for the City of New York’s Returnable Grant Fund with \$500 million to immediately alleviate the pressure on organizations at risk of insolvency, including an expedited process for providers with unregistered contracts to apply for these funds. As the City

addresses systemic pain points in the contract registration and payment process, FCNY can reduce the scale of these programs as demand declines.

- **Increase staff capacity at City agencies:** As delays in invoicing and other ordinary post-registration business become widespread, the City must recruit more contract processing staff for contracting agencies that are falling behind on their workload. Agencies would need to submit plans for where resources are needed, including program staff, accountants, and/or contract review specialists. Through ContractStat, The Mayor's Offices of Contract and Nonprofit Services would hold those agencies accountable to ensure the additional resources provided are improving the agency's KPIs and implement corrective action plans where performance continues to fall short.
- **Fix pain points in PASSPort:** PASSPort represents a tremendous leap forward in transparency and process standardization in the City's procurement process, however, there remain several pain points that contribute to delays and frustration among nonprofits and agency staff alike. Interviews with users included reports of glitches in uploading documents, time-consuming requirements to manually enter data, and being locked out of parallel workflows while users wait for agencies to take action. The Mayor's Offices of Contract and Nonprofit Services should convene representatives of agencies and the non-profit sector to create a priority list of pain points that hold PASSPort back from its potential as a source of greater efficiency and then immediately address them, procuring software and technology upgrades through emergency procurement mechanisms if necessary. The findings and fixes resulting from this work should be made available to the public. The City should also begin steps to migrate the Department of Education's budget and invoicing processes to PASSPort, bringing essential transparency to the largest agency.
- **Set ambitious, achievable deadlines for contract registration:** The Comptroller's Office currently manages the only part of the procurement process with a charter-mandated time-limit to register or return each contract within 30 days of receiving it – an obligation this Office has met consistently. Local Law 169 of 2023 required the City to study and make recommendations for a timeline framework for the City's procurement process. However, the City's report fails to identify the specific sources of common delays, gaps, and bottlenecks and concluded that the current processing timelines are acceptable.^v To address the astonishing backlog of contracts that start even before the work begins, the Mayor's Office should follow through with its commitments it made in the Joint Task Force to Get Non-Profits Paid and the Capital Reform Task Force to impose ambitious and achievable timeframes and key performance indicators for the City's procurement process. Putting a clock on the portions of the procurement pipeline that the Administration oversees will make the City a more reliable partner for both its vendors and the people who rely on the services.

Overview of the City's Contracting Process

The road to payment for contractual services is [long and complex](#), requiring close coordination between City agencies and the selected vendors. After establishing a need and successfully selecting a vendor, agencies must collect and report on the organization's financial structure and business processes, delivering a package of information to the Comptroller's Office for registration within 30 days of submission where required, only after which can work officially begin.^{vi} Under ordinary circumstances, the City is not permitted to pay a contractor for services without a duly registered contract.

The Comptroller's Office has [previously reported](#) on the dysfunction that arises long before many contracts reach the Bureau of Contract Administration for review, which results in delays that often stretch far beyond the date that services are meant to begin. In FY 2024, over 90% of Human Services contracts were registered late. The Comptroller's Office's statutorily mandated review is an essential step in the contracting process, a layer of protection against waste, fraud and abuse that protects city taxpayers. But to longstanding partners who provide legally mandated services like indigent legal defense or homeless shelters, it can serve as an artificial barrier to payment. These providers do not have the option to cease operations simply because a contract renewal is delayed and must instead find significant sums of money to meet payroll while they wait.

After a contract is registered, non-profit financial staff must prepare a detailed annual budget that itemizes costs for goods and services. This is then scrutinized by agency staff who either approve or send the proposed budget back for revisions. Non-profits have reported that in some cases, agency staff will not accept budget proposals for review until after contract registration, creating another arbitrary delay in the payment process.

Budgets on large contracts can cover numerous discrete aspects of a project – facility rental, rates of pay for programmatic staff, third party software purchases and equipment – all of which must be spelled out in unit costs. Too often these predetermined rates do not match what providers pay in an open market, especially as inflation increases costs across countless sectors. While there is some tolerance for cost overages, if the real cost of providing services exceeds 10% for either the total approved budget, or if any single item cost is greater than 10%, payment activity comes to a halt; the non-profit must submit a revised budget that undergoes another review process.

Only once a budget has been submitted, reviewed, and approved can a contractor submit an invoice. Then, agency staff must again review the invoice and either approve it for payment or send it back to the contractor for further revision. Invoices must also come with detailed documentation – supporting documents must match the terms set out in the contract and

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budget, and describe, for example, the measurable impact or number of people served. If agency staff consider the documentation insufficient, they may again return the invoice.

In 2019, the de Blasio administration recognized the strain that payment delays were putting on essential Human Services partners. In order to ease the burden, the City [significantly expanded](#) the types of services that were eligible for upfront advance payments. These payments can represent a 25% allocation of the amount the City expects to pay in the first fiscal year of a contract.^{vii} The results of the expansion were plainly evident: the average time to the first payment dropped by hundreds of days across human services agencies.⁵

In 2024, most agencies migrated their contractual activity from HHS Accelerator to [PASSPort](#), a service developed by the City that serves as a one-stop-shop for hosting documents and tracking activity related to contractual services.^{viii} Many agencies migrated from an older legacy system, HHS Accelerator, over the course of 2024. The transition has been rocky, with numerous contractors reporting fundamental errors with the system design – glitches in uploading supporting documentation, system lockouts, and cumbersome manual steps – that have resulted in further delays in payment.

