Collaborative Research Center for Resilience

New York City Council
Committee on Contracts
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The Collaborative Research Center for Resilience (CRCR) is focused on ensuring that government use of technology to access public goods, such as municipal identity or education—do not undermine democracy. We investigate and conduct community-centered action research to support key stakeholders who are often left in the dark (e.g., workers, community members, elected officials) and to elevate meaningful participation in governance across areas with profound impact on our daily lives.

We were encouraged to hear the Council's interest in investigating procurement methods like emergency contracting that allow agencies to circumvent general procurement rules. Based on our experience and analysis of how technology has been adopted and procured by prior administrations, we offer the following testimony regarding how our communities and democratic power is impacted by city contracting.

Any use of a procurement pathway that reduces public transparency, access to justice, fair competition, democratic engagement and accountability mechanisms leaves our agencies open to corruption and burdens residents with the cost of navigating low quality public services. Over the last four years, the outgoing administration spent millions of dollars through opaque and noncompetitive procurement processes and contracts for projects like MyCity, Teenspace, and Big Apple Connects. We urge this committee to examine not only the contracts of these projects, but also the procurement processes used. We offer recommendations below regarding not only specific contracts worth investigating but also Procurement Policy Board rules and processes like Master Service Agreement amendments and demonstration projects worth evaluating with a focus on how well the public interest is being represented.

Our March 2024 report MyCity, INC, as well as our fall 2024 testimony at a City Council Technology Committee hearing warned New Yorkers of exposure to privacy violations through data sharing agreements and the layered costs of privatizing public technology projects. NY Focus followed this thread, exposing over $100 million in vendor costs in its March 2025 investigative report. The MyCity chatbot, which was procured through an amendment to a Master Service Agreement, revealed dysfunction in its answers and in the dynamic between the vendor and the Office of Technology and Innovation that supervised its services. In a hearing with the City Council Tech Committee in October 2024, the agency described how the vendor was calling the shots on multiple levels. It was the vendor, not the agency, that decided when the chatbot was ready to be publicly released (at the risk of misinforming New Yorkers). It was the vendor, not the agency, who decided not to report what training data the vendor relied on to build the misinformed chatbot.[1] This committee should investigate how the Office of Technology

[1] NYC Algorithmic Tools Report 2024 (55)

and Innovation may have better represented the public's interest in accurate communication technology and accountability for the vendor throughout the procurement process and contract.

In general we encourage the Committee on Contracts to more broadly investigate New York City Master Service Agreements and their costs. Our MyCity, INC report highlighted this concern pointing to spending on Master Service Agreements skyrocketing even as the number of contracts remained steady. An audit on technology licensing pursuant to Master Service Agreements in Toronto found millions of dollars being wasted on unused Microsoft licenses, for example. Our recent report, co-authored with Taraaz, "Key Considerations When Procuring AI in the Public Sector," highlights how master service agreements grant technology corporations asymmetrical power over governance by designing and defining the terms to the deprivation of our communities' democratic power.

The Committee on Contracts should also examine how the Procurement Policy Board (PPB) changed its rules under the prior administration regarding demonstration or pilot project procurement. We testified to oppose the expansion of the demonstration project rules to an empty room with a recording device. While noting our opposition during the vote, members of the PPB never engaged, asked questions, or followed up with the concerns we raised in our testimony, including that the new rules opened opportunities for corporations to groom public agencies for sole source contracts that lock the city into long-term dependencies. When the PPB scheduled the vote on short-notice, only 3 out of 5 members voted for the expanded rule—the Comptroller representative and the former Chief Procurement Officer both opposed.

Demonstration project procurement, like emergency contracts, circumvent the more transparent and deliberative processes that might consider, for example, whether a project makes New Yorkers' privacy more vulnerable. Whether a demonstration project for online therapy for teenagers that cost $26 million dollars was sufficiently vetted for its impact on teeanger's privacy should be reviewed. This committee might even consider what accountability might be due, for example, after the vendor was accused of selling city teenagers' sensitive mental health data for profit.

In addition to revising rules on Master Service Agreements, demonstration projects, and emergency contracts, this Committee should also consider how the Procurement Policy Board rules might prioritize and expand opportunities for community and worker participation, transparency, accountability, and access to justice to be more carefully considered in all procurement processes and vendor contracts but especially for automation of government functions. The PPB should look to global standards such as the IEEE's AI Procurement Standard 3119 which recommends including more input from community members, stakeholders, and workers early on in procurement process to save agencies time, money, liability and public trust later on when foreseeable harms arise.

The NYC public school system is another key area where procurement policy has increasingly taken on the role of governance. A lack of transparency in public education spending is transforming this vital public service in ways we need time to assess. Education technology, with offerings often based on broad, national frameworks, is procured and used without the input or consent of local teachers, parents, and students, and undermines educators' efforts to stimulate critical thinking or provide a culturally responsive education. Uncompetitive bidding and conflicts of interest at DOE have long been the subject of legal scrutiny. In 2023, for example, DOE contracting with the Utah-based ed-tech vendor 21st Century Education triggered a federal investigation that led to the resignation of NYC Schools Chancellor David Banks. Large contracts for private equity-backed solutions with questionable student privacy protections threaten to erode the autonomy of local teaching professionals, the rights of parents, and students' learning experience in the classroom.[2]

This Committee should consider a process to evaluate the efficacy of education technologies and adaptive assessment programs in public schools, and create an inventory of the AI-based software that is planned for or currently being used in classrooms. Such an audit is essential to determine both the risk of violations to New York's student privacy law, Ed Law 2D, and to ensure DOE spending is not wasted on unused, inefficient, or superfluous technology in Pre-K programs or K-12 public schools. Denver is a strong example of a district that has recently consolidated ed-tech spending and identified widespread misuse of taxpayer funds. Also see Utah's approach.

Our research has found that key decisions to procure transformational technological solutions—such as chatbots, educational software or digitized public benefits—are often led by corporations, prioritize policing strategies, and further embed administrative dependence on third-parties vendors while leaving communities and even elected officials in the dark. To expand democracy in this area of governance, the City must commit to meaningful transparency and accountability by creating protocols within the procurement process that foster public engagement and protect the public interest (and purse) from corporate capture and corruption.

Thank you for the opportunity to submit this brief analysis. We look forward to engaging in more depth towards our shared goal of fortifying affordable, sustainable and healthy futures for the working communities of New York City.

[2] With ex-Mayor Adams and former Chancellor David Banks' NYC Reads initiative, which mandates the adoption of curricular products either owned or heavily financed by such entities as Veritas Capital, Weld North LLC, or A-Street Ventures, private equity has already aggressively embedded itself in K12 public schools. The imminent rush toward AI adoption in schools is an avenue for private equity-owned companies to consolidate their dominance over curriculum development and assessment systems in the country's largest public school system.