THE 18% AND GROWING CAMPAIGN

A GUIDE TO THE DISCRETIONARY PROCESS

CACF 18°
# TABLE OF CONTENTS

1. Executive Summary................................................................................................................................ 3

2. The Budget Process.................................................................................................................................. 5

3. What is Discretionary Funding........................................................................................................... 6

4. Applying for Discretionary Funding.................................................................................................. 9

5. Restrictions on the Use of Discretionary Funding........................................................................ 11

6. Conflicts of Interest............................................................................................................................ 12

7. Contracting Process............................................................................................................................ 13

8. Training Requirements....................................................................................................................... 15

9. Prohibitions To Funding..................................................................................................................... 16
The Coalition for Asian American Children and Families (CACF) leads the 18% & Growing Campaign, a coalition which unites over 100 AAPI–led and serving organizations across New York City to fight for a fair and equitable budget that protects the needs of our most vulnerable community members. We advocate as a collective in solidarity to hold New York City accountable in providing the necessary resources to serve and empower the diverse needs of all AAPI New Yorkers.

The 18% and Growing Campaign’s plays a pivotal role in:

- Supporting the strategic development of capacity for community based organizations to uptake public dollars
- Leads the advocacy of our collective campaign to fight for greater inclusivity of AAPI led and serving organizations in the contracting process and overall budget expansions
- Amplifying the voices of our communities to the New York City Council, Mayor, and City–Wide Agencies
- Mediating and communicating any questions or concerns that is uplifted by both our communities and New York City
- Supporting community based organizations navigate the New York City contracting process

Each year, Members of the Council allocate discretionary funds to not–for–profit organizations in order to meet local needs and fill gaps in City agency services. Thus, discretionary spending is a critical tool in meeting needs in our communities. As with all taxpayer funds, the public deserves to know that discretionary funds are going to organizations with the capacity and integrity to provide quality services.

- The City Council has instituted a comprehensive set of measures to improve transparency and accountability in the use of discretionary funding including:
  - Publishing a complete list of organizations receiving discretionary funds, including the amount, the sponsoring Member or Members, and a brief description of how the funds are to be used
  - Working in conjunction with the Mayor’s Office of Contract Services (MOCS) and City agencies, a thorough vetting process is in place to review each organization allocated discretionary funds to assess integrity, compliance, and a track record in providing the services for which they have been selected to provide
  - Ensuring that recipient organizations and Members comply with the specific set of rules and guidelines that govern discretionary funds which the City’s Conflicts of Interest Board (COIB) clarified at the Council’s request. All organizations receiving funds are subject to these rules, and Council Members provide signed conflicts of interest disclosure forms with each vote approving funding
The following manual will serve as a guide and procedural resource to support your organization and team's knowledge to better understand the discretionary funding process, eligibility requirements, and contracting parameters.

The following sections are outlined as follows:
1. What is Discretionary Funding?
2. Applying for Discretionary Funding
3. Restrictions on the Use of Discretionary Funding
4. Conflicts of Interest
5. Contracting
6. Training
7. Prohibitions
8. The Budget Process

Though we hope that this guide will answer any questions you may have regarding the Discretionary Funding Process, we encourage you to contact:

For Contracts and Grants
Ambrosia Kau, Director of Contracts at akaui@cacf.org
Kit Lau, Contracts Coordinator at klau@cacf.org
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For Budget Policy and Advocacy
Clifford Robin Temprosa, Budget Policy Coordinator at crtemprosa@cacf.org

In Solidarity,

CACF
THE BUDGET PROCESS

Step 1: Preliminary Budget
Each January, the Mayor presents a preliminary budget—an outline of his priorities and goals for the City. The Council then follows a process to ensure this budget meets the needs of our diverse neighborhoods.

Step 2: Council Analysis & Hearings
From March to April, the Council analyzes the Mayor’s preliminary budget and holds a series of public hearings to identify specific concerns through conversations with residents, advocates, and city agencies.

Step 3: Formal Response
Based on our analysis, the Council formally responds to the Mayor’s preliminary budget. This includes a summary of concerns expressed during the hearings and recommendations to address those concerns.