Analysis

The Comptroller’s Office reviewed the experience of human service providers working with City agencies, using the City’s Financial Management System (FMS) and PASSPort’s reporting modules to better understand how the payment system is working well and where it breaks down. This report analyzes the contract registration and payment process holistically from the perspective of a provider attempting to remain solvent in the face of intense financial pressure. The Office identified 3,663 non-profit contracts across nine target agencies that were active as of Fiscal Year 2025.⁶ The cumulative value of these contracts exceeds \$42.6 billion over the course of their terms, which can range from less than one year to several decades. The analysis focuses on the experience at these nine agencies because the value of each of their active non-profit portfolios exceeds \$100 million, reflecting a significant amount of City-contracted business.⁷

⁵ See the Analysis section for more details.

⁶ Two HPD Contracts - CT180620248804631 (HANCY) and CT180620248805778 (NY Disaster Interfaith Services Inc) - were excluded from this analysis as emergency contracts known to have unusual reimbursement structures. A third SBS Contract – CT180120228804516 (GOVERNORS ISLAND CORPORATION), while a non-profit, was also excluded since it is a NYC-established entity.

⁷ Because the Department of Education uses a separate system to process contracts, it is excluded from the analysis.

Table 1: Agencies with at Least \$100M in Active Non-Profit Contracts

Agency	Active Contracts	Total Contract Value (\$ millions)	Remaining Value (\$ millions)
Dept. of Homeless Services (DHS)	396	\$21,565.3	\$16,092.0
Dept. of Health & Mental Hygiene (DOHMH)	697	9,169.6	6,881.9
Dept. of Social Services (DSS)	463	4,689.4	3,736.0
Administration for Children's Services (ACS)	213	2,575.8	1,509.8
Dept. of Youth & Community Development (DYCD)	1,181	2,249.2	1,154.9
Dept. for the Aging (DFTA)	481	1,121.0	854.5
Office of Criminal Justice (OCJ)	87	976.4	495.9
Dept. of Small Business Services (SBS)	123	236.5	103.5
Dept. of Housing, Preservation & Development (HPD)	22	114.4	87.9
Total	3,663	\$42,697.6	\$30,916.5

Source: NYC Financial Management System (FMS)

The analysis established a series of key milestones and measures to compare the difference in performance at the nine agencies:

- **Start Date:** The contractual date for the beginning of services.
- **Registration Date:** Where applicable, the date that a contract was officially registered and therefore eligible for payment.
- **Invoice Submission/Approval Date(s):** The recorded dates that invoices were submitted by a provider and approved by agency staff.
- **First Payment Date:** A date calculated by the Comptroller's Office intended to capture the first invoiced payment. This date is essential, as it is the only way to observe that the contract is both active and in progress.

Because most agencies migrated to PASSPort midway through Fiscal Year 2024, detailed information on budget submissions and invoice processing times is limited to approximately 12 months of data.

A Significant Backlog

The scope of uncompensated work and contracts in limbo is difficult to estimate, but very likely amounts to thousands of contracts and billions of dollars. Backlogs can create a feedback loop: when working to process a delayed invoice for a closed fiscal year, agencies must take additional steps to free up the current year's budget to pay for prior year activities and then attribute the payment to a prior budget year (known as "journaling") to release the current year budget for its intended purpose. These additional steps can overwhelm staff even under ideal circumstances. As of March 2025, the [citywide vacancy rate is 5%](#). All nine of the agencies with large Human Services contract volume exceed this vacancy rate, some with 10% or greater positions vacant. As contract administration is spread among numerous functions for human services agencies, the impact of high vacancy rates in any department can cascade across the agency.

Assessing the true value of the City's backlog would require an extensive review of individual contract terms, most of which are not readily available to the Comptroller's office, but a review of available data indicates that active non-profit contracts with short and medium-term durations could be eligible for up to \$4.9 billion more than they have been paid as of April 15, 2025. In an ideal scenario, nonprofits providing critical services on behalf of the City would receive regular, timely payments from City agencies, providing a predictable schedule of payments that enables nonprofits to make payroll and cover overhead costs.

To simulate that best practice, the Comptroller's estimate assumes that a non-profit began work at the contract's start date, that the value of the work was constant across the lifespan of the contract, and that the contract's full value will be expended. Out of the universe of active non-profits operating under the nine target agencies, this analysis focused on contracts with durations of five years or less because these contracts are less likely to begin operating after their official start dates or have variable payment structures over time, allowing for cleaner estimates. Just over half of the 3,027 non-profit contracts analyzed would be eligible to receive more than 25% of their total contract value if the rate of payments kept pace with the elapsed contract period.

Contracts for the Department of Homeless Services (DHS) have accumulated about \$3 billion in unliquidated funds since their start date, representing about 60% of the unspent value of non-profit contracts.

