



New York City Council
Oversight: Ensuring Timely Payments for Nonprofits and
Human Service Providers
Testimony for Submission: Children's Aid
Wednesday, February 25, 2026

Thank you, Chair Restler, and members of the Committee on Contracts, for the opportunity to submit testimony on ensuring timely payments for nonprofits and human services providers. My name is Michelle Avila, and I am the Director of Public Policy at Children's Aid.

Children's Aid's mission is to help children living in poverty succeed and thrive. We provide comprehensive supports to children, youth, and families in some of New York City's most under-resourced communities. Since our founding in 1853, we have been guided by the understanding that poverty cannot be addressed through a single service or a one-time intervention. We operate as a solutions-driven, multi-service organization, supporting children and families at every stage of development, from early childhood through college and career, and across the settings that shape their lives: home, school, and community.

Today, nearly 2,000 full- and part-time staff serve close to 40,000 children, youth, and families each year across 40 locations, including early childhood centers, public schools, community centers, and health clinics. Our services are concentrated in Harlem, Washington Heights, the South Bronx, and the North Shore of Staten Island.

Children's Aid maintains a strong city advocacy and legislative agenda and is an active member of Campaign for Children, Fair Futures, the Human Services Council, the New York City Coalition for Community Schools Excellence, and the Council of Family and Child Caring Agencies.

We thank the City Council for its continued support of human services providers and for acknowledging the persistent challenges caused by delayed contracting and payments. These delays harm nonprofit providers and destabilize the communities and families we serve.



In recent years, the Council has taken important steps to address these issues, including legislation to provide contract advances for human services providers. Local Laws 156 of 2025 and 11 of 2026 have helped alleviate some immediate pressures. However, these measures are not sufficient to remediate the ongoing contracting challenges that persist within the sector and negatively impact service delivery.

Nonprofits like Children's Aid are essential partners to government, filling critical gaps and delivering services that keep communities stable. Yet procurement, contracting, and payment practices at the city, state, and federal levels continue to undermine our financial stability and put essential services at risk.

Delays in contract registration, late payments, inadequate indirect cost rates, shifting program directives, and inconsistent policies across agencies often require repeated contract amendments. These barriers pull staff time and resources away from service delivery and create unnecessary financial strain.

Payment delays are particularly damaging. Providers are required to deliver services while waiting months or years for reimbursement. Organizations with limited reserves are forced to rely on lines of credit simply to meet payroll and keep programs running. Delayed payments can translate into delayed services through longer waitlists, postponed hires, and fewer supports available in communities with the highest needs.

For contracts that support staffing, delays in registration are especially disruptive. Providers are often expected to hire and fill positions without certainty about when funding will be received, or whether it will be received at all. In some cases, we are reimbursed for costs incurred two or three fiscal years earlier. This is not sustainable and directly affects our ability to recruit and retain qualified staff.

In FY26, government grants accounted for 66 percent of Children's Aid's annual budget, with City contracts alone representing 54 percent. We currently contract with the Administration for Children's Services, the Department of Education, the Department of Health and Mental Hygiene, the Department of Youth and Community Development, the Human Resources Administration, the New York City Housing Authority, and Safe Horizon. These contracts support foster care and prevention services, early childhood



education, Community Schools, school-based health centers, afterschool and summer programs, SYEP, and more.

In FY26, our City-funded services were supported by 75 contracts. Fifteen of these contracts remain unregistered, with processing times ranging from one week to more than eighteen months. As of today, we are owed \$3,152,499.48 in outstanding payments and have 16 invoices pending approval in PASSPort.

We continue to face significant challenges due to inconsistencies across agencies. The Department of Youth and Community Development (DYCD) frequently takes extended periods to register contracts and amendments and to approve budgets. Budget reconfigurations in PASSPort, including adjustments related to Summer Rising and SYEP funding, often prevent providers from submitting invoices during the process. Clear timelines for these actions and better coordination with the Mayor's Office of Contract Services (MOCS) would reduce delays for which providers are currently penalized.

The Department of Education also has lengthy registration timelines and follows internal processes that are not transparent in PASSPort. As a result, providers often cannot track where a contract stands or anticipate when payment will begin.

While the City has periodically made progress in reducing backlogs, those efforts are undermined by a lack of continuity and accountability. Addressing these issues requires sustained attention and practical investments, including adequate staffing within MOCS and City agencies, improved functionality and capacity in PASSPort, and consistent enforcement of contract registration and payment timelines across all agencies. Human services providers must be treated equitably within the City's procurement system, with timely payment recognized as standard business practice.

Bills Under Consideration

In addition to these operational challenges, we appreciate the Council's attention to legislative reforms that can strengthen contracting equity and workforce stability.

Int. 0441-2026



We support the intent of Int. 0441-2026, which would establish a task force to study disparities in contracting between City vendors and community-based vendors. This work is essential to identifying structural barriers and developing recommendations to strengthen contracting with community-based providers.

New York City benefits from a diverse vendor ecosystem, and community-based vendors play a critical role. These vendors often have deep, long-standing relationships within their communities and deliver services in culturally responsive ways. Strengthening contracting with community-based vendors would improve service stability and financial sustainability across the sector.

Int. 0452-2026

Children's Aid appreciates the Council's attention to wage equity for the human services workforce. At Children's Aid, our staff are our greatest asset. We are committed to recruiting, developing, and retaining a strong workforce, yet this has become increasingly difficult as we compete with government and private-sector wages. City-contracted human services workers can earn up to 30 percent less than their counterparts in City government, a gap that is compounded by stagnant contract rates and wages that fail to keep pace with the rising cost of living. While the recent multi-year COLA represented an overdue investment, it should be viewed as a baseline, not a ceiling.

We see promise in the intent of Int. 0452-2026 to establish wage requirements for City-contracted human services workers. Long-standing inequities in compensation undermine workforce stability and, ultimately, the quality of services available to children and families. Raising wages is an essential step toward a more equitable and sustainable sector.

We are encouraged by the bill's provisions requiring City agencies, prior to contract award or renewal, to certify that contract budgets fully fund required wages and associated fringe costs, and that any reductions in funding are clearly reflected in service reductions. We also support the requirement that the Comptroller affirm that wages and fringe costs are fully funded before contract registration. These safeguards recognize that government, not providers,



determines prevailing wages through contract rates, staffing mandates, and unit-cost formulas.

At the same time, we urge careful implementation. Without upfront funding commitments from the City, wage requirements risk shifting costs onto providers. If agencies cannot certify full funding, or if the Comptroller cannot affirm it, contract registration may slow further, creating an additional bottleneck in an already strained system. Providers cannot meet wage standards if contracts are not funded to reflect those standards.

We urge the Council to pair this legislation with the necessary investments and clear operational guidance to ensure that higher wages translate into a more stable workforce rather than additional administrative delays. Done well, this bill will strengthen the sector and improve outcomes for the families who rely on the human services sector.

Closing

We are grateful to the City Council for its continued commitment to the human services sector. As these bills move forward, we urge the Council to remain focused on the administrative burdens and system inefficiencies that divert resources away from service delivery. These reforms are not merely operational. They are essential to stabilizing a system that families and communities across New York City rely on every day. Thank you for the opportunity to submit this testimony. If you have any questions about this testimony, please contact Michelle Avila at mavila@childrensaidnyc.org.