Step 4: Executive Budget & Hearings
In April, the Mayor releases the Executive Budget, an updated proposed budget based on the Council’s response. Again, the Council analyzes this budget and conducts a second round of targeted hearings, ensuring that the budget reflects the priorities of New Yorkers in all 51 Council Districts.

Step 5: Adopted Budget
Through May and June, the Council and the Mayor negotiate adjustments to the Executive Budget, resulting in an agreement known as the Adopted Budget. This agreement must be reached before July 1, the beginning of the next fiscal year.

Please Note
The 18% and Growing Campaign plays a pivotal role in organizing and mobilizing campaign membership throughout this process by facilitating tools and assets to engage in but is not limited to legislative meetings, the preliminary/executive hearing and testimony process, collective messaging, and advocating for annual campaign priorities.
Discretionary funding is a duly appropriated sum of money in the City’s expense budget allocated to an eligible not-for-profit organization by the Council or a Member of the Council under section 1–02(e) of the rules of the Procurement Policy Board (PPB).

PPB Rule 1–02(e) allows certain elected officials including Council Members and Borough Presidents (but not the Mayor or City agencies) to designate specific not-for-profit organizations to receive funding as an alternative to funding programs through the competitive procurement process.

Unlike competitively awarded agency contracts, discretionary funding contracts are awarded for a single fiscal year.

Types of Discretionary Funding

There are several categories of discretionary funding used by the City Council, each serving different purposes. The following categories have developed through Council practice over the years, and are subject to change in the future.

Member Local Initiatives: Each Member of the Council receives an annual amount to meet local needs in the Member’s district, known as “local initiatives.” Borough Delegations also allocate funding. Various factors including local needs, the Member’s request, and other considerations determine the amount. Uses of local initiative funding are not limited to any particular purpose or agency, except as otherwise restricted by Council policy, PPB rules, and applicable law.

City Council Local Initiatives: Organizations may apply for funding directly to the Speaker, or Members may request that the Speaker fund an organization whose scope of services exceeds their individual ability to fund or which serves a larger geographical area. This is often referred to as the “Speaker’s list.”

Member Aging Discretionary Funds: Each Member receives an annual amount to fund senior services in his or her district through the Department for the Aging.

Member Youth Discretionary Funds: Each Member receives an annual amount for the provision of services for youth or community development through the Department of Youth and Community Development.

Anti-Poverty Initiative: Councilmembers receive additional discretionary funding based on the number of people in their districts below the Federal Poverty Line; compiled by the American Community Survey (ACS). ACS is a continuous survey that individuals respond to throughout the year. Poverty statistics presented in ACS reports and tables adhere to the standards specified by the Office of Management and Budget (OMB). Based on these figures, Council Members will receive additional funds ranging from $25,000 (Lowest Poverty Figures) to $100,000 (Highest Poverty Figures) in $25,000 increments.

Member Community Safety & Victim Services Initiative: Councilmembers receive an annual amount to provide programming and services that promote community/public safety and awareness, along with community fellowship, civic engagement and improved relations between law enforcement and the neighborhood.

Citywide Initiatives: To extend the reach of agency programs to underserved communities or populations, the Council may also initiate programs for addressing community needs that it feels are lacking in existing agency programming. In most cases, the Council will provide funding to specific not-for-profit providers. While these initiatives are usually citywide in scope, they may focus on high-need communities or populations. The method of allocating funding varies by initiative and is at the discretion of the Council.
Council Reporting on Discretionary Funds
Allocations of Council discretionary funding are disclosed at budget adoption. Periodic updates occur to reflect any changes to the adopted budget.

Schedule C:
At budget adoption for the upcoming fiscal year, the City Council Finance Division prepares a supporting schedule (Schedule C); detailing the changes made to the Mayor’s Executive Budget by the Council’s allocation of discretionary funds. Schedule C lists all the discretionary funding designations made at the time of adoption, including a short description of initiative programmatic goals.

Transparency Resolutions:
Some initiatives are funded in the Adopted Budget, but specific designations of not-for-profit providers are made later in the year. New designations, alterations and/or corrections occur via Transparency Resolutions. The Finance Committee approves Transparency Resolutions, on which the entire Council votes. All new designations and changes to previous designations including changes to the purpose or amount of funding must be approved in a Transparency Resolution before such change can take effect.