Table 2: Estimate of Funds Payable to Active Non-Profits Based on Share of Contract Duration Completed (Contracts with Terms Lasting Five Years or Less)

Eligible Value Based on Elapsed Time	Number of Contracts	Total Contract Value (\$ millions)	Total Estimated Eligible Value (\$ millions)
Between 0%-25% of Contract Value	1,395	\$16,215.46	\$2,330.70
Between 25%-50% of Contract Value	1,189	6,830.66	2,246.08
More than 50% of Contract Value	443	668.48	381.10
Grand Total	3,027	\$23,714.60	\$4,957.89

Source: NYC Financial Management System (FMS)

Table 3: Estimate of Funds Payable to Active Non-Profits by Agency

Agency	Number of Contracts	Total Contract Value (\$ millions)	Estimated Eligible Value (\$ millions)
DHS	359	\$13,206.3	\$3,060.5
DSS	331	2,872.3	406.6
ACS	207	2,374.5	448.5
DYCD	1,092	1,973.0	421.0
DFTA	472	1,088.1	131.8
DOHMH	344	1,005.7	280.3
OCJ	78	879.4	133.1
SBS	122	200.8	29.3
HPD	22	114.4	46.7
Total	3,027	\$23,714.6	\$4,957.9

Source: NYC Financial Management System (FMS)

There are also billions of dollars in contracts awaiting registration that have passed their official start date. It is unknown if these contractors have begun work, as this would officially be “at risk” work that the City could disclaim responsibility for if the contract was not registered. However, these contracts are often with longstanding partners who perform numerous services for the City, and at-risk work is tacitly expected when contracts are habitually delayed. In total, PASSPort Public listed 2,508 unregistered contracts that are already retroactive (still pending after their official start dates), totaling \$4.6 billion.⁸

DHS again tops the list with 48 contracts valued at \$2.2 billion, followed by the Department of Social Services (DSS) with 190 contracts and \$1.3 billion in value. The Department of Youth & Community Development (DYCD) accounts for most of the contracts, with 1,635 pending registration and \$412 million in pending expenses.

Table 4: Backlog of Unregistered Contracts

Agency	Unregistered Retroactive Contracts	Value of Unregistered Contracts (\$ millions)
DHS	48	\$2,158.0
DSS	190	1,327.9
DOHMH	257	478.6
DYCD	1,635	412.0
HPD	181	146.1
SBS	70	39.5
DFTA	97	19.8
ACS	15	16.1
OCJ	15	9.5
Total	2,508	\$4,607.7

Source: Procurement and Sourcing Solutions Portal (PASSPort)Public

⁸ PASSPort Public does include information on vendor non-profit status; these data include all pending contracts for all vendors.

Progress to Payments

The Comptroller’s Office reviewed key post-registration milestones in PASSPort for active contracts in the current City fiscal year – including the progress of both annual budget submissions and payment on invoices – to better understand the issues facing active contracts.⁹ Of the universe of all active non-profit contracts, 93% had an initial FY 2025 budget approved as of March 2025, making them eligible to submit an invoice for services performed. In spite of this, invoices were only successfully disbursed for about 54% of these contracts according to PASSPort data.¹⁰ Nine months into the fiscal year, 40% or more of the active non-profit contracts at five agencies (DFTA, DOHMH, DYCD, HPD and SBS) did not yet have an invoice disbursed. Among contracts with an approved FY 2025 budget, SBS (68 of 91 contracts) had the highest percentage of active contracts with no disbursed invoices.

Table 5: Contracts with No Invoices

Agency	Contracts with an Approved FY25 Budget	Contracts with no FY25 Invoices	Percent of agency contracts with budget but no invoices	Total value of Contracts with no Invoices (\$ millions)
DHS	385	115	29.87%	\$5,123.3
DOHMH	646	310	47.99%	\$4,089.3
DSS	415	153	36.87%	\$2,272.2
ACS	197	51	25.89%	\$1,670.8
DYCD	1,103	498	45.15%	\$760.7
DFTA	458	226	49.34%	\$478.5
SBS	90	67	74.44%	\$175.4
HPD	20	9	45.00%	\$77.5
OCJ	82	24	29.27%	\$38.0
Total	3,396	1,453	42.79%	\$14,685.7

Source: Procurement and Sourcing Solutions Portal (PASSPort) and FMS

⁹ Active non-profits in this analysis were included regardless of the length of their contracts.

¹⁰ Invoice data was extracted from the PASSPort Header Report and filtered only for records that were accepted in FMS. Processing invoices in FMS is the final step before funds are disbursed. Invoice data was compared against contracts with approved FY 2025 budgets.

The reasons for low submission rates for invoices can vary – the work that a provider does may be irregular in nature, or the nonprofit’s staff may prefer to submit larger invoices closer to the end of a fiscal year – but submitting a budget modification triggers a lockout in PASSPort barring users from uploading any invoices as evidence of work, and even small discrepancies between invoiced dollar amounts and agreed upon budgets can tie up agency and non-profit staff in cumbersome manual reviews. Budget modifications are common; 84.8% of contracts in the dataset with approved FY 2025 budgets have been modified at least once; among all agencies, the average contract has more than 2 budget modifications. At the agencies with the largest number of active contracts with approved budgets, the number of budget modifications-per-contract ranges from less than one for SBS to 2.8 for ACS and DHS. DYCD, which has the most contracts, averages 2.1 modifications.

Table 6: Active Contracts with FY 2025 Budget + Budget Modifications

Agency	Active Contracts with a 2025 Budget	Number of Budget Modifications	Average Budget Modifications Per Contract
ACS	197	574	2.8
DHS	385	1,123	2.8
DYCD	1,103	3,043	2.1
DOHMH	646	1,504	2.1
DSS	415	1,133	2.1
OCJ	82	253	1.7
DFTA	458	933	1.6
HPD	20	36	1.5
SBS	90	120	0.5
Grand Total	3,396	8,719	2.1

Source: Procurement and Sourcing Solutions Portal (PASSPort) and FMS

The time to cycle an invoice from contractor submission to payment by the City serves as a useful point of comparison. In reviewing over 31,000 non-profit invoices paid from March 2024 to April 2025, the variance from the fastest to the slowest processing time was over three times longer. DOHMH (nearly 48 days) and DHS (nearly 40 days) took the longest on average to process a submitted invoice and each had hundreds of invoices which took more than 100 days to disburse from the submission date.

