



A PODCAST WITH RUSTY STAHL | S2 EP12

WITH SPECIAL GUEST

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RUSTY: Welcome everybody to the Fund The People Podcast. I'm your host Rusty Stahl. For those of you who are listening for the first time, thank you for being here. For those of you who are returning, thanks for coming back. Jennifer Geiling, welcome to the show.

JENNIFER: Thank you. Thank you, Rusty. Thanks for having me.

RUSTY: Yeah, Jennifer is Deputy Director at the City of New York Mayor's Office of Contract Services where she's leading policy reform, digital procurement, public-private partnerships and communication efforts. And her work is focused on leveling the playing field for City contracting by making it easier for companies and nonprofits to do business with the city. Jennifer began her career as a corporate lawyer, and is also a nonprofit founder and has served as an Adjunct Assistant Professor of Public Service at NYU's Robert Wagner Graduate School of Public Service. She is a member of the G20 Global Smart Cities Alliance Open Contracting Task Force, just part of the World Economic Forum.

Jennifer holds a master's from NYU Wagner and a law degree from George Washington University School of Law. Yeah, so we always start the show, as you know, asking folks to talk a little bit about their career journey and, you know, I'd love for you to touch on your experience sort of leaving corporate law going into nonprofits, and then into government.

JENNIFER: Yeah, delighted to, thanks Rusty. It's been an unexpected, eclectic journey and one that is extraordinarily rewarding. I started out as you mentioned in corporate law, really at the forefront of new fields of work. Today they seem like yesterday's news: IT, eCommerce, intellectual property. Those were the areas that I was pursuing as a lawyer and the work was incredibly fun, dynamic and I think a theme that runs through my journey is careers that have been also creative and innovative. That has been a driver across all the work that I've done, finding opportunities to make change and impact.

And the switch, you ask, between a corporate professional career into the nonprofit space was really quite easy. I think, Rusty, it's because -- like so many people who choose to work in the Human Services sector -- I was driven by personal story, and a personal motivation to find change and make a difference. For me, the story began about 20 years ago or so, when I met my future/current brother-in-law, Hank. Hank was born with developmental disabilities that left him socially isolated. And he's a guy who's a lot of fun, so kind, a huge heart, very generous and. As a human being, I just did not understand how somebody like Hank didn't have an overflowing network of friends and social engagements. And what I came to learn is that he had essentially been left out of those networks and opportunities that so many of us take for granted and are so accessible. So I sought to create access to social networking, for adults with developmental disabilities, identify opportunities for greater inclusion in our community, and then all the rich opportunities that New York City has to offer, and then developed the support so that people like Hank could take advantage of all that we were offering and be able to sustain those relationships in a meaningful way. The work was incredibly exciting. It was a lot of fun for me, because of the personal connection. Hank met a woman through the organization that I founded, Hankering for More. They were married more than 10 years ago and have a robust and active social life today. And Hankering for More as an organization lives on, and the programming has developed over time.

And as I grew the nonprofit organization and as I became more engaged in the Human Services sector working with larger nonprofits, working with foundations, I became very curious about the operating environment that our human services sector is in, here, especially in the City of New York. It was around the time that a lot of large nonprofits were facing financial instability.] There were some bankruptcies, smaller nonprofits were struggling just to grow and stay afloat. Contrasting that to what I saw in the private sector encouraged me to explore, how we might build an environment that is more supportive of these critical service providers. And that's what drove me back to NYU.

I feel so strongly about my time at Wagner, the opportunities that it opened up for me, the networks that it created, the toolkit that I was able to build -- and that's really, you know, in part what I went back to school for, and found that the City of New York was thinking about the same issues that I was thinking about and wanted to try to make change in the same areas that I was interested in. And so that really opened up the opportunity for me to come on to the public service side of things and launched the Nonprofit Resiliency Committee back in 2016.

RUSTY: Well, it is quite a journey. Like you said, from a very, very personal and family experience into the sector and then into helping the sector from the City government.

JENNIFER: I would just add that the breadth of impact at the City level has been exhilarating and rewarding in much the same way that the impact of founding Hankering for More and seeing, you know, my brother have a whole new opportunity and lease on life. And so I think the human services sector as a whole, whether it's designing programs and touching one life by life, or looking at it as a sector-wide engagement, is one that continues to propel me and motivate me. And I know my colleagues at the City feel the same way, the opportunity to engage across the City of New York is as meaningful to all of us as those personal connections and personal opportunities, because at the end of the day, that's what happens, right? Those big policy decisions are what gets distilled into a single organization to a single individual delivering services to another individual.