Expense Budget Modifications:
The New York City Charter (the Charter) requires an Expense Budget Modification in order to make certain mid-year changes to the Adopted Budget midyear. Pursuant to section 107(b) of the Charter, an Expense Budget Modification is required when funding is: 1) transferred between agencies; or 2) when funding within a unit of appropriation is increased or decreased by more than five percent or fifty thousand dollars, whichever is greater. These modifications are submitted by the Mayor to the Council, after which the Council has thirty days from receipt of the modification to disapprove it. When the Council makes or changes designations in a Transparency Resolution that requires shifting/moving funding, described in one of the above listed categories, such funding shift cannot take effect until Council approval via an Expense Budget Modification.

On-line Database:
A database on the Council’s website makes it convenient to search for information on discretionary funding allocations. Periodic updates of information in the online database will reflect any changes and/or additions made by approved Transparency Resolutions (note that the database may not be updated immediately).


What Types of Organizations May Receive Discretionary Funds?
Discretionary funding is allocated only to not-for-profit, community-based social service providers. Eligibility criteria include an organization being incorporated as a not-for-profit, having a current registration with the New York State Attorney General’s Charities Bureau (unless exempt), and having a valid Federal Employer Identification Number (EIN). There are numerous types and categories of not-for-profits as defined by the IRS. The most common recipients of discretionary funding are 501(c)(3) organizations; however War Veterans’ Organizations for example are a 501(c)(19), Civic Leagues and Social Welfare Organizations are 501(c)(4), and Horticulture Associations are 501(c)(5)
Subcontractors and Consultants:
An organization receiving discretionary funding must itself deliver the funded services. Subcontractors or consultants may not be the primary service providers for programs funded by discretionary awards. In limited circumstances, the Council may permit an organization to utilize the services of subcontractors or consultants as an ancillary/supplemental part of the delivery of services. In those instances, subcontractors and consultants must be approved by the contracting agency prior to any work commencing. Payments made to subcontractors and consultants prior to receiving the contracting agency’s approval may be deemed impermissible by the agency and in that case shall not be reimbursed. Subcontractors and consultants are not required to submit an application for Council discretionary funds; however, they are subject to conflict of interest disclosure requirements (see section 4, Conflicts of Interest).

What Types of Organizations May Not Receive Discretionary Funds?
For-profit entities may not receive discretionary funds, except when the primary not-for-profit contractor subcontracts or consults with a for-profit entity as part of the delivery of services. Such subcontracts and consultants must be only an ancillary part of the funded program funded and not the primary basis for the discretionary award.
APPLYING FOR DISCRETIONARY FUNDING

This section provides an overview of the steps involved in applying for discretionary funds. Since Fiscal Year 2013 (calendar year 2012), all applications must be submitted online via the Council’s website. The application process opens annually in early January and closes in late February. (Fiscal years begin on July 1 and end on June 30).

You will need the following information to submit a discretionary application:
- Federal Employer Identification Number (FEIN)
- New York State Charities Bureau Registration Number
- Annual Operating Budget
- HHS Accelerator Prequalification Status and Approved Service Areas
- Information/documentation concerning inquiries, monitorships, government investigations, corrective action plans, or audits (other than the routine annual audit)
- Organization’s staffing information regarding programs/services
- Certificate of Incorporation
- Current list of Board Members and High/Executive Level Employees

You will also need to print, sign, and upload Certificate of Authorization and Conflict of Interest Disclosure forms, which will be available in the application itself.

Organizations also have the opportunity to upload any additional supporting documents (e.g. brochures, outreach material, program FAQ, etc.) to their application. Please note that individual Councilmembers may require applicants to submit additional documents. If this is the case, reach out to the individual Councilmember’s office for additional details on what should be submitted.

Organizations applying for discretionary funding through specific initiatives (e.g. AAPI Community Support Initiative) should submit a separate application for each initiative, though may choose multiple Councilmembers to submit the application to. When developing an application, it is important to provide as much relevant detail as possible; if an organization is applying to a Speaker/City-Wide Initiative, applicants should tie the proposed program/services to the purpose of the initiative.