Pending invoices also provide point-in-time insight into the struggle that vendors are currently facing. 4,000 non-profit invoices were pending some level of review in PASSPort on April 15, 2025 – on average for 49 days. DHS, DOHMH, and DSS top the list, averaging days pending invoice submission of 82, 60, and 42 days, respectively. Across all analyzed agencies, 424 invoices have been pending for more than 100 days, and 77 were submitted at least a year ago.

This analysis was only able to measure invoice delays from the point a vendor submitted an invoice for agency review in PASSPort. As noted above, many non-profit organizations are locked out from invoicing for services rendered while they negotiate budget modifications with the City. If it was possible to include budget modification processing times in this analysis, the average time a non-profit waited to receive payment for completed work would be even longer.

Table 7: Average Time to Process an Invoice by Agency

Agency	Average Invoice Cycle Time ¹¹	Number of Invoices	Invoices Taking Over 100 Days
DHS	47.8	5,168	492
DOHMH	39.8	3,025	246
HPD	35.3	209	6
DYCD	34.2	9,938	201
DFTA	21.6	4,944	25
ACS	20.5	2,386	11
DSS	19.1	5,121	75
OCJ	17.4	435	0
SBS	12.4	222	1
Total	31.1	31,448	1,057

Source: Procurement and Sourcing Solutions Portal (PASSPort)

¹¹ Measured from the date a non-profit submitted an invoice to the date the City disbursed invoiced funds (note: if a disbursed date was missing, we used the FMS approved date)

Table 8: Invoices Pending as of April 2025

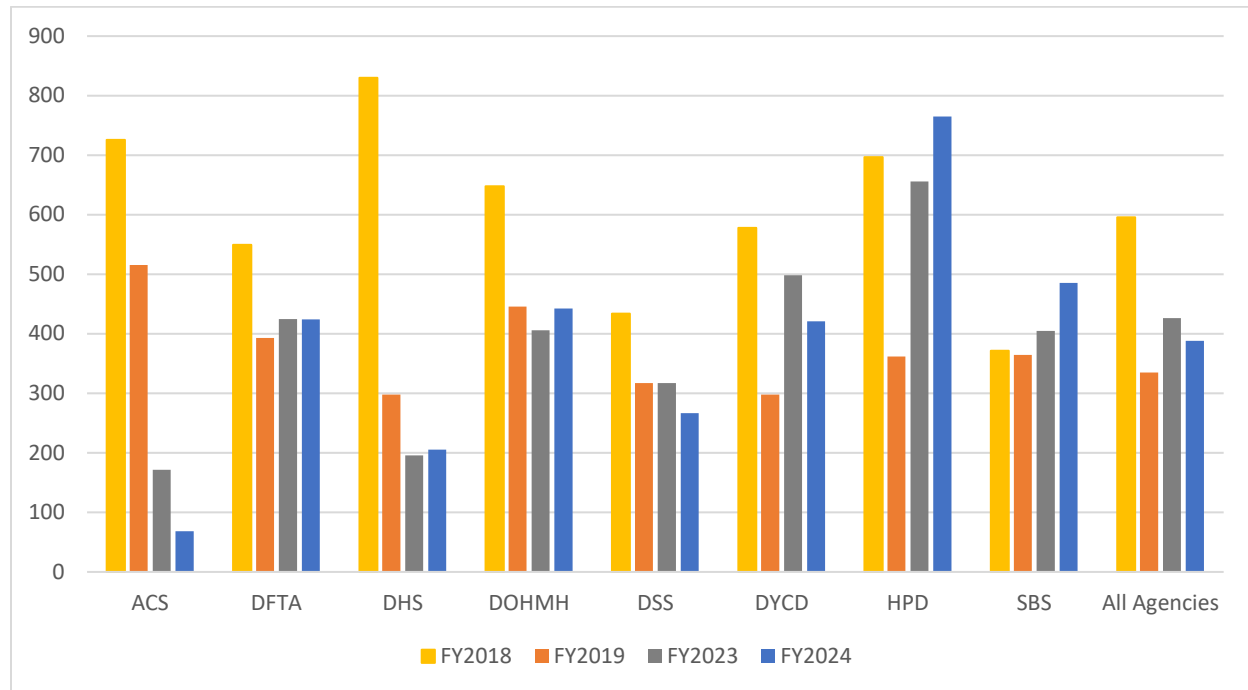
Agency	Pending Invoices	Average Days Pending	Invoices Pending for 100 Days	Invoices Pending for 365 Days
DHS	1,328	82.20	277	72
DOHMH	265	60.19	55	3
HPD	50	42.21	1	0
DSS	292	37.66	26	0
OCJ	48	30.42	2	0
DYCD	1,713	28.58	39	1
DFTA	253	26.46	20	0
ACS	50	24.52	4	1
SBS	5	23.40	0	0
Total	4,004	49.12	424	77

Source: Procurement and Sourcing Solutions Portal (PASSPort)

The payment problem is most evident when viewed from a high vantage point – ignoring the contract registration date and instead looking at the time it takes the City to issue a payment from the official start date of the contract. Here, the Comptroller’s Office compared more recent 2023 and 2024 fiscal years to 2018 and 2019. The effect of advance payments (tied to the City’s 2019 decision to expand eligibility for advances) is evident in the sharp decline in payment issuance time between FYs 2018 and 2019: the overall average time to first payment declined from 596 days to 335 days. However, the average times in FYs 2023 and 2024 were worse than 2019: 426 and 388 days, respectively. Given that there are large numbers of contracts from FYs 2023 and 2024 that are still pending registration, it is very likely that the average time to first payment for these years will continue to worsen.