RUSTY: Yeah, and I'm hoping that our audience, you know, which is largely nonprofit folks, and funders as well -- and consultants to both -- you know, we often see government as like out there and separate, you know, if foundations are black boxes to nonprofit folks, you know, government I think is often even more of a mystery of how it works and how it interacts with our sector. And in our first season we had on Dr. Lester Salamon from Johns Hopkins who has studied for years how much of human services and other goods and services from the government are delivered through third party entities, including, you know, in a growing fashion, nonprofits.

So, we've talked about that at the federal level, but we haven't talked about it at the municipal level on this show. And so I was just curious if you could share a little bit how does the City of New York government work with nonprofits? Whether it's in Social Services or elsewhere and you know just, I know it's a big question but if you can just give people a little bit of a sense of that landscape.

JENNIFER: Sure. So I think there's two ways, two critical ways that we work with the sector, and I would start with recognizing that the sector, you know, consists of nonprofit providers who are delivering those direct services. But in the City of New York it also consists of a lot of membership organizations and advocacy groups and, you know, of course, foundations and educational institutions as well, but for the City of New York establishing channels of communication for partnership and thought-partnership has been really critical.

So when you ask, how do we work with nonprofits, I think one of the key areas that set apart this particular relationship is the investment and interest in partnering with those providers in a way that allows for us to have communication from the field, from the sector, and to take that information, and move it forward in the in the form of policy reforms, practices, understanding, ability to listen -- take what we hear and really understand what is happening on the ground. So there's a communication piece that I think is important to recognize in that relationship.

And then of course, there's the technical contracting component. And as you mentioned, the way the City of New York delivers services to its five boroughs and all of its communities is generally through contracting with nonprofit human services providers. To give you a perspective in numbers of that relationship and that contracting relationship, the City of New York contracted with vendors across sectors in fiscal year 20 for about \$22 billion dollars. Human Services Contracting was eight billion. It's about a third of the Contracting that happens in the city of New York. It's the biggest piece of our Contracting portfolio and it's significant. It's significant because it's touching the lives of human beings and it is significant because it is such a large piece of our business relationships with contractors.

RUSTY: So tell us then what the Mayor's Office of Contract Services is. And what does it do in this scenario that you're laying out for us?

JENNIFER: Sure, sure. So, Mayor's Office of Contract Services, also known as "MOCS", we are an oversight agency. So we are the agency that manages the process for buying goods and services. So you have 40 Mayoral agencies who are going out there to build bridges, to buy trucks, to deliver after school programs, senior centers, shelters for people who are homeless. The process through which they solicit for those goods and services, award contracts for those goods and services, and move those contracts through what we call a registration process, so that folks can get paid, is overseen by MOCS.

MOCS has been very much focused for the last five to 10 years on making this a much more accessible and transparent process. So you've talked before about, I think, before we began the podcast we talked a bit about the black box of contracting that is seen in other areas. It feels very much like a black box and MOCS has worked hard to create a centralized and digital platform to convert what wasn't seen into something that becomes a fishbowl, a place where both our vendors are and our agencies can see exactly what it takes to do business with the city. The steps, how far along they are with the steps, who's responsible for what and how much time it's going to take to get through to the end of the process. And be able to submit for payment on a contract. So that's been our key thing. Our effort is encapsulated in a project called PASSport. It's the Procurement And Sourcing Solutions Portal. It enables all solicitations to be online. And as I mentioned before and enables vendors and agencies to do the work in a shared space.

RUSTY: So MOCS is opening up the black box. So these billions of dollars that these 40 mayoral agencies are routing out there to nonprofits and businesses are all kind of running through, the process is all running through the Mayor's Office of Contract Services.

JENNIFER: Yeah, and it's running through PASSport, which I think is really significant and it's significant because what used to be a process that looked different, and felt different, across the agencies is now one that is standard and that's important for small nonprofits, or for, I mean, it's important for all nonprofits. There is an administrative burden that comes with different practices and processes. And so being able to create one standard way to do business with the City of New York allows smaller organizations or organizations that have been, you know, afraid or

hesitant to jump into the game. It's a welcome mat. And for those who have been in it for some time, it's a relief, quite frankly, to finally know that there is one way to do it. There's one place to do it, and there's one set of practices to follow to get to success.

