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**MAYOR DE BLASIO, SPEAKER JOHNSON ANNOUNCE INCREASED SUPPORT
FOR NONPROFITS AND HUMAN SERVICE PROVIDERS**

\$120 million in added funding over two years brings indirect rate investment to \$94 million annually

NEW YORK—Mayor Bill de Blasio and Speaker Johnson today announced increased funding for nonprofits and human service providers for indirect costs. This funding will provide financial stability for hundreds of nonprofit human service providers as they continue to partner with the City on a recovery for all of us.

The Indirect Cost Rate (ICR) Funding Initiative launched in 2019 and grew out of a partnership between the Mayor, City Council and sector leaders through the Nonprofit Resiliency Committee. Today's announcement of \$120 million over two years will bring the total investment for indirect cost rates to \$94 million annually. This investment fully funds current Accepted Indirect Cost Rates. The City is proud to have partnered with the sector to become a national leader in recognizing the significance of indirect costs in the delivery of human services. This additional funding builds on steps and reforms this Administration has taken in collaboration with the sector to support resiliency in the human services sector, including advance payments on contracts, more timely contract registration, and streamlining business practices. This funding also comes at a time when human service organizations are being called upon to reach more deeply into communities to help New Yorkers in need in light of COVID-19.

“Nonprofits serving our most vulnerable residents are critical partners in our recovery,” said **Mayor Bill de Blasio**. “Indirect cost funding will help keep doors open, support workers and help bring our city back. I thank Speaker Johnson and the City Council for their partnership.”

“Nonprofits fill the vacuum to provide critical services for New Yorkers, playing a crucial role in our social safety net that has become even more important as we battle COVID-19. Despite that, they haven't always received the funding they need. The Council has long advocated to pay these non-profits their fair share, including in 2019 when we created the Indirect Cost Rate Funding Initiative with this Administration. We also asked for increased funding in our budget response this year, which is exactly what we are getting. The fact that this is baselined makes this welcome news even better. I thank the de Blasio Administration for being our partner in this

effort, and my Council colleagues for always fighting for our nonprofits," said **Council Speaker Corey Johnson**.

"Our City's mission and commitment to support New Yorkers in need would not be possible without our absolutely vital human services providers and non-profit partners," said **Deputy Mayor for Health and Human Services Melanie Hartzog**. "For years, they've been on the frontlines, doing the hard work on the ground every day, as part of our shared push for a more progressive, inclusive, and supportive New York – and this past year, they went above and beyond, to do more for our vulnerable neighbors than any of us could have imagined. With this announcement, we're focused on investing in these vital partners to increase sustainability for the sector, ensuring they can keep providing that helping hand that so many in our city rely on."

The funding is applicable to health and human contracts across all City agencies, including the Department of Education, with limited exceptions, and accommodates providers and all levels of sophistication. It covers a portion of provider costs that are not directly attributed to service delivery, but are necessary for operations like accounting, human resources, rent, general operations, and other eligible costs.

The City's investments to date in the nonprofit sector have totaled over \$700 million annually and have supported wage increases for employees, including a minimum wage of \$15 per hour and a 9 percent increase in wages, and parity for early childcare workers, funding for indirect rates, rate enhancements for several critical programs such as homeless shelters, Beacon youth centers, and case management for senior centers.

These actions build on the Administration's launch of the Non-Profit Resiliency Committee (NRC) in September 2016, which represented a substantial change in the City's approach to working with nonprofit service providers, resulting in a fuller and more collaborative partnership.

"Nonprofits are leading the recovery by supporting low-income black and brown New Yorkers impacted most by the pandemic and our city is finally doing the right thing by restoring cuts to operations that will help keep these vital services going. I've been fighting for these funds for years and I'm very happy that they were finally included in the budget. It's the right thing to do," said **Council Member Ben Kallos, Contracts Chair**. "Thank you to Mayor Bill de Blasio and Speaker Corey Johnson for their leadership and investment in our nonprofit community."

"There are all sorts of choices one can make in deciding what to fund. This is a hard one to choose because the name 'Indirect rates' isn't compelling. I want to thank Mayor de Blasio for peeling back the onion and delving into the true meaning of 'indirect rates.' When a plane is about to take off, we are reminded that if the oxygen mask drops, we're supposed to put on ours first then attend to our children. That first step, putting on our own mask-- that's an 'Indirect Rate,'" said **Council Member Helen Rosenthal**. "Indirect Rates keep the organizations-- who take care of those most in need -- afloat. These include services and emergency housing for the homeless, care for seniors, summer youth employment, mental health support, shelter and services for domestic violence survivors, support for children in foster care, and more. These organizations provide a range of critical services for 2.5 million New Yorkers annually and

employ primarily women and women of color. By choosing to fund the "indirect rates" of these organizations the Mayor has chosen equity. I want to thank everyone who worked on this issue much longer than I have: The Human Services Council from Allison Sesso to Michelle Jackson; Non profit leaders like Fred Shack and Jennifer Jones Austin; Latonia McKinney Director of the City Council's finance team, and Deputy Mayor Melanie Hartzog."