In FY 2024, nonprofit contractors working with nearly every agency received first payments, on average, over 200 days since contract start. ACS was the lone exception to this trend (69 days on average). At five agencies (DFTA, DOHMH, DYCD, HPD and SBS), the average first payment came one year after the contract start date. The Department of Housing Preservation and Development (HPD) took the longest, 765 days. Performance at about half of the agencies reviewed (DHS, DOHMH, HPD, and SBS) declined compared to FY 2023 levels, and average times have not improved meaningfully since FY 2019 except at ACS and DHS.

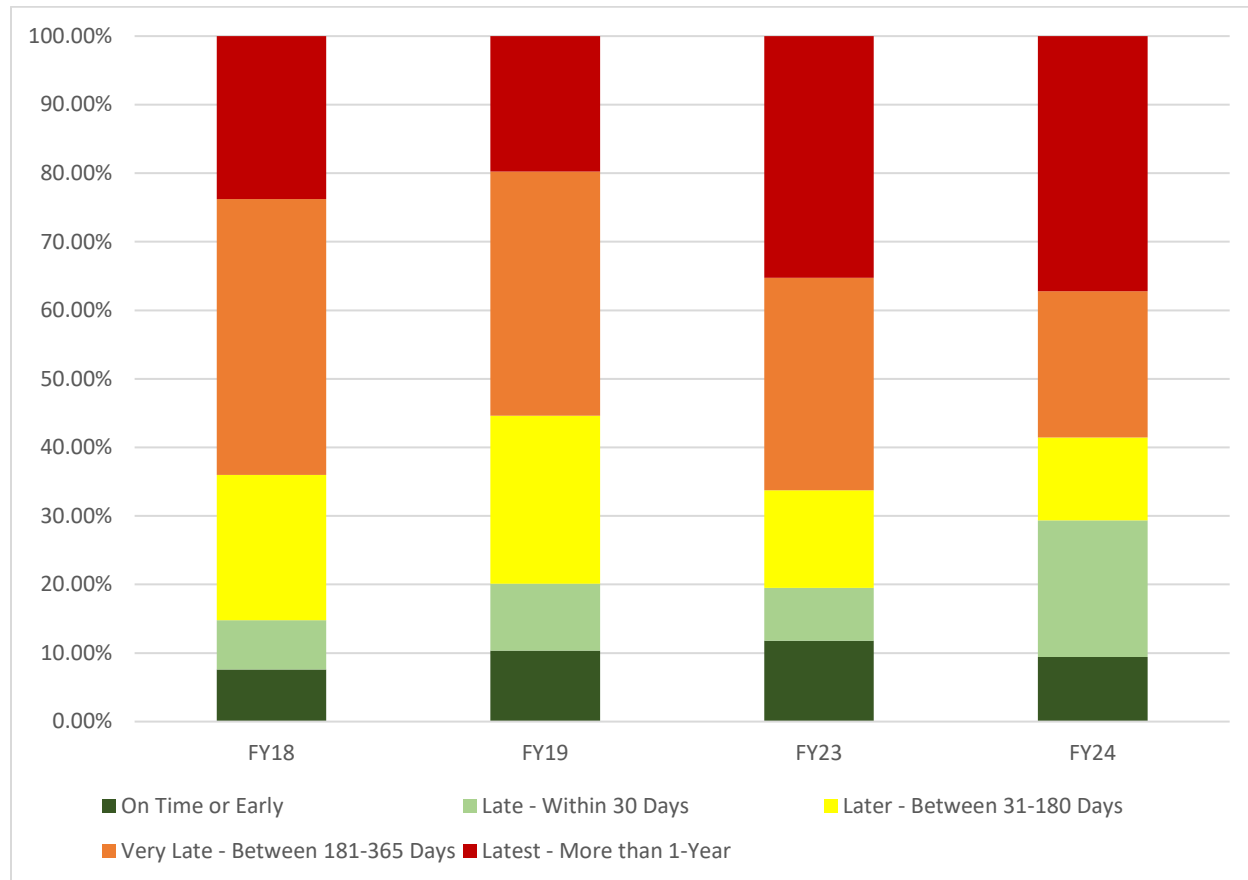
Figure 1: Average Days, Contract Start to First Spend



Source: NYC Financial Management System (FMS)

Late (or, retroactive) registration is a major contributor to the extreme delays in payments that providers experience. Any solution that meaningfully addresses this problem must contend with delays that arise long before service provision. As explored in depth [previously this year](#), a significant plurality of City contracts are registered six months after their start date. In the universe of non-profit contracts observed for this analysis, over a third were registered over six months late. This result forces too many City contractors to perform work at risk and dependent on the City to make good on its previous commitments.