RUSTY: That's great. So, you know, this show is about how and why to invest in the nonprofit *workforce*, in particular not just nonprofits as institutions but the people who make those institutions run. And as somebody who can see things, both kind of from the nonprofit angle and the government angle, how do you see government funding to nonprofits impacting New York City's nonprofit workforce? Because we know that's, that's a massive part of employment and workforce for the City.

JENNIFER: Yeah, I mean significant for sure, and I know you've had other guests on who talked a bit about the demographics of that workforce, and, you know, the role that they play in the larger landscape of the City of New York, I mean, there's a direct link, right? So nonprofits are funded by several revenue streams, government contracts is one of them, you have individual donations, you have foundation grants, and if you're lucky enough to have some of the other streams, like an endowment, bequests, and those sorts of things. But generally it's those three streams. New York City-based nonprofits are heavily funded by City contracts anywhere from 80 to, you know, upwards of 90% revenue is coming from their government contracts. And their government contracts are primarily in the human service space. And what is human services, it's humans delivering services to other human beings, right?

RUSTY: Right, exactly. There are no human services without the humans.

JENNIFER: A hundred percent! So it's hard to have a human service contract that doesn't impact the workforce. And you know, the human service contracts are predominantly, you know, workforce-based, is personnel services, it's something like, you know, could be around 80% of the funding is going to the workforce. So, it is a significant connection to the workforce. It's something, you know, the City has recognized, this Administration has recognized that connection, and "indirect" was a priority for the sector with this Administration. It was a policy priority for the administration and "indirect" helps to fund some of those workforce costs.

There are other workforce, you know, priorities as well that we've all seen coming up, and will likely be on the agenda for the next Administration. But there is no doubt that there is a tight tie between government contracts and workforce issues.

RUSTY: Yeah, I think that's right. And one of our Advisory Council members used to run the Human Services Council of New York City, which I know has done advocacy around the cost-of-living adjustments available for nonprofit folks whose salaries are almost like a hundred percent paid through these government contracts. So, that's where I first started thinking about this. It's great to be kind of in this conversation with you about how to, how the City is improving, both the process and what can be supported and those kinds of things. So let's start getting into that. Now, in your role, you launched and help lead this Nonprofit Resiliency Committee, which I understand is a public-private partnership with the human services sector. So, you know, I'd love

to hear more about the Committee, and how did it come about, and what were the challenges that you all have been trying to address?

JENNIFER: Yes. So, you know the Committee really came about because the administration recognized an interest and a need to have an established channel of communication with the sector, you know, I think we'll talk a little bit more later in our conversation about how that channel has been really critical, especially over the past year and a half of the pandemic, but it was developed and identified as in need by the administration so that we could hear directly from our human services providers what was happening on the ground. And at the time that it was launched, as I mentioned before, it was a period where there was a lot of instability and fragility in the sector, cash flow was a big concern, there were bankruptcies, insolvency, that type of thing going on. And as I mentioned before and as you rightly pointed out service delivery from the city relies on healthy nonprofits, we don't really have human services if we don't have nonprofit organizations to deliver them.

And so it's critical for us as a city and for all of our communities that those nonprofits are healthy and strong and that we understand what's happening in the sector to ensure that they remain that way. So, communication was a really key part of that. The second part of the Nonprofit Resiliency Committee was really about identifying where we could work together to create a stronger operating environment -- where we could challenge some of the ways that we were doing business historically, and think creatively on how we might do things better, standardize our practice. As I mentioned to you before, there's 40 agencies out there, there's 40 different ways of doing business with nonprofits. It would be much easier if there was just one way. And how could we start to address some of the issues that have come up time and time again, administration after administration and hadn't actually been solved.

Action through the NRC was wide ranging. Today, I know we are going to talk a bit about the initiative to fund indirect cost rates and the City's standard policy for automatic budget advances - both which are critical to cash flow and workforce. There are important accomplishments. The NRC also leveraged technology systems to make it easier and more uniform for nonprofits to get paid and have more budgeting flexibility, re-engineered the contracting process for more timely registration - also important for cash flow - and established best practices for more transparency and partnership in program and RFP design. Also through the NRC, the Administration responded with investments in wage increases, model budgets and rate adjustments. These investments totaled more than \$600 million per year through Fiscal Year 2021. All of these initiatives are significant for nonprofit cash flow, workforce and sustainability. So a lot of communication and a lot of action, those were the goals for the Nonprofit Resiliency Committee.

RUSTY: And how long has it been operating?

