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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 20, 2025

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 139 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.

We would like to express our gratitude to the Administration and City
Council for their continued support in implementing the Cost-of-Living
Adjustment (COLA) increases, reforming the PASSPort system, and
introducing multi-year discretionary contracts. These efforts reflect a
dedication to strengthening the partnership between the city and the
organizations that sustain essential services. However, ongoing challenges
in contract registration and payment processing continue to undermine the
financial stability of nonprofits like University Settlement, ultimately
impacting the communities we serve.

City contracts and funding are a lifeline for organizations like ours, enabling
us to provide critical human services to tens of thousands of New Yorkers.

Yet persistent delays in contract registration and payment disbursement have created a severe cash flow crisis, forcing us into a vicious cycle. Without timely payments, we are left with no choice but to take on high-interest loans to cover staff salaries, maintain operations, and initiate essential capital projects that serve the most vulnerable populations and are only offered on a reimbursement basis. While these loans temporarily bridge funding gaps, repaying them further depletes our resources, leaving us in an unsustainable financial position. The burden of debt repayment limits our ability to reinvest in programs, expand services, and retain skilled staff—undermining the very mission we are entrusted to fulfill.

The impact of these delays extends beyond finances. Staff furloughs and layoffs, hiring freezes, reduced program expenditures, and stalled capital projects are unfortunate, yet necessary, and are the direct consequences of an unreliable payment system. To ensure the long-term viability of vital services, we urge the city to take decisive action to break this destructive cycle by committing to timely and predictable payments.

While we recognize and welcome the reforms introduced through PASSPort and multi-year contracts, significant inefficiencies remain. A lack of unified communication between city agencies and MOCS has created confusion, further delaying contract registration and payment disbursement. PASSPort was intended to streamline and modernize procurement, yet some city agencies still require vendors to submit contract documents through both email and PASSPort, with inconsistent submission guidance across agencies and MOCS. When clarification is needed, the MOCS helpdesk often redirects inquiries back to the agencies, leaving vendors without clear directions. This uncertainty makes it difficult to predict next steps, hindering our ability to plan ahead and prepare effectively. These inconsistencies not only impose an administrative burden on providers but also result in avoidable substantial delays in contract registration, ultimately affecting service delivery. We strongly advocate for a standardized and transparent procurement system to ensure greater efficiency and reduce unnecessary obstacles.

Moreover, while multi-year discretionary contracts have helped reduce the burden of repeated registrations, PASSPort lacks a critical function: vendors are not notified when contracts become invoiceable. For organizations like ours, managing approximately \$900,000 in discretionary contracts, the absence of automated notifications requires us to manually monitor contract statuses and repeatedly contact agencies for updates. This time-consuming and labor-intensive process diverts valuable resources away from service delivery, creating unnecessary administrative strain. Additionally, navigating an inefficient system without automatic notifications, transparency, or predictability increases the risk of delayed payment disbursement, further straining cash flow and weakening the financial resilience of essential service providers.



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To address these challenges, we urge the City to implement automatic notifications when contracts become invoiceable, offering a simple yet impactful solution to reduce administrative burdens and ensure timely payments.

Clear and consistent communication across agencies and MOCS is also essential to eliminate confusion and prevent delays. Furthermore, establishing standardized procurement guidelines will ensure vendors can navigate the contracting process more efficiently and with greater confidence, ultimately strengthening the City's ability to deliver critical services to its communities.

Timely payments are not just a financial necessity—they are a fundamental requirement for the continued delivery of critical human services. University Settlement and countless other nonprofits rely on these funds to pay staff, cover operational costs, and provide direct services to some of the most vulnerable New Yorkers. Delays in payment create instability that ripples throughout the sector, undermining our collective ability to meet urgent community needs.

We call on the city to take meaningful action to address these structural contracting challenges and ensure that nonprofit providers receive the funding they depend on without disruption. Strengthening transparency, accountability, and efficiency in the contracting process will not only improve the financial health of service providers but also enhance the City's ability to deliver vital programs to those who need them most.

University Settlement remains committed to working alongside the City Council and the Administration to create a more effective and equitable system. We appreciate the opportunity to share our testimony and look forward to continued collaboration to achieve these critical reforms. For further inquiries, please contact us at contracts@universitysettlement.org.