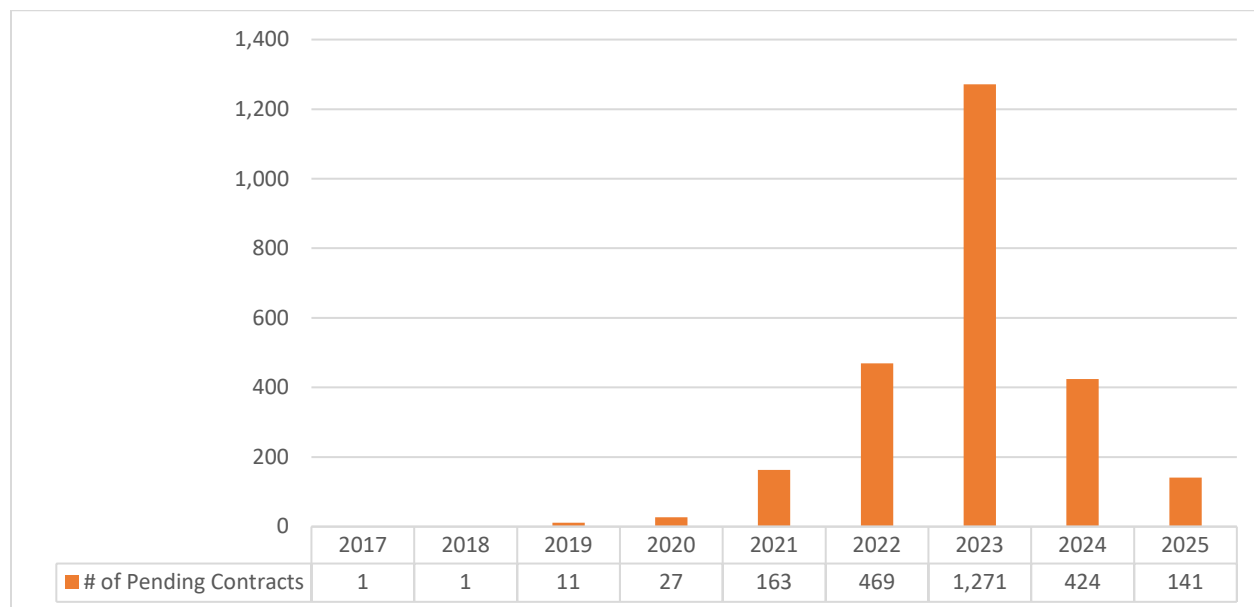
Figure 2: Retroactive Contract Registration by Fiscal Year



Source: NYC Financial Management System (FMS)

The above retroactivity figures do not reflect contracts that are still pending registration, even if their contractual work is already slated to begin. An April 15, 2025 export of PASSPort public records revealed 2,615 already retroactive contracts, valued at \$4.5 billion, that were still awaiting registration. Registration is required before the City can begin issuing payments to vendors. The chart below breaks down the number of pending contracts in PASSPort Public by the fiscal year of their contract start date.

Figure 3: Retroactive Contracts Pending in PASSPort Public by Fiscal Year of Contract Start Date



Source: NYC Financial Management System (FMS)

Recommendations

A coordinated, all-hands effort is urgently needed to resolve the City's payment delays and substantial outstanding debts to nonprofits. With the federal government targeting nonprofits and threatening 501(c)3 tax status and to dramatically reduce funding and, the City of New York must do everything it can to ensure that essential and often life-saving human service providers remain solvent. The City must provide immediate relief to contractors facing potential insolvency and financial strain, work to clear the backlog of payments, and reform a broken system to ensure nonprofits are paid on-time and in-full for the services they deliver to New Yorkers.

Launch and Expand ContractStat

At the beginning of their administrations, Mayor Eric Adams and Comptroller Brad Lander convened a joint task force of City workers and nonprofit leaders to develop an action plan for improving the contracting process. A core recommendation was the development of [ContractStat](#), a public dashboard and management tool to develop, track, and improve Key Performance Indicators (KPIs). The City should deliver on its promise to take steps to establish KPIs and launch this accountability tool, alongside modern data-driven approaches to risk

management as suggested by former MOCS leadership. Given the emergent delays, the City must extend this tool to cover invoice processing, budget and subcontractor approvals, and payments to identify and root out the systemic challenges in City agencies contributing to those delays.

Make partial invoice payments a standard practice across agencies

Often, minor discrepancies in invoices or budget modifications result in long delays in payments altogether, even for services within an invoice that are not under dispute. Within the last year, the Mayor's Office of Contract Services (MOCS) added a functionality authorizing agency staff to make partial payments on undisputed sections of an invoice. The City should build on this and create new standards for compartmentalizing invoices that meet certain criteria, resulting in the portion of funds that is not under dispute being automatically released, and the remaining funds made available after agency staff have affirmed that the vendor has satisfied all required paperwork and documentation.

Reboot & Expand the *Clear the Backlog* Initiative

Reboot the City's *Clear the Backlog* initiative with a focus on human service providers & agencies with the longest delays: In 2016, the de Blasio Administration faced a similar crisis in human services agency contracting. At the time, the pre-registration backlog was the most salient issue, though numerous issues plagued the sector. In response, the City convened a Nonprofit Resiliency Committee to work directly on preparing delinquent contracts for registration. The Committee also developed a suite of recommended reforms to the contracting process, including: increasing the sector's minimum wage, increasing the indirect reimbursement rate, and authorizing advances once a contract was registered. The Committee also created uniform standards for processing human services contracts and migrated agencies to HHS Accelerator, the predecessor to PASSPort.^{ix} This initiative resulted in 90 percent of contracts cleared for registration, as well as a measurable drop in the time to first payments on contracts as observed in this report.

A new *Clear the Backlog* initiative would need to expand in scope, addressing the issue of contracting and payment delays more holistically across the contracting process. The Mayor's Offices of Contracts or Nonprofit Services could serve as the primary point-of-contact, with an in-house team of contract specialists to identify a priority list of agencies to coordinate with and focus efforts to break the logjam.