JENNIFER: We started in 2016, again, launched by the Mayor and the Deputy Mayor for Health and Human Services saw this as a critical initiative to connect with our sector. And the

interesting thing about the Nonprofit Resiliency Committee and I think something that is useful to share with the listeners is, it's really about listening and working together. There's a buzz word out now: Human Centered Design and I'm reluctant to use it, but it's one that I think most listeners can recognize as being an approach where you have both the end user in the room as well as the the designers in the room. And so the design of the policy is being baked with those who are impacted by that policy. And that was the approach with the NRC. It was very different than how we had typically approached policy and policy reforms. Bringing into a room nonprofit leaders with City agency leaders sitting side by side, shoulder to shoulder and unpacking real challenges that staff face every day in doing business with the City of New York. And the interesting thing about it was the challenges that nonprofits were facing in doing business with us, we actually had challenges, too, with those same exact practices.

RUSTY: Wow.

JENNIFER: Yeah, and because there had been limited communication, there were a lot of assumptions behind why we were doing things the way that we were doing them. And just by having the opportunity to sit in a room and have a safe conversation, allowed us to think creatively. In some cases, just scrapping practices all together; in other cases tweaking them and reforming them. In some cases identifying where there were really bright spots and activities that should be replicated across our whole portfolio, and in others, just creating new ways of doing business where there were gaps. And so the NRC was really a turning point, I think, in the relationship because it did provide that space for safe and honest conversation, married with action.

And so if I can I'd like to share with you one story. I remember when we had our first Nonprofit Resiliency Committee meeting and walking into the room and the NRC is comprised of more than a hundred nonprofits and they represent the very biggest budgets to community-based organizations that, you know, maybe just have one or a handful of contracts with the City, and there's some foundations, and also some educational institutions. And we walked into the room. Obviously I was very excited to be able to lead this initiative and realizing sort of the dream that propelled me to go back to grad school and I walked in to share sort of what the vision was for the NRC. And looking back at me were a lot of skeptical faces, and frustrated individuals and nonprofit representatives. And I left that meeting, obviously understanding their pain and their frustration, having come from the sector, but also recognizing the need for really fast change.

In order to create a sense of legitimacy and commitment it was important that we had some real action quite quickly. And so the very first thing that we were able to do that has had a tremendous impact on the sector was institutionalize an automatic advance on contracts. So the way that contracts work in the City of New York and I think probably in a lot of the municipalities is that providers need to spend the money first and then get reimbursed. That's a big challenge when you're starting a new program or you're at the start of a fiscal year, those startup costs. We heard that from the providers, and we worked with providers, and it was provider-led research really into what would be a reasonable advance rate on budgets every year, and their recommendation was 25%. And today we have, I think we're in our fifth year now, advancing

25% on our human services contracts. Now, it's automatic at the start of the fiscal year. But that is an action that we took right up front, the very early days of the NRC, and helped to really legitimize what we were doing, and lend credibility to the effort.

RUSTY: That's huge. And as you're talking and when we first spoke as well, and just this image of, you know, all these government folks from across the agencies, and the Mayor's Office, and then all these nonprofit leaders. It's like an ideal of what you would hope would be happening because there's obviously relationships between, you know, government folks and nonprofit folks across the city over time, but not this kind of coming together to really tackle these process issues that just like strengthening democracy, tend to be back burner, or not considered "sexy" issues, versus program. And that's the whole problem is that everybody puts program -- fetishizes program -- and wants to forget about process or the people who run the programs.

And I appreciate you sharing that, back in 2016, the first action you took was this issue of upfront payments and I hope other cities [00:30:32] are listening. When I've gone around the country and talk to funders nonprofits about investing in nonprofit workforce, a lot of folks will say, well, it's just about general support, that should do it and nonprofit folks will say, well, general support is great. We want it. We need it. But we tend to use it to fill the gaps for example, when government funding is coming after the action, not before or during we use general support to keep those costs funded, not to up our game on supporting our staff. So the more the government can stop that from being a gap, the more nonprofits can think long-term, and, and invest in their institutions and their people.

I want to make sure we talk about what you referred to as "indirect costs" and one of the accomplishments that you've had is to design and implement this indirect cost rate funding initiative. So I wanted to hear what you mean by indirect costs, and tell us the story of the city increasing funding for indirect costs of nonprofits that have these government contracts.