It is important to note that discretionary funding is limited and competitive. Organizations planning to submit discretionary funding applications should take the time to meet with the individual Councilmembers (or their offices) that they plan to submit applications to. These meetings and interactions provide opportunities for organizations to provide additional details and answer any questions Councilmembers may have about the organization or its programming. The more Councilmembers are able to become familiar and understand an organization’s programming, the more likely it is the organization will be selected for funding.

If applying for discretionary funding through a Speaker or City-Wide initiative, there are often lead organization(s) that coordinate advocacy efforts (e.g. CACF leads advocacy for AAPI Community Support Initiative through the 18% and Growing Campaign). It may be beneficial to meet with these lead organizations to understand the initiative more thoroughly, engage in collaborative advocacy, and discuss any additional details that may be important when applying for funding through the initiative.

Discretionary applications will be available (typically in January) here: https://council.nyc.gov/budget/
**Who Must Apply?**

All organizations wishing to receive any one of the seven types of discretionary funding, described above in Section 1, must submit a Council Discretionary Funding Application, including supporting documentation. The application solicits information about an organization’s experience, qualifications, and integrity, and the project or service for which the organization is requesting support. The Council’s website will provide information on the schedule for submitting applications.

**Application for Pre-Qualification and PASSPort System — (Procurement And Sourcing Solutions Portal):**

In Fiscal Year 2021, MOCS released the City's new digital Procurement and Sourcing Solutions Portal. ALL organizations receiving City Council funding must create and register an account at the link below. Under this new system, the Council’s awards are combined accordingly and put into contracts. The contracts will then be managed electronically by both the agency and the organization through an online dashboard.

For more details please visit: https://www.nyc.gov/site/mocs/passport/about-passport.page

**New York City Council Vetting:**

All organizations must demonstrate eligibility and integrity in order to receive discretionary funding. The Council has an extensive vetting process that includes, but is not limited, to the following:

- Not-For-Profit Business Records Searches; and
- News article searches; and
- Potential conflicts of interest; and
- Tax Warrant database searches; and
- Status as a not-for-profit entity; and
- Compliance with State Charity registration requirements or certification that the organization is exempt from the registration requirements; and
- Active Federal Employer Identification Number (EIN) from the IRS; and
- Current IRS tax exempt status; and
- Past evaluations of contract performance by funders; and
- Review of Use of Funds and Public Purpose

**Department of Cultural Affairs Funding:**

Not-for-Profit cultural organizations that wish to receive funding/be contracted through DCLA must also submit an application to DCLA’s Cultural Development Fund (CDF) (see www.nyc.gov/dcla for details, application period, and the application form). Organizations that DCLA finds eligible for a CDF award may receive discretionary funding/contract through DCLA. (Note that an organization does not actually receive an award via CDF. The CDF only confirms that the entity meets eligibility requirements.) Cultural organizations that do not submit a CDF application may receive funding/contract through another agency using the process described in this guide.
RESTRICTIONS ON DISCRETIONARY FUNDING

The Council has imposed certain restrictions on the awarding and use of discretionary funds, described below.

Public Purpose
All public funds, however awarded, must have a public purpose. In general, a public purpose is defined as an activity or service that is open to all members of the public, regardless of race, creed, gender, sexual orientation, religious affiliation, etc., without restriction, and that does not promote a particular religion. Allocated funds are only for a public purpose and may not support political activities (including but not limited to lobbying, campaigns or endorsements) and/or private interests. The New York City Council’s Office of Compliance reviews all applications to ensure funded organizations meet public purpose and other criteria.

Programs and services provided by religious or religiously affiliated organizations (such as a parochial school) must be able to demonstrate that the program is open to non-members, is not a religious program, and does not promote the religion.

Closed membership groups to which membership is restricted or subject to eligibility based upon prohibited factors may generally not receive funding. Groups that serve a particular population for example, youth aged 12 to 16 in a particular community are not considered closed membership groups, as long as the program is open and accessible to all youth within that age bracket in the community. Similarly, tenant organizations in public housing may also receive funding, as long as they provide equal access to all residents of the public housing units they serve.

Fees
All programs and services should be free and open to the public. An organization that is allocated discretionary funds may not charge fees or payments as a condition of program participation. Should an organization deem it necessary to charge a fee for its program or service, that fee cannot be at a rate that would impede or discourage participation by members of the community. Organizations may also need to seek and obtain a waiver from the contracting agency.