Expand to clear backlogs in payment and invoice delays. A new *Clear the Backlog* initiative must be more holistic in scope, beyond the pre-registration dysfunction. Agency staff are falling behind schedule on routine tasks in contract administration and as a result, providers are experiencing

delays in receiving payment due to higher rejection rates for budgets, increasing cycle times between invoices, and a lack of coordination and transparency between agencies, their contractors and other partners like MOCS and the Office of Management & Budget (OMB). What's worse, backlogs can create more backlogs: when a contractor submits an invoice for a closed fiscal year, agencies must take additional steps to clear the payment without being penalized in their current year budget. The rebooted *Clear the Backlog* initiative should be expanded to include the full scope of delays in invoice processing and payments, including empowering OMB to create temporary budget codes to streamline payment of extreme out-of-date payments.

Establish a prioritization process to immediately pay contractors threatened by delayed invoice payments: A central pillar of the *Clear the Backlog* initiative should be the creation of a prioritization process to immediately pay contractors experiencing demonstrable financial distress that risks service disruption as the result of the City's broken procurement systems. This effort would be time limited, set to close once the *Clear the Backlog* initiative's goals are substantially met and registration and invoice payment rates meet an established criterion. The *Clear the Backlog* team should determine an appropriate set of criteria for providing immediate relief to contractors, with a particular focus on contractors who have:

- Demonstrable delays in contract registration or invoice payments
- An established history of exemplary service provision and clean financial audits
- Deriving 75% of operating income from City sources
- Are threatened with arbitrary loss of federal contracts by the Trump Administration

Publish key findings and implement systemic reforms. The team should report publicly on the key findings of their efforts at regular intervals, as well as publish action plans for the implementation of systemic agency-specific and citywide reforms to City contracting processes to reduce the likelihood of a repeat crisis.

Dramatically Expand the Fund for the City of New York's Grants and Bridge Loans program

The Fund for the City of New York (FCNY) already provides grants and bridge loans to organizations that require funds to make payroll and rent payments, and non-profits often find themselves cobbling together similar ad hoc arrangements from philanthropic partners while they wait out the City's ever-increasing backlog. The City should convene these philanthropic partners and alongside them, significantly expand the funds available through FCNY's programs to ensure that nonprofits who have demonstrable need can access up to \$500 million in the Returnable Grant Fund. With a magnitude increase in available funds, the FCNY will be in the

position to provide meaningful relief to non-profit partners who are millions of dollars in arrears. To support the dramatic expansion of the fund, the City can draw on its [healthy cash position](#).

The increase to FCNY's Returnable Grant Fund would be a temporary measure, a means of stabilizing the system while longer term initiatives are undertaken. As the City establishes timelines and KPIs and addresses systemic pain points in the contract registration and payment process, FCNY can reduce the scale of these programs as demand declines.

Currently, funds disbursed from FCNY's Returnable Grant Fund are provided in close coordination with the contracting agency, who must approve the disbursement. Because this increase in available funds is meant to provide rapid relief, the City should establish terms for expediting the process, including a pre-clearance for contracts that meet a set of criteria for acute distress that match the criteria established in the *Clear the Backlog* reboot.

Increase Contract Processing Staffing

As delays in invoicing and other ordinary post-registration business become widespread, the City must recruit more contract processing staff for agencies that are clearly falling behind on their workload. As of March 2025, the [citywide vacancy rate is 5%](#). All nine of the agencies with large Human Services contract volume exceed this vacancy rate, some with 10% or greater positions vacant. The effects of these long-term vacancies are evident and manifesting in unacceptable delays. Agencies acutely affected by contracting delays should submit detailed plans for departments that need additional resources like program administrators, accounting professionals, contract review specialists, or other essential functions. Through ContractStat, the Mayor's Offices of Contract and Nonprofit Services would hold those agencies accountable to ensure the additional resources provided are improving the agency's KPIs and implement corrective action plans where performance continues to fall short.

Fix Pain Points in PASSPort

The migration to PASSPort in many ways represented a substantial step in the right direction, centralizing numerous functions like document management, payment processing and reporting under a single system. However, the issues that City vendors have reported in managing their workloads since the City adopted PASSPort as the primary system for managing contracts often surpass ordinary growing pains, and in many cases make it harder for both agency staff and vendors to provide documentation and submit payments on time. The Mayor's Offices of Contract and Nonprofit Services should convene with representatives of agencies and the non-profit sector to create a priority list of pain points that holds PASSPort back from its potential as a source of greater efficiency. This includes allowing vendors to submit invoices and supporting documentation in parallel while agencies review budget modifications, addressing fundamental problems with document uploads, and improving user functionality in managing workflows. The

City should also begin steps to migrate the Department of Education’s post-registration contract administration to PASSPort, which only currently uses the service for procurement, bringing essential transparency to a large agency with many intricate contractual requirements.

Set deadlines for contract registration

The Comptroller’s Office currently manages the only part of the procurement process with a charter-mandated time-limit to register or return each contract within 30 days of receiving it – an obligation this Office has met consistently. In 2023, the City Council passed Local Law 169, which required MOCS to complete a study to identify areas for targeted improvements in the City’s procurement system and propose time frames for each phase of the contract registration process. In reviewing the City’s study, the Comptroller’s Office found that it failed to identify the specific sources of common delays, gaps, and bottlenecks. The City’s study concluded that current processing timelines are acceptable, recommending a procurement process that would take between 325 and 510 days from solicitation to registration.^x Further, the report lacked meaningful insight into how MOCS would address the growing delays in contract retroactivity. The City must immediately impose more ambitious and realistic deadlines that accommodate the parallel work that takes place at agencies, the Law Department, MOCS, and the Office of Management and Budget. Putting an ambitious but achievable clock on the portions of the procurement pipeline that the Administration oversees alongside enforceable measures of accountability will make the City a more reliable partner for both its vendors and the people who rely on the services.

