

What is the Indirect Cost Rate Funding Initiative (ICR)?

The ICR Funding Initiative was a recognition by our city's leaders that human services workers deserve the right tools to do their jobs and provide critical services to New Yorkers in need. For many years, New York City did not cover all the true costs that make it possible to operate senior centers, child care, homeless services, and more. This shortchanged staff and the clients they serve. Mayor de Blasio and Speaker Johnson launched the ICR Funding Initiative to address this long-standing disparity and support human services workers. The initiative helped support critical programming needs like improvements to facilities, maintenance costs, additional staffing, and technology. This funding was cut in July 2020, threatening the ability of human services organizations to serve their neighbors.

What's the impact?

The retroactive FY20 cut caused settlement houses to lose collectively \$5.2 million. Across the city, human services organizations will lose out on critical funding without the City's commitment to fully support their indirect rates. The Mayor's Office has not shared the full impact of this budget cut across all organizations.

For the settlement house network alone, this cut caused settlement houses to lose



**\$5.2M in FY 20, and
\$16.4M in FY 21.**

ICR Timeline

**DEC
2019**

Mayor Bill de Blasio and Speaker Corey Johnson announced the "groundbreaking" initiative to stabilize the city's human services sector.

**WINTER
2019-20**

The Mayor's Office of Contract Services mandated human services organizations to submit significant amounts of paper work, undergo audits, and pay consulting firms to apply for a higher rate.

**APRIL
2020**

The Mayor's Executive Budget cut funding for the ICR Initiative in FY20. Providers were assured this was a "rightsizing" of funding, and rates would still be honored.

**JULY
2020**

The Adopted Budget included new cuts in FY21 and beyond. Providers then learned their FY20 budgets would be cut retroactively and would only receive 60% of the funding they were promised for FY20. There is also now no guarantee of new funds in FY21.



We estimate it will take at least \$100M to fully fund the ICR Funding Initiative for all NYC human service organizations in FY 21.

**\$100M
in FY 21**

What does this mean to New York City's 40 settlement houses?



"We were promised this funding and spent it, primarily on COVID support to communities."



"Our facilities upgrades will not be addressed including improvements to restrooms, lighting needs, HVAC, and other basic necessities."



"We will have to eliminate four staff positions serving homeless New Yorkers."



"We will need to reduce our Communications and IT positions making it harder for our clients to connect with us remotely at a time when they need it the most."

**OUR
ASK**

The Mayor and City Council must use the FY21 November Plan to honor their commitment to human services workers by fully funding the Indirect Cost Rate Initiative for FY21 and beyond.