Newly Created Organizations
Certain restrictions apply to organizations that are newly formed or incorporated within the last two years. Organizations whose legal existence began within the last two fiscal years may not receive funding in excess of $20,000 total (and no more than $10,000 from a single member/source). This restriction may be waived under certain circumstances, such as an organization that has been in existence as a subsidiary to another organization and has become an independent entity. All exceptions will be considered on a case-by-case basis.

All newly created organizations must submit a Council Supplementary Application form and a Federal Employer Identification Number issuance letter from the IRS.

New to New York City Council Organizations (Organizations That Have Not Previously or Recently Received Council Discretionary Funding)
Organizations that have not received discretionary funding from the Council within the last three fiscal years may not receive funding in excess of $50,000 total (and no more than $25,000 from a single member/source). This restriction may be waived in exceptional circumstances. All exceptions will be determined on a case-by-case basis.
CONFLICTS OF INTEREST

To prevent abuse or misuse of the Council’s discretionary funding authority, strict rules govern conflicts of interest between Members, their staffs, families, and associates, and organizations receiving discretionary funds.


The following are general guidelines. Please direct questions regarding the application of conflict rules to specific cases to the Council’s Office of the General Counsel or to COIB.

- Councilmembers are prohibited from sponsoring discretionary funding for an organization at which the Member serves as an employee, officer, or board member (except ex officio).

- Councilmembers may sponsor funding for an organization where an “associated” person (a family member or other person with whom the Member has a financial or business relationship) is an officer or employee so long as the associated person will not benefit, or appear to benefit, from the funding.

- At the time of voting, Members are required to disclose on the record any potential conflicts of interest with organizations funded by other members.

- Organizations are required to disclose any potential conflicts of interest on their annual discretionary funding application.

Every organization receiving discretionary funding is required to file a disclosure form identifying any relationships between its board or employees and elected officials. All organizations must submit a conflict of interest disclosure form annually, regardless of their pre-qualification status. Applications are not approved without a completed conflict of interest form.

Any conflicts must be reported immediately to the Council’s Office of the General Counsel

Subcontractors

Subcontractors and consultants (including independent contractors) of funded organizations are also subject to conflicts of interest rules. During the contracting process, organizations will be asked to provide a list of subcontractors and consultants to the contracting agency, accompanied by conflicts of interest disclosure forms completed by the subcontractors and consultants. Subcontractors and consultants are subject to the same restrictions as primary contractors.
No organization may receive discretionary funding from the Council, and the relevant agency will not begin the contracting process, until the organization has been designated funds in Schedule C or in a Transparency Resolution approved by the whole Council. Such designation must include the organization's legal name, EIN, sponsoring member (if applicable), amount, purpose, and contracting agency.

In addition, before agencies are authorized to process a discretionary funds contract with an organization, it must appear on the list of cleared organizations maintained and distributed to agencies by MOCS. MOCS periodically updates the “cleared list” of organizations that have met the requirements of: (i) prequalification in HHS Accelerator; (ii) submission of a Doing Business Data Form; (iii) a valid Capacity Building Training Certificate (if applicable); and (iv) confirmation of City Council vetting. Funded organizations may track the clearance status of their award on the MOCS website at: https://www.nyc.gov/site/mocs/opportunities/discretionary-award-tracker.page

All discretionary awards are contracted through City agencies, and are subject to the same procedures and must adhere to the requirements of a standard agency contract. Agency procedures may differ in specifics, but in general, all organizations receiving discretionary funds will be required to submit a detailed scope of services, a budget, and other required documentation to the Agency or PASSPort before contract finalization.

Please note community based organizations must carry the appropriate type(s) and level of insurance required by all applicable federal, state and local laws, rules, or regulations for the entity and its program and/or service. Insurance obligations cannot be waived and are part of the contracting agency’s qualification procedure.

All requirements must be met to the agency’s satisfaction, and no Council Member, officer or official of the Council may waive any requirement set by the Agency that is a normal and standard part of the Agency’s contracting process. In almost all instances, no contract funds are released until services have been delivered; or have begun to be delivered. Agencies typically require organizations to submit requests for reimbursement with verifiable documentation of expenses before payment.

