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United Neighborhood Houses Statement on City’s Funding Cut to Nonprofit Human Services Providers

Mayor de Blasio and City Council must reinstate indirect rate funding

NEW YORK – August 3, 2020 – In response to Mayor and City Council’s budget cut to indirect rates for nonprofit human services providers, UNH Executive Director Susan Stamler commented:

“With profound disappointment that we are once again subject to a budget dance, UNH urges Mayor de Blasio, Speaker Johnson, and the City Council to fulfill their pledge to fully fund the Indirect Cost Rate Initiative for FY2020 and FY2021.

“In 2019, the Indirect Cost Rate Initiative was hailed by City leaders as ‘groundbreaking,’ as government finally recognized the true cost of providing human services and agreed [to offer financial stability](#) for these essential services organizations. Over the past year, the Administration and City Council dedicated significant time and effort to advance this initiative to ensure that every eligible organization participated in an analysis of their rate structure. New York City conducted briefings, trainings, and materials to provide guidance that would assist the nonprofit human services sector in determining their fair and full reimbursement rate.

“Human service nonprofit organizations were told that submitting documentation of higher organizational indirect rates by June 30, 2020 would be retroactive to the beginning of FY2020, and that any indirect funding rate claims received between July 1 and December 31, 2020 will be retroactive to the beginning of FY2021. However, the Adopted FY2021 Budget cut \$20 million from the Indirect Cost Rate Initiative (ICR), and providers are currently in a holding pattern waiting for guidance on funding for their FY2020 rates, even though we are already a month into the new fiscal year.

“The ICR was a hard-fought and deeply appreciated policy initiative; for years human services contracts were significantly underfunded, leaving nonprofits scrambling to cover critical operational expenses such as finance, HR, and facilities. Now, in one of the most challenging times for our city, we urge the de Blasio Administration and the City Council not to destroy this good work. Any change to funding for FY2020 leaves nonprofits, already depleted by increasing needs related to COVID-19, with an additional shortfall in the fiscal year that just ended. Starting FY2021 without further guidance forces the sector to increase the financial risks in their current budget.

“Economic recovery from the COVID-19 crisis will only be possible if settlement houses, and other human service organizations, are able to continue serving their neighborhoods. It is urgent that the City fully honor and fund its commitment to pay indirect rates to human service organizations.

“In December 2019, Mayor de Blasio and City Council Speaker Johnson proudly claimed that funding this Indirect Cost Rate ‘comes at a time when human service organizations are being called upon to reach

more deeply into communities to help New Yorkers in need.’ COVID-19 has only brought this into sharper relief, and these funds are needed now.”

About United Neighborhood Houses

United Neighborhood Houses (UNH) is a policy and social change organization representing 43 neighborhood settlement houses that reach 765,000 New Yorkers from all walks of life. A progressive leader for more than 100 years, UNH is stewarding a new era for New York’s settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels. For more information, visit <http://www.unhny.org/>.

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