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Testimony of University Settlement before the New York City Council

Preliminary Budget Hearing

Committee on Contracts, Chair Julie Won

Submitted by Kyungsoo Kang,
Grants Contract Administrator
University Settlement

March 21, 2024

Chair Won and members of the City Council Committee on Contracts. Thank you for the opportunity to testify on behalf of University Settlement Society of New York. My name is Kyungsoo Kang, and I am the Grants Contract Administrator from USS.

University Settlement is one of New York City's most dynamic social justice institutions, with an impressive legacy as the first settlement house in the nation. For 138 years, University Settlement has been an anchor in the immigrant communities with low income where we work, offering pioneering programs in early childhood care and education, youth development, eviction prevention, literacy, theater and visual arts, older adult services, and mental health. Each year, we engage over 40,000 New Yorkers through our network of 30+ sites in Manhattan and Brooklyn. Our mission is to empower residents by building on their strengths and knowledge through comprehensive, quality services that meet the current needs of the community, innovation that anticipates future needs, and advocacy on behalf of the community and its residents.

As with many Community-Based Organizations, University Settlement relies heavily on contracts throughout the city to provide essential human services, supporting tens of thousands of New Yorkers. Unfortunately, these contracts often fail to fully reimburse nonprofits for the costs incurred in providing these services and are often delayed. This has resulted in significant financial challenges, including reliance on delayed contract registration and payments, which is not sustainable in the long term.

At present, a significant portion, approximately 60% of our FY24 City Discretionary Contracts, totaling $338,000, have not yet been registered, meaning we have not been able to tap into the allocated fund. These funds are vital for sustaining essential community services, including programs for older adults, adult literacy, afterschool activities, cornerstones, and housing

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initiatives. This delay arises from challenges encountered in the approval and registration processes for these contracts. Additionally, aside from the significant delays in FY24 contract registration, a large FY23 discretionary contract for older adult services was only registered a few weeks ago and one additional FY23 Discretionary contract from the Department of Housing Preservation and Development, initiated in July 2022 with a value of $15,000, remains unregistered, almost a year after the end of the grant term.

University Settlement acknowledges the City's dedication to implementing NYC's comprehensive digital procurement platform, PASSPort, aimed at streamlining procurement processes by enhancing accessibility and fostering transparency and efficiency. We extend our gratitude to the City and MOCS for providing a diverse range of learning resources to support stakeholders in effectively navigating the portal. However, we must address the significant delays caused by technical challenges with MOCS's new PASSPort system implementation, despite our diligent efforts to promptly submit all required documents.

Since the introduction of the new PASSPort system by MOCS, we have encountered persistent technical challenges related to the submission of contract documents via the portal. The instability of the new PASSPort system has made it difficult to manage multiple contracts, with various concerns including:

1. Portal instability, resulting in user access difficulties.
2. Inability to input Site Address Information.
3. Inability to input LL34 Compliance Information.
4. Loss of previous year's data or disappearance of contract documents.
5. Inaccessibility of uploaded contract documents from the Vendor portal.

These issues have significantly impeded our ability to effectively utilize the PASSPort system for contract management purposes.

Given that these challenges are primarily technical glitches beyond the control of partner City agencies, it is crucial to note that all technical concerns must be addressed through MOCS. In our efforts to address these issues, we have proactively submitted over 20 helpdesk tickets to seek resolution. However, the submitted tickets are not automatically shared with the designated contract vendors or city agencies. Therefore, it falls upon the CBO to report these issues to the respective City agency along with the assigned ticket number and to keep them updated on our end.

We would like to emphasize the inefficiencies and administrative burdens caused by this three-way communication process between the CBO (Provider), City agencies (Vendor), and MOCS, which necessitates repetitive communication, hindering effectiveness and leading to unwarranted delays. We firmly believe that streamlining communication channels and promptly addressing these technical issues will significantly

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reduce administrative burdens and enhance efficiency in contract management processes.

The challenges stemming from the data migration process from HHSA to PASSPort have resulted in additional complications affecting contract registration. Despite our efforts to upload the required contract documents promptly upon their release on the PASSPort platform, critical documents such as insurance documents, CHAR 500, or Financial Audits were lost during the migration period, exacerbating registration difficulties. Consequently, nonprofit organizations have been compelled to contact MOCS for assistance, as neither the portal allowed for document updates based on the contract policy period nor did City agencies have the ability to unlock the portal or upload documents on their end. This ultimately created a significant impediment to the contract registration process.

Ensuring timely contracted payments is paramount for University Settlement to fulfill its obligations, including staff compensation, benefits provision, rent coverage, and service delivery to New York City's most vulnerable community members. We would like to highlight the significance of the 25% advance recoupment for city contracts and urge the city to consider providing advance payments on all contracts, not just a few, to bolster vital services across all non-profit organizations. This initiative allows our organization to remain its steadfast commitment to serving the community without interruption.

I would also like to emphasize the inconsistency observed in certain discretionary contracts, where the Indirect Cost Rate (ICR) is not fully supported.

We thank the Administration and the City Council for including a 9.27% wage increase for City-contracted human services workers as this $741 million investment is a significant step in fairly compensating frontline workers. By committing to meaningful, yearly increases in salaries to help workers keep up with cost-of-living, the City has supported the sector in undoing decades of underfunding for human services. More must be done to achieve true livable wages and fair funding on government contracts, but this is a remarkable investment and acknowledgement of how important these workers are to New York. We look forward to working with the City for a seamless COLA implementation so that organizations receive their funding on time to distribute to the 80,000 City-contracted human services workers.

University Settlement plays a vital role in addressing the diverse crises facing NYC, offering a comprehensive range of services. The City's ability to overcome these challenges hinges on the dedicated efforts of such organizations. Fair contract rates, full ICR payment, prompt contract registration, and timely payments are essential for the fiscal well-being of these entities and the sustained provision of vital human services, which the City critically requires.

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Expediting and standardizing the contracting process is imperative to ensure New Yorkers benefit from efficient and effective City services. University Settlement fully supports initiatives aimed at enhancing transparency and efficiency in the contracting process. We eagerly anticipate collaborating with the City Council and the Administration toward this shared objective. Thank you for the opportunity to provide testimony. For any further inquiries, please contact us at contracts@universitysettlement.org.

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