

Dear Provider Partner,

We are writing with an update on the Fiscal Year 2021 (FY21) Funding Policy for Indirect Cost Rate (ICR) Amendments. As we write, we recognize the challenges that our nonprofit partners continue to face as they deliver ongoing services to our communities and look to reopen more fully in the coming months. We deeply appreciate our partnership and remain dedicated to open dialogue.

Fiscal Year 2021 Indirect Cost Rate Funding Policy

While the City is assessing the applicability of the new stimulus funding to alleviate budgetary shortfalls, including fully funding the ICR Funding Initiative, we appreciate the significance of establishing a policy sooner rather than later. Accordingly, we have designed the FY21 ICR funding policy based on the current budget realities and the Administration's ongoing commitment to fund human services contracts with at least a 10% ICR. The FY21 funding policy enables providers who received an Accepted ICR in FY20 or FY21 to realize at least a 10% ICR or a portion of their anticipated FY21 ICR amendment – whichever amount is greater. We summarize the key details of the FY21 policy developed in collaboration with City Council, our partner in this ICR Funding Initiative:

- **If your organization has an Accepted ICR of 10% de minimis:**
 - City has baselined funding and is funding the full value of your FY21 ICR amendment(s).
- **If your organization has an Accepted ICR based on Independent Accountant's Report or Negotiated ICR Agreement (NICRA):**
 - City is funding 30% of the FY21 "Final Amendment Value" indicated in your organization's Delta Template, but not less than a 10% ICR value.
- **Continuation contracts are included in the FY21 Funding Policy:**
 - If your organization received an Accepted ICR, your organization's FY21 contracts, including renewals and extensions, are eligible for FY21 ICR amendment(s). Emergency contracts and contracts provided in Section II.B of the [Cost Manual](#) remain exempt.

We will be rolling out FY21 ICR amendments in the coming weeks through PASSPort, the City's online Procurement and Sourcing Solutions Portal. Your organization's Vendor Admin will receive a PASSPort notification when your organization's FY21 amendment(s) is ready for processing in the system.

Budget Modifications and Accepted ICRs

Organizations with an Accepted ICR may use their rates to develop human services budgets, pursuant to the Cost Manual. There have been a number of questions regarding this and how to utilize budget modifications to facilitate this work. We address the topic on our [webpage](#) and also provide the information here:

- Providers do not need to wait for registration of their ICR amendments to request budget modifications within their existing budgets.
- For budgets where providers have surplus funding in their direct costs, they may request budget modifications to reallocate funds to their indirect costs, up to their full Accepted ICRs.
- In exercising budget modification requests, providers may use the HHS Accelerator Financials automatic budget modifications, which allows for expedited budget modifications up to 10% (cumulative) of the total budget value without preapprovals or delays in invoicing.
- Budget modifications may be made between categories of Personnel Services (PS) and Other Than Personnel Services (OTPS), maximizing budget flexibility.
- Questions about budget modifications should be addressed to your contracting agency. The City Implementation Team (CIT), charged with centrally managing the rollout of the ICR Funding Initiative, is available for support through the Mayor's Office of Contract Services. The CIT is comprised of the Mayor's Office of Management and Budget and Mayor's Office of Contract Services.

We also share the following instructional materials on budget modifications:

- [HHS Accelerator Provider Guide to Managing Budgets](#) provides step-by-step guidance on completing budget modifications in HHS Accelerator
- [Video on Budget Modifications and Accepted ICRs](#) provides technical assistance on the budget modification process and guidance on cost allocations pursuant to the Cost Manual, as well as the difference between a budget modification and an ICR Amendment

Questions

If you have any questions about the ICR Funding Initiative, please visit our ICR Funding Initiative webpage at nyc.gov/nonprofits. If you have questions about your organization's amendments and budget modifications, please contact your contracting agency. Questions about PASSPort can be answered at nyc.gov/passport.

**In partnership,
City Implementation Team**