

NYC Indirect Cost Rate Funding Initiative

November 2019 Report to New York City Council

BACKGROUND

In March 2019, the City of New York adopted the Health and Human Services Cost Policies and Procedures Manual (Cost Manual) to standardize cost definitions, indirect cost rate calculations and indirect cost rate claiming policies for health and human service contracts. In June 2019, the Mayor and City Council reached an historic agreement and established an indirect cost rate funding initiative in the FY20 Budget. Within days of the “handshake,” a City Implementation Team (CIT), led by OMB and MOCS, was designated to operationalize the investment. The CIT co-designed the implementation plan and process steps with Council Finance, the Provider Executive Director Workgroup and Provider and Agency Financial Leadership Workgroups from July-November 2019. The initiative launched on November 18th.

KEY FEATURES OF THE INITIATIVE

RATE OPTIONS FOR ORGANIZATIONS OF ALL SIZES

Establish four indirect cost rate options to accommodate providers of all sizes and levels of sophistication:

- 10% De Minimis Indirect Cost Rate Policy
- Federal Negotiated Indirect Cost Rate
- Independent Accountant’s Report
- One-Year Conditional Indirect Rate up to 12%

GENEROUS TIMEFRAMES

Providers have over 12 months to establish and claim an indirect cost rate and make a funding request.

RETROACTIVITY

Providers submitting claims by June 30, 2020 will receive funding retroactive to the beginning of FY20. Claims received between July 1 and December 31, 2020 will be retroactive to the beginning of FY21.

DEEP PROVIDER AND AGENCY ENGAGEMENT

- 3 Convenings for Coalitions, Providers, and Agencies (400 attendees)
- 45% Provider Survey Completion Rate
- 6 Provider ED Workgroup meetings
- 8 Agency/Provider Financial meetings
- 7 Mailings to 3,000 recipients from 700 organizations
- New Website and TA resources including revised Cost Manual and FAQ, videos and webinar



CITYWIDE APPLICABILITY

The funding initiative is applicable to health and human contracts across all City agencies, including the Department of Education, with limited exceptions. For more detail, please see section II.B of the Cost Manual.

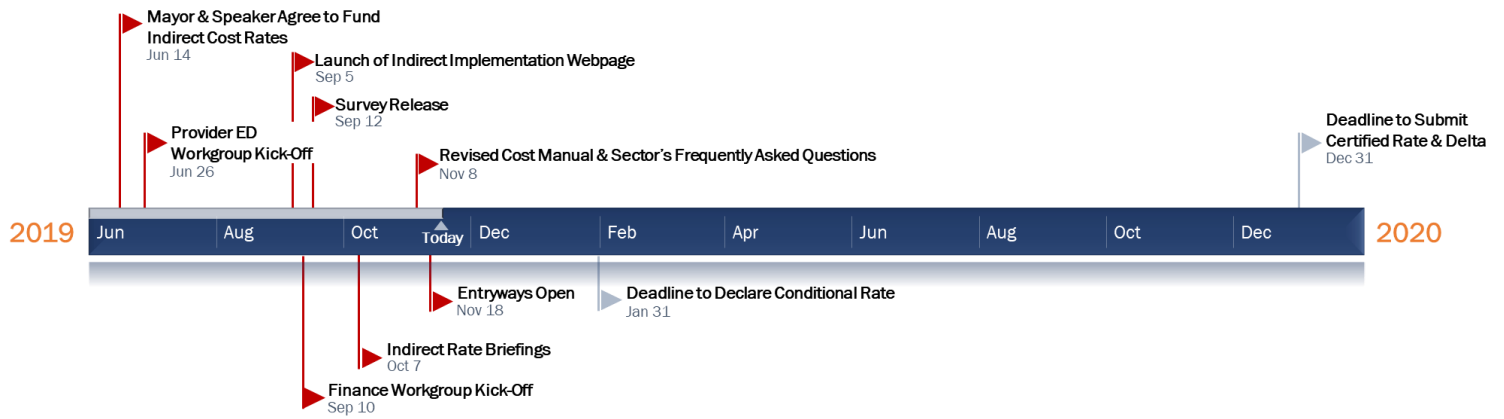
RATES, FEES & MILESTONE CONTRACTS

The funding initiative covers all payment models, including rate-based, fee-based and milestone contracts.

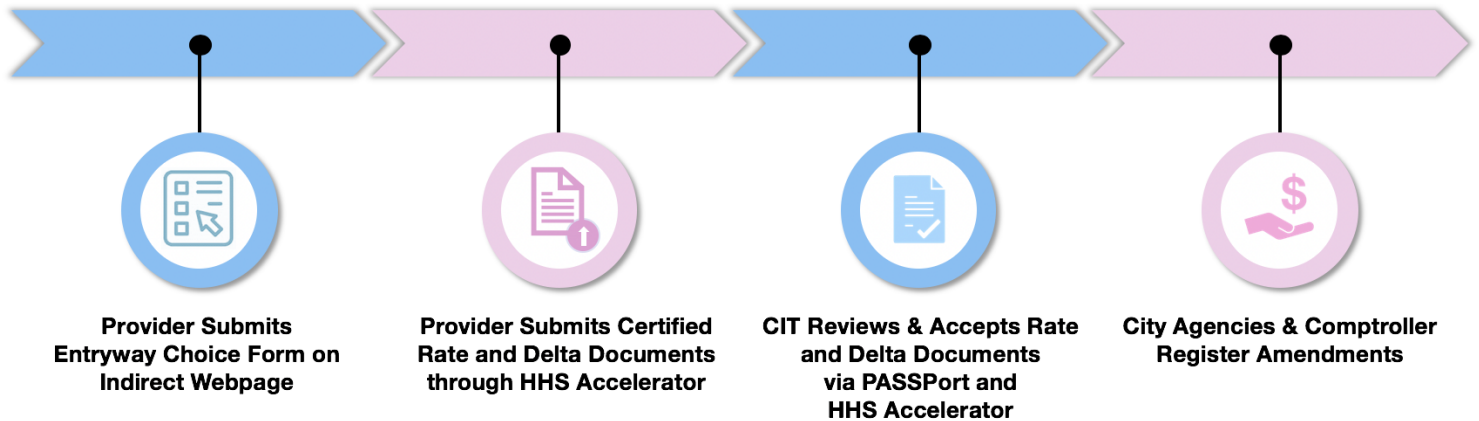
UNIFORM AND STREAMLINED PROCESSES

All indirect cost rate claims and funding requests are centralized and submitted to and approved by the CIT. Information on all city contracts is aggregated and loaded into a single, pre-populated template for each provider. All contracts, calculations and claiming reside in a single form. The initiative is technology enabled and leverages HHS Accelerator and PASSPort (Procurement and Sourcing Solutions Portal) to upload, store and notify providers, city agencies and the CIT of actions taken, information needed and rate acceptance.

INITIATIVE TIMELINE AND KEY DATES



CLAIMING PROCESS



ACCOUNTABILITY AND REPORTING

Pursuant to the FY20 Budget Schedule C, the Administration will report to the City Council in November, March and July. These reports will include quarterly and year-to-date performance indicators:

- Number of organizations under review
- Status of organizations under review
 - Entryway forms submitted
 - Delta templates submitted
 - Established rates and funding requests accepted
- Contract amendments initiated
- Contract amendments sent to the Comptroller