"I commend Mayor de Blasio and Speaker Johnson for listening to the nonprofit community, who have been on the front lines of the pandemic for the past 13 months, and responding by fully funding indirect rates. Nonprofits can't be expected to run a staggering and cumulative deficit, and this commitment will go a long way toward ensuring their long term sustainability," said **Council Member Stephen Levin**.

"With this significant investment, the Mayor and the City Council have signaled to all that the human services sector is a full partner in the wellbeing of our city and vital to our recovery," said **Jennifer Jones Austin, CEO and Executive Director of FPWA**. "The City has fulfilled its promise to honor the critical and risk-laden work of these organizations during an historic public health crisis. The financial stability of these organizations is more than a detail on the books; it is the grist from which our city will rise again. We applaud the Mayor and the City Council for their leadership and force of character in making it so."

"Since 2016, the Nonprofit Resiliency Committee has been focused on ensuring the health and sustainability of the nonprofit sector by optimizing how we work with the city to provide critical services to hundreds of thousands of New Yorkers. This announcement is both an acknowledgement of the true cost of our work and a recognition that a healthy nonprofit sector is essential to a stronger and more equitable city. This commitment to baseline and fully fund the indirect cost initiative is a huge step forward – and there is more we must do to improve our work together. We are grateful for this collaboration and for the continued advocacy from our partner organizations – when we work together, we get greater results," said **Co-Chairs of the Nonprofit Resiliency Committee and Co-Chairs of the ICR Executive Director Work Group Frederick Shack, Executive Director Urban Pathways, and Phoebe Boyer, President and CEO Children's Aid**.

"This is welcome news for our City's nonprofits! We are grateful to Mayor Bill de Blasio and Council Speaker Corey Johnson for answering the call of nonprofits. During this pandemic, as with any crisis that engulfs our city, community organizations were at the frontline to support and keep our fellow New Yorkers safe. Let's face it - every nonprofit has faced immense challenges during the pandemic trying to meet the vast needs of our communities. This support recognizes and validates our efforts. The rebuilding of our beloved city will require the efforts of each and every one of us. This timely and critical support will ensure that nonprofits can continue to stand by New Yorkers as we bring our City back," said **Jo-Ann Yoo, Executive Director, Asian American Federation**.

"When our city became the epicenter of the COVID-19 pandemic, human services organizations and our workers stood firmly in the role as the backbone to our community, ensuring New Yorkers had access to lifesaving services. We're grateful to the Mayor and Speaker for providing necessary funding to continue to support the five boroughs through the post-pandemic recovery.

The Indirect Cost Rate Initiative demonstrates true recognition of the essential role of our organizations and an understanding of what is needed for the sector to become more financially stable. We are relieved to see it back on track and expanded to future years. We hope it will set an example for similar investments across the country,” said **Michelle Jackson, Executive Director, Human Services Council of New York.**

“We are pleased that Mayor de Blasio has restored full, baselined funding for the Indirect Cost Rate Initiative for human service organizations. As we know, settlement houses and CBOs have pivoted to respond to the COVID-19 health and financial crisis by creating emergency food programs, providing child-care for essential workers, staying virtually connected to older adults, and more. This critical funding recognizes that CBOs are essential and that they need and deserve fully funded programs so they can serve their neighborhoods today and in the future,” said **Susan Stamler, Executive Director, United Neighborhood Houses.**

“As the City works towards an equitable COVID-19 recovery for the Latinx community, this investment is critical to building resiliency for community-based organizations that serve our hardest hit residents. We applaud the Mayor and Speaker for their recognition and funding of the true cost of human service delivery and the vital role nonprofits play in realizing a diverse, inclusive and fair City,” said **Frankie Miranda, President and CEO, Hispanic Federation.**

“We applaud Mayor Bill de Blasio and NYC Council Speaker Corey Johnson for restoring these critical funds to support human service providers.” said Murad Awawdeh, Executive Director, New York Immigration Coalition. “COVID19 illustrated the inequities our communities have long faced and how critical human service organizations are at providing survival services to those who need them most. We look forward to working with the Mayor and City Council on continuing to find solutions to provide all New Yorkers the opportunities they need to recovery from the pandemic,” said **Murad Awawdeh, Executive Director, New York Immigration Coalition.**

“Reinstating the indirect rate and baselining it at full funding levels is a big step towards fairly supporting New York City’s nonprofits, who work tirelessly to support New York’s most vulnerable, said Eric Goldstein, CEO of UJA-Federation of NY. UJA thanks Mayor deBlasio, Speaker Johnson and the City Council and looks forward to Mayor deBlasio and the City Council implementing this policy in all city contracts with the nonprofit sector,” said **Eric S. Goldstein, Chief Executive Officer and Louisa Chafee, Senior Vice President, Public Policy & External Relations, UJA-Federation of New York.**

“We applaud this important step toward paying the real costs of nonprofits providing essential services to New Yorkers in communities hit hardest by the pandemic,” said **Kathryn D. Haslanger, CEO JASA.**

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