**In sum, recipient organizations need to complete the following steps before disbursement of funds the Council awarded:**

1) City Council designation
2) City Council vetting and clearance
3) PASSPort registration and/or DCLA approval
4) MOCS clearance
5) Executed contract with a City agency or grant with DCLA
6) Registration by the Comptroller
Upon discretionary award approval, as part of the budget process, posting in Schedule C or a subsequent transparency resolution, Council Members are prohibited from controlling the expenditure of discretionary funds allocated to organizations.

Council Members and their staff may not be involved in planning the details of how an organization will implement services or in procuring or paying the organization’s vendors. Organizations should contact Francesca DellaVecchia, Director of Compliance Investigations at fdellavecchia@council.nyc.gov or Pearl Moore, Chief Ethics and Compliance Counsel at PMoore@council.nyc.gov if a Council Member or his/her staff instructs or makes recommendations on how or where to use discretionary funds.

Please note that the Council reserves the right to increase, decrease or rescind funding at any time before an organization enters into a valid contract with the City.

If, according to Schedule C, your organization has received a discretionary award but has not received award and/or contract documents from a city agency, it may be useful to check your award clearance via the Discretionary Award Tracker or PASSPort when troubleshooting.

Changes to Contracts
Any change in the purpose or scope of services from that described in the organization's application for funding and reported in Schedule C or a prior Transparency Resolution must be made in a later Transparency Resolution. Agencies will not process contracts where the scope of services or purpose of funds submitted by the funded organization appears to differ from the published and approved purpose.

Changes to budgets in a registered contract are typically allowable. The process for submitting a request for a budget modification is dependent upon the contracting agency. Organizations seeking a budget modification should reach out to their designated agency contact (e.g. contract manager) for further information and guidance.

Reporting
Discretionary awards may be subject to reporting requirements, depending upon the type of discretionary funding awarded to an organization as well as the agency administering the award. For example, organizations receiving awards through City-Wide initiative funding are typically required to submit an annual report toward the end of the contract period. Reporting forms may be accessed through the City Council Budget page (https://council.nyc.gov/budget/). Organizations may also reach out to the contracting agency, City Council, or Council Finance contacts to confirm reporting requirements for specific awards.
Certain organizations receiving discretionary funding are subject to a training requirement. The training covers topics relevant to not-for-profits receiving City funds, including legal compliance, board development, internal controls and contract management. Training is conducted in person three times a year and is available online daily.

MOCS will notify any funded organization that is subject to the training requirement. Generally, organizations subject to the training requirement are those that receive more than $10,000 in discretionary funds, but have entered into contracts with City agencies with a total value of less than $1 million.

The training must be completed by an officer or executive or Board Member of the funded organization. More than one employee of the organization may take the training, subject to space availability.

Upon completion of the training, a certificate is issued to each participant. This certificate is good for three fiscal years, following the year in which the training is completed. The certification is conferred on the person completing the training, not the organization. Thus, if an organization has only one certified employee and that person leaves the organization's employ, the organization must send a new employee to be trained in order to receive designated funds for that fiscal year. (Similarly, if the departing certified employee joins a new organization that is subject to the training requirement, the certification accompanies that person and the organization is deemed to have fulfilled the training requirement for the duration of the certification, as long as the certified employee remains at the organization.)

Upon the expiration of the certification, re-certification will be possible in person or online. Organizations should maintain active certification to avoid delays in registration. MOCS will contact organizations whose certification is due to expire to conduct re-certification training.

Under certain limited circumstances, an organization may request a waiver from the training requirement. Each such request will be reviewed on a case-by-case basis. Generally, an organization with more than $10 million in annual revenues that provides regular training to its senior staff and board in the areas of legal compliance, board development and internal controls may apply for an exemption from the training requirement.
As indicated in the preceding sections all types of community–based organizations are encouraged to apply for discretionary funding. However it must be noted that there are areas of non–profit contracting and funding requests that are prohibited. For example any organization that requires the use of a fiscal conduit or fiscal sponsorship may NOT receive discretionary funds. The City Council does NOT allow the use of fiscal conduits or sponsorships.

Each organization must have the capacity and ability to administer its own contract and scope of services; including maintaining its own Federal Employer Identification Number (FEIN), providing the service itself, and having the technical ability to handle the administrative aspects of the contract.