Methodology

The data for this analysis is derived from reports in the city’s Financial Management System (FMS) and PASSPort exported in March and April of 2025.

Active Non-Profit Analyses Contracts

Several analyses in this report focus on the experience of active non-profit contracts at nine City Agencies. The universe of contracts for this analysis was sourced from FMS and filtered to reflect only vendors with a non-profit 1099 status. Contracts were considered “active” if their contract start dates began prior to April 15, 2025, but their contract end date had not yet passed.

Corresponding budget and invoice data were sourced from PASSPort. The Comptroller’s Office mapped these data onto the universe of active non-profit contracts extracted from FMS by using unique contract identification numbers. Since agencies were still transitioning their budgetary and invoice processes into PASSPort from HHS Accelerator in the early part of 2024, the analysis focused on invoice data entered after March of 2024.

Estimate of Funds Payable to Active Non-Profits Based on Contract Time Elapsed

Due to the barriers non-profits have reported in getting an invoice submitted in PASSPort, an underpayment estimate based solely on invoice data underrepresents the scope of payment delays. To generate a ceiling estimate of eligible value payable to non-profits, the Comptroller's Office compared the percentage of contract time elapsed – from the most recently revised Contract Start Date to April 15, 2025 – to the percentage of contract value paid to date. The delta was then multiplied by the contract value to produce a dollar value.

This estimate assumes that a non-profit began work at the contract's start date, that the value of the work was constant across the lifespan of the contract, and that the contract's full value will be expended. It also excluded contracts with durations greater than five years because contracts with shorter durations are less likely to begin operating after their official start dates or have variable payment structures over time, allowing for cleaner estimates.

Two HPD Contracts - CT180620248804631 (HANCY) and CT180620248805778 (NY Disaster Interfaith Services Inc) - were excluded from this analysis as emergency contracts known to have unusual reimbursement structures. A third SBS Contract – CT180120228804516 (GOVERNORS ISLAND CORPORATION), while a non-profit, was also excluded since it is a NYC-established entity.

Unregistered Contracts

The universe of unregistered contracts is an export of all available records from [PASSPort Public](#) for the agencies under review filtered for CT1 contracts with a pending status grouped Fiscal Year of the contract start date listed in PASSPort. This section's analysis is not limited to non-profits.

Invoice Analyses

The Comptroller's Office extracted record-level data on invoice submissions and disbursements created since March 1, 2024 from PASSPort's Invoice Header Report and the Financials module. The Financials module data was used to ascertain what service dates were being invoiced. The PASSPort Invoice Header Report, which contained contract identification numbers, was used to calculate cycle times for non-profit contracts.

Invoices that were marked as originating in the Health and Human Services (HHS) Accelerator, the system that was used for invoice processing prior to PASSPort, were excluded. For both disbursed and pending invoices, the Comptroller's Office measured the number of days from the point a vendor submitted an invoice for agency review in PASSPort to the disbursement date, or the FMS accepted date (or April 15, 2025 if it had not yet been disbursed).

Average Days, Contract Start to First Spend

This analysis used FMS spending records dating back to Fiscal Year 2018 filtered to include non-profit contracts operating in the Human Service industry. In order to account for advance payments, which are not derived from invoices, the first recorded payment for each contract for

each fiscal year was excluded from analysis. To calculate the amount of time elapsed to first payment, the Comptroller's Office subtracted the date of the city's first contract payment by that contract's start date. Records were then grouped by the fiscal year in which the first payment was issued.

Retroactivity

Unless otherwise specified, retroactivity refers to contracts that the City registers after the contract start date, when vendors typically begin their work.

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Endnotes

ⁱ Joint Task Force to Get Nonprofits Paid on Time, “A Better Contract for New York,” NYC Office of the Comptroller, February 14, 2022: <https://comptroller.nyc.gov/reports/a-better-contract-for-new-york/>

ⁱⁱ Roboff, Dan et al, “NYC Contracts: Caught in the Slow Lane”, NYC Office of the Comptroller, February 6, 2025: [NYC Contracts :Office of the New York City Comptroller Brad Lander](#)

ⁱⁱⁱ Honan, Katie, “Nonprofit Service Providers Take on Debt, Mull Layoffs as City Hall Slow Walks Payments,” *The City*, November 26, 2024: <https://www.thecity.nyc/2024/11/26/nonprofit-debt-layoffs-passport/>

^{iv} NYC Office of Economic Opportunity , “Nonprofit Resiliency,” December 2021: <https://www.nyc.gov/assets/opportunity/pdf/policybriefs/non-profit-resiliency.pdf>

^v Mayor’s Office of Contract Services, “Local Law 169 of 2023 Report,” October 1, 2024, page 4:<https://www.nyc.gov/assets/mocs/downloads/Regulations/PPB/LocalLaw169Report.pdf>

^{vi} Roboff, Dan et al, “NYC Contracts: Caught in the Slow Lane.”

^{vii} NYC Office of Economic Opportunity , “Non Profit Resiliency.”

^{viii} Geringer-Sameth, Ethan, “City’s \$20 Billion in Contracting Takes Another Step into Modernity,” *Gotham Gazette*, February 9, 2020: <https://www.gothamgazette.com/city/9120-city-s-20-billion-in-contracting-takes-another-step-into-modernity>

^{ix} NYC Office of Economic Opportunity , “Non Profit Resiliency.”

^xMayor’s Office of Contract Services, “Local Law 169 of 2023 Report.”