

NONPROFITS CALL ON GOVERNOR HOCHUL TO SIGN CONTRACTING REFORM LEGISLATION

Over 200 nonprofits join sign on letter led by New York Legal Services Coalition and the New York Council on Nonprofits

FOR IMMEDIATE RELEASE

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July 30, 2024 – A [sign on letter](#) was delivered to Governor Hochul today, urging her to sign S4877-A (Mayer) / A2740-B (Paulin) into law. This important measure would provide much-needed reforms to the state's process of contracting with not-for-profit organizations and ultimately improve the delivery of services to the most vulnerable New Yorkers.

The letter, led by New York Legal Services Coalition, with partnership from the New York Council on Nonprofits, is endorsed by over 200 nonprofit organizations across New York, reflecting broad support from the sector. The signatories, representing an array of safety net sectors including civil legal services, domestic violence support, civil rights advocacy, education, health, community services, environmental and more, collectively echo the Coalition's urgent call to the Governor for contracting reform in New York State.

These organizations provide vital services as an extension of the state, and delays in contract execution and payment are directly impacting the delivery of aid to the most vulnerable New Yorkers. Unreliability from these delays causes a host of issues: providers must dip into costly lines of credit to cover payroll, put off hiring and building capacity, and in worst case scenarios, temporarily close programs until reimbursement is received. It is critical that improvements are made to the contracting mechanism of the social safety net. These measures, over time, will improve the contracting process and ultimately improve the delivery of essential services to New Yorkers, including those from marginalized communities.

The letter highlights the financial burdens created by New York State's current contracting process, noting that not-for-profit organizations must scramble to shift resources, raise private dollars to subsidize state services, utilize high-interest lines of credit and even take out personal loans to cover the gaps when cash flow dips into the red. In worst-case scenarios, organizations are forced to suspend services or worse, close their doors.

ABOUT THE BILL

S.4877-A (Mayer) / A.2740-B (Paulin) would establish a "non-compliant state agency" category that outlines three circumstances of delayed or non-action by an agency on a contract. If deemed "non-compliant", the offending agency would be required to submit detailed information about the delayed contracts to the State Comptroller to effectuate prompt execution of the outstanding items. The bill would require the non-compliant agency to submit a progress report to the legislature and Governor on efforts to remedy deficient contracts, and to recommend changes to internal policies and procedures for grants moving forward. Lastly, the proposal would increase much needed transparency in the contracting process by requiring the provision of the state's payment schedule in all written directives and mandate the payment of interest for any late payments, information that is currently not readily available.

Assemblymember Amy Paulin said: "Every year, New York State contracts with hundreds of not-for-profits to provide essential programs to New Yorkers. The state depends on these organizations, but many not-for-profits are not paid for their services on time and are often forced to take out lines of credit to get by in the meantime. While annual reporting from the State Comptroller clearly shows the majority of not-for-profit contracts are paid late, we do not understand why state agencies cannot comply with the current timeframes. By requiring noncompliant agencies to submit detailed information about delayed contracts and recommendations on how to improve internal procedures, we can begin to address the inadequacies of the process. Not-for-profits are the bedrock of our communities, supporting these organizations must be a priority."

State Senator Shelley B. Mayer said, "Non-profit organizations provide vital services to our communities but face

challenges in the contracting process with New York State. I have heard from non-profits for years about the delay that results in them being delayed in payment or facing other paperwork problems. I was pleased to work on this legislation with Non-Profit Westchester and Assemblymember Amy Paulin to provide greater transparency into the contracting process