JENNIFER: Thanks for the question and it's a common one. So I'd like to just step back from the specific question of what is an indirect cost, because I think it's helpful to think about costs more generally. To deliver a service you obviously have a lot of costs. and the way that they're typically categorized is direct or indirect. So let me first define what a "direct" cost is so that there's clarity around what an "indirect" is. So let's take a contract for an after school program for a soccer program let's say. A direct cost will be the cost of the soccer coach who is delivering the coaching services directly on that contract. That is a direct cost, that coach is being hired to perform services on a particular contract. But that coach needs to get paid and payroll is an important piece of ensuring that, that coach shows up every day to teach that class. And the accountant that is responsible for the payroll for that coach is likely responsible for the payroll across the organization or, you know, a division, let's say. They are responsible for the accounting for that particular coach, but also many other employees.

So, that accountant is an indirect cost. The cost of having that accountant can be attributed across contracts and across areas of the organization. And that's really the difference between a direct cost and an indirect cost. But it's very hard when I share an example like that for one to

say that direct is more important than indirect because you can't have the direct without the indirect in that example. So you gotta have both. So that's why I like to start the conversation by saying, 'Let's just think about all of this as costs versus how do you fund a direct versus an indirect.' You got to have them both, and the sector has made that point incredibly clear and it was one of the very first things that they asked for when we started the Nonprofit Resiliency Committee, was an opportunity for the City to think about costs generally.

And think about indirect as being a critical component to that service delivery, and that became a policy priority for this Administration. And it's really because it was a priority *across* the administration -- you know, from City Hall to OMB, across our agencies -- that there was the will to perform the work that we needed to do to create that rate approach to defining costs, to calculating an indirect cost rate, and, ultimately, to funding those costs in those rates.

So what does it look like to get from the conversation in September 2016, to a commitment and an investment, and a reaffirmation -- which just happened a few months ago in 2021? It was a long journey. It was one that we did do in partnership through the Nonprofit Resiliency Committee. We also partnered with City Council on this as well. It started with as I mentioned before the need to define what costs are in a way that was consistent and standard -- across all eight billion dollars of contracting, right?!

So, every agency has a slightly different definition of costs, even inside of an agency different programs could define cost differently. How do we create that standard set of definitions? Providers suggested that we leverage the federal guidance, the federal government has definitions for costs, the federal government has calculation methodologies for developing an indirect cost rate, which is a rate that each organization has between its direct and indirect costs.

And that's a good idea. And that's part of the reason that I reached out to you, Rusty, because we in the City of New York, want to share our thinking too. No reason to have to reinvent the wheel if something is being done really well somewhere else, and that was the case in this space. So adopting the federal guidance and working through their common sets of cost definitions took some time. It took a couple of years, but what came out of that is our City's Cost Manual. It defines the general cost in human services contracts. It recognizes that a federal indirect cost rate is an acceptable indirect cost rate for nonprofits that do business with the City of New York. So if you have negotiated indirect cost rate agreement with the federal government that sets your indirect cost rate at a certain level, the City of New York will accept that as an indirect cost rate that you can use on our contracts. For those nonprofits that don't do business with the federal government, and don't have that rate, we created an opportunity for them to calculate their indirect cost rate, have it verified by an independent accountant. And we had independent accountants validate the work as well. So that they knew what they were doing, and agreed with the approach. You could submit that independent accountants report to the City of New York to receive an accepted indirect cost rate.

And for those nonprofits that are operating with an indirect cost rate of a 10%, we accepted that as a de minimis. Just like the federal guidance. This Administration has been committed to funding contracts at least at 10%, so this is aligned with our philosophy that we've pursued, you know over the course of the last eight years or so.

RUSTY: Just to get in there real quick, what is de minimis mean? Is that the baseline?

JENNIFER: Yeah, baseline. So you have, if you have a 10% sort of baseline indirect cost rate, that's where we are setting up. We have tried to set the funding across all of our country, all of our contracts out of 10%. So that's our baseline indirect cost rate. So, if an organization calculates their rate at 10% or less, you know, their, we're automatically accounting for them. The part that was fresh and new and that the sector really watches that most nonprofits have an indirect cost rate that is higher than 10%, being able to recognize that each organization does have their own indirect cost rate and that that cost rate could be higher than 10% was what was the groundbreaking sort of activity that we were doing as a municipality. And we are the, you know, the largest city to be doing something like this. I don't actually know of any other city that's doing -- recognizing indirect cost rates like this, and funding them. And certainly a city the size of New York with a portfolio of human services contracts the size that we have, I mean, there's about 2,000 contracts every year, you're talking about hundreds of nonprofits. The breadth of impact is quite wide. To be able to take the step to create this cost manual as a standard approach across all of our contracts was quite a big deal.

