



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

January 12, 2021

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

Re: The Indirect Cost Rate Funding Crisis

Dear Mayor de Blasio:

I am writing today about the increasingly dire situation that our City's nonprofit organizations find themselves in due to the unsettled state of indirect cost rate funding for human service contracts in Fiscal Year 2021.

Our nonprofit human service organizations have been on the frontlines during the pandemic running emergency food programs for the growing number of New Yorkers experiencing food insecurity, providing wellness checks for seniors who became isolated in their homes, and operating homeless shelters out of hotels to reduce the spread of COVID-19, to name just a few lifesaving activities. Yet we are now six months into Fiscal Year 2021 and the very organizations that are keeping our communities afloat in this time of crisis still do not know how much they will be paid for their services because their indirect cost rate (ICR) funding for the year remains unsettled. This is an untenable position for these organizations that requires immediate resolution.

The indirect cost rate initiative, which was to be implemented for the first time in FY20, was the long-awaited light at the end of the tunnel for nonprofits that had been underpaid for their indirect costs in City contract for years. Seeing this initiative slashed in its first year of implementation *after* nonprofit providers had spent the funding that had been promised was not only profoundly disappointing, but an alarming breach of trust. As you know, our City's human service providers were advised of the FY20 cut to their federally approved or CPA-certified indirect costs rates after they had spent their anticipated FY20 funding, leaving holes that were never filled.


In order to understand the impact of ICR funding on the City's FY20 budget, as well as its potential impact on the FY21 budget and beyond, I request the following information be provided to my office:

- 1) What was the total amount approved for ICR funding in FY20, including for organizations that submitted federally-approved and CPA-certified rates?
- 2) How much did the City actually spend on ICR funding in FY20, including funds that have been allocated but not yet paid out for the same time period?
- 3) How much funding will be needed to fully fund approved ICRs for FY21?

In addition to seeking answers to these questions, I am urging you to swiftly settle this matter for the current fiscal year by honoring the previously agreed upon ICRs for FY21, or if you believe that is not possible due to the City's current fiscal position, finalizing the ICR funding at as close to the agreed upon rates as possible so nonprofits can manage this year's spending against actual known income.

Despite the City's current fiscal crisis, it is essential that we treat our nonprofit partners fairly and ensure the communities they serve are not inadvertently harmed by these funding cuts. I would appreciate a response to this letter, including the budget figures I have requested, by January 26, 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott M. Stringer", written over a horizontal line.

Scott M. Stringer  
New York City Comptroller

C:     Melanie Hartzog, Deputy Mayor for Health and Human Services  
        Jacques Jiha, Director, Mayor's Office of Management and Budget