Report Finds 50% of Contracts Not Approved Until After Start Date

A report released by New York State Comptroller Thomas P. DiNapoli found 50 percent of the contracts in 2019 between Not-for-Profit (NFP) organizations and the state were not processed until after the contract start date. DiNapoli’s report showed that no progress has been made in the past year, with the percentage of late contracts increasing slightly from 47 percent in 2018.

“In the coming months, New York state will need to rely on our not-for-profit partners more than ever to continue fighting the impacts of the coronavirus and help provide essential services to New Yorkers,” DiNapoli said. “The failure of state agencies to process contracts on time is unacceptable and harms service providers in fields like healthcare, care for the disabled, education and homeless services, which in turn erodes service delivery to vulnerable populations.”

“The fact that after decades of the work, the prompt contracting problem has not been resolved and is actually going in reverse direction is disturbing, to say the least,” said Doug Sauer, Chief Executive Officer of the New York Council of Nonprofits, Inc. “In this COVID-era, nonprofits are critical to the health, welfare and recovery of our communities and this issue can be ‘the last straw that breaks the camel’s back’ for many.”

The 1991 Prompt Contracting Law was intended to help expedite contracts and reduce the fiscal stress on NFPs. A 2007 amendment requires the Comptroller to report annually on whether agencies meet the time frame and reasons for delay, with recommendations to improve timely contracting.

Reports submitted by 27 state agencies in 2019 showed that 4,542 new and renewal contracts with NFP providers associated with 181 programs were subject to the Prompt Contracting Law. Of the total contracts, 2,276 (50 percent) were processed after their start or renewal dates. Of the 2,266 contracts approved on time, 1,845 were new contracts and 421 were renewals.

In order to make improvements, DiNapoli recommends:

- State agencies should take responsibility for their critical roles, and make prompt contracting a priority. This remains the most important action needed to achieve on-time contracts.
- The Not-for-Profit Contracting Advisory Committee should meet regularly to address new and continuing barriers to prompt contracting success.
- State agencies and NFPs should increase their use of the Grants Gateway, and use the contract tracking tools in the Gateway to identify and address processing delays.
- State agencies should use electronic means to pay prompt contracting interest and ensure that the NFPs receive what is required by law.
- State agencies should pay any interest due with the first payment under a contract to help NFPs avoid cash flow problems.

Report: 2019 Calendar Year Not-For-Profit Prompt Contracting Annual Report