RUSTY: Now, I know, there was also a new investment level that the government made to enable this.

JENNIFER: So that's part of that journey. So the manual is developed with providers with our city agencies, it is adopted at the end of fiscal year 19 to be effective in fiscal year 20. We needed that to be able to understand what the value of an investment would be right, because you needed to have a standard approach to calculating, to understand what you know what it is the rates that you need to fund.

We initially, you know, did not expect to have the funding come with the adoption of the manual at the start of fiscal year 20, and we were delighted because -- I often refer to this project as my fourth child. So I use the we, because this was blood, sweat, tears, and a lot of love that it wasn't always an easy road, you know. I talk a lot about partnership and communication, I don't want to give the wrong impression that it was all, you know, rainbows and sunshine. I mean, you know, it's family right? So there were some challenging moments and sometimes we didn't see eye-to-eye and things didn't happen quite in a coordinated fashion. But certainly when the announcement came from the speaker and the mayor that indirect cost rates were actually going to be funded according to the model established by the cost manual, everybody was overjoyed.

Little did we know that nine months later we would all be facing a global pandemic. And you know, as everybody has probably, you know, read and has experienced, quite frankly, I mean, I

don't think anybody walked away from the last year and a half or so unscathed, New York City took a really big hit and very unexpected as it was for everybody. And so our budget had to be cut across the board. And so, indirect cost rate funding was also cut, and that was for fiscal year 20 which was an incredibly hard blow for the sector. They had worked so hard in order to design or calculate your indirect cost rate you had to do a lot of work with your budgets. You had to do a lot of the calculations, you had to, you know, hire an accountant to validate the work that you did and so there was a lot of investment in being funded.

So getting that cut was a big blow, the administration and city council remained committed to the project and remained committed to the philosophy behind it and we were delighted to learn just recently in April that not only was the funding restored for FY 21 and 22, but it was baselined. So what that means is that indirect cost rate funding is now baked into the contracts for our providers. So you have a multi-year contract that goes on for another five, six years, that indirect cost rate funding is now in there and that's about a hundred million dollar investment, annually, just to fund the indirect costs.

RUSTY: Thanks to the Mayor and City Council and to you...

JENNIFER: And to the providers, you know the providers were the ones who brought the issue forward and, you know, it was really a team, team effort across the board. Law Department played a big role in it. OMB, of course played a big role in it. Deputy Mayor for Health and Human Services. So, I think, you know, the whole city got behind this. And yeah, it's, we are really pleased where we are today. So, let's hope we stay this way. We feel that we've spent a lot of time hearing, the manual, ensuring that it goes on. And, you know, certainly have a mechanism and framework for continuing the funding.

RUSTY: I was just wondering, is there a maximum as well as a baseline?

JENNIFER: Nope.

RUSTY: Interesting, all right.

JENNIFER: So the de minimis 10% is essentially sort of the baseline. You don't have to submit any documentation. You don't have to have a federal rate that validates 10%. If you have 10% or less, we're not going to make you go through all these hoops and what have you, just claim what you have and we're reimbursing you for it. Does that make sense?

RUSTY: I think so.

JENNIFER: Yeah, so it's a de minimis meaning that there's not any like, paperwork and validation that has to go on, claim what you need, what your indirect cost rate is, configure budget accordingly. And if you're over 10%, then submit the federal rate that you have or calculate your rate, get an accountant to verify the calculation, and then we will be able to, you'll be able to use that higher rate in your budget.

RUSTY: That makes so much sense. And that's a great clarification. Thank you.

So you were a principal member of this Covid-19 Human Service Recovery Task Force and you've helped support the City's Vaccine Command Center. You know, thank you for that work getting the city through this incredible disaster and I read with interest this blog post you did and we're going to share it on the show notes page: "Lessons from NYC Procurement during the Pandemic". So can you give us kind of a synopsis of what you were sharing there with other cities elsewhere about procurement during the pandemic?

JENNIFER: When the pandemic hit, it was completely unexpected for everybody, everybody listening to this podcast, but you know, the Human Service Providers were on the front lines of responding and supporting our most vulnerable communities, you know at the very beginning, and still to this day our older New Yorkers, you know, we're definitely the most vulnerable out there along with, you know, a number of other individuals. And so, how do you do, you know, in some cases, a complete 180 where you are offering in-person congregate programming for older New Yorkers through our senior centers, and all of a sudden you could no longer be congregating? Everybody had to stay home inside.

What do you do as a nonprofit? How do you stay in business when your business is suspended? Right? And so that was really the mission of this group of leaders who came from MOCS, from OMB, from City Hall. How do we support our nonprofit so they continue to stay in business and are able to meet the needs of the communities?

Some of the things that we did and it's referenced in that in the article was really take advantage of that communication channel that we had established in the Nonprofit Resiliency Committee. And we worked really closely with the, with advocates and membership organizations who are able to share with us what they were hearing from their nonprofit members on the ground. So really quickly, very frequently, we were getting information about what was happening in the different fields whether it was with children, with older New Yorkers, etc.

And so we were then able to create policies that could respond immediately, post them to our various websites, get that information out through the advocates, through the membership organizations, through our agencies. You had the Law Department on hand that enabled us to allow for more flexibility in scopes of work. When the Mayor declared a State of Emergency, it triggered some provisions in our contracts that allow us to say, in that example that I gave before, you are contracted for congregate activities, but we now need you to make health and wellness calls or be a hub for food delivery. Our contracts enabled us to make those switches and allow the providers to pivot from one type of activity, to another type of activity.

We had MOCS and OMB working really closely together to actually push out advances. So those advances that I mentioned before that are now, you know, just regular part of business at the start of a fiscal year, we were actually advancing funds at the end of the fiscal year and at spring time to give nonprofits the liquidity they needed to pivot and make those changes. We

also created standard approaches for PPE reimbursement. The Mayor designated the workforce as essential and by having an essential workforce, the nonprofit workforce had access to childcare, they had access to hotels, they had access to PPE.

So it was really a centralized committee that was coordinating among all these various branches of the City to help the nonprofits communicate information as we had it, and receive all of that back so that we could be supportive. And it was day by day, like every day being able to understand what was happening and what was needed on the ground. And I guess I would add just from a numbers perspective, there was about seven hundred fifty five million dollars that was dispersed through those advances and we also had a much more fast-tracked approach to paying invoices.

So, \$755 million dollars was dispersed between March 13th and the end of May, which is quite remarkable to be able to, you know, sort of flood the sector with that much liquidity. So that they were able to respond as well as they did.

RUSTY: Thank you for sharing that incredible story. And, you know, the thing that strikes me is the ability to be so responsive and nimble and pivot, as you said, those words don't always get associated with big governments. So it's impressive.

JENNIFER: Thank you.

RUSTY: One theme that occurs to me, throughout all of this is you and others have been trying to get big agencies that do things differently and have been for a long time, to align around doing some things in a shared way in response to needs that the field has identified. So I was curious if you could give any advice or thinking from your perspective doing that, to folks who are listening about how to align people and institutions across big bureaucracies or five terms if you will, my term, whether they're in foundations or universities or governments... any thoughts you'd like to share on, you know, and I'm not saying you magically made it all happen, obviously, there's still challenges. But how have you approached that, or what would you advise folks?

JENNIFER: Let me first say, I think it's part of sort of the rewarding component of this work, is you know for me personally, is trying to navigate the various channels, but I think what's most important is that you have the buy-in from leadership, right? None of this would really have worked if we didn't have, you know, a Deputy Mayor that was, you know, committed to the human service sector, you know, people at OMB committed, with the Mayor, most of all this is the *Mayor's* Nonprofit Resiliency Committee. So, you know, you had leadership that it was committed to the work across the board. And I think that so that helps to, to be able to bring an idea into view. After that, in order to get the actual work done, you do have to create a space that feels safe, a space that allows individuals who have either never been in the same room together or who have had a history of tension, come together in an environment where honesty is appreciated and cultivated, and, you know, what is said in the room stays in the room, beyond even staying in the room is used to actually as a springboard to move conversations forward.

And so developing a sense of safety for the people who are actually doing the work is really, really critical.

And you know, there's a number of ways that you can do that and one of one of the ways to do that is being accountable, right? Indicating to folks that there are milestones, there are goals, understanding what the responsibilities are of everybody in the room, being a point of contact for everybody, being at the center of those conversations enables you to actually bring people together and make the change. But you got to have the buy-in up top and then that sense of safety and honesty in the actual work room. And then you as leader are accountable for what happens in that room, and what happens outside of that room, to make change.

And I said before, you know, that first time when we had our first Nonprofit Resiliency Committee [meeting] and there was so much skepticism and frustration. Being able to come back, just a few months later with an advanced policy and actually putting into place bought so much goodwill, and paved the way for us to be able to get together in an even grander way.

And understanding, like, who are the right people to have in those initial conversations, and how do you have those initial conversations so that you get the "wins" under your belt. and you can bring in some of the more reluctant players. Because you can say, look, this is a good use of time, we actually get things done, it's a place where you're going to feel benefits along with your counterparts. Look at what we've already realized, come join us, come be part of the conversation, share your priorities and, you know, together let's move forward.

RUSTY: Yeah. No, those are great points of advice I think for any emerging leader or senior leader on trying to move, create, shared change-agendas, and move them through a system. So, so, as we kind of come to the close of our time here, I'm curious, you know, we're having this extended election in New York City for Mayor. So, what's next, how will you keep momentum for change going in a new Mayoral Administration, and will these hard-fought improvements in New York City government and nonprofit relations -- in terms of the contract payments, the indirect costs, the responsiveness -- will they continue?

JENNIFER: Yes. So let's take the second part first. I am optimistic that they will continue. As I mentioned before some of the policy reforms that we have championed together are now part of the business systems and processes. Advances have been around now for five years. So, you know, things like that I think are embedded in the human service business relationship and I think that they will be sustainable. The cost manual is in a policy document that is embedded in our RFPs [Requests for Proposals] and our concept papers in our contracts. Indirect cost rate and indirect cost rate funding has been baselined as I mentioned before in our contracts. So we have worked really hard to not just identify and design change, but to also institutionalize it and it goes back to your prior question about making change. Having the buy-in, and the leadership of City Hall leaders, and OMB, and Law Department, and the like, has also allowed us to identify how we can institutionalize a lot of this work. So I'm optimistic that it will continue and be a hallmark of doing business with the City of New York.

With respect to maintaining the momentum, you know, we there's a lot to do. I mean, we got a lot done but there's still a lot to be done, Rusty, for folks who listen to this podcast, you know, workforce issues seem to be a high priority for the sector. So I'm hopeful that vehicles like the Nonprofit Resiliency Committee will remain in the new Administration as a place where the sector can come and talk about things like COLA [Cost of Living Adjustments], like pay parity, training, recruitment, and all the various issues that impact workforce. And continuing on, in the model of partnership work with the administration, work with City Council, and collectively drive change in the areas that are most pressing for the sector.

So, I'm optimistic and I'm hopeful. There's a lot of really smart people I work with, we're all here, sticking around looking forward to our next set of challenges and looking forward to the continued collaboration with the human services sector.

RUSTY: So, folks who are listening and want to reach out, or want to find out more about this work, whether they're, if they're nonprofit, or funders who want *their* municipal governments to follow suit or they want, they're New Yorkers who want to understand all of this better, what's the web address where people can find you, and is their social media related to that?

JENNIFER: Sure. I strongly encourage folks to reach out. The story of partnership and indirect cost rate funding is the story of the City of New York, but it is transferable, it is a narrative that could easily be adopted by foundations and other municipalities. There's a lot of good work being done now in the foundation world around stopping the starvation cycle, identifying the 'full cost' of services. Creating a standard approach to these issues, benefits all of us - providers and funders. With a standard set of principles, there is a more transparent, honest engagement. It shifts work from administrative activities to the workforce and to program design. And it creates a system that does recognize that the cost of delivering services is one that is intertwined between direct and indirect.

So it is a model that we're hopeful folks will be interested in learning more about, and we are here to share it and to support as other foundations, municipalities, think about moving this work forward. You can find out more information about all the work that we've done with the sector at [nyc.gov/nonprofits](http://nyc.gov/nonprofits). There's a tab there that has Nonprofit Resiliency Committee Resources, there's another tab that's dedicated just to the Indirect Funding Initiative. So, welcome folks to check that out, of course. We all are in this village together and we all can learn from one another. So look forward to hearing from folks.

RUSTY: Jennifer, thank you so much for your time and for your service...

JENNIFER: Absolutely, my pleasure. Thank you, Rusty. Appreciate the opportunity to share what we've been doing in the City of New York.

RUSTY: I'm looking forward to learning more myself. So I really appreciate it. And I'm sure we'll get some feedback on this episode and share that with you as well.

Links:

[Mayor's Office of Contract Services](#)

[Hankering for More—a program designed to help you make friends.](#)

[Lessons from NYC: Procurement during the pandemic](#)

[www.nyc.gov/nonprofits](http://www.nyc.gov/nonprofits)

[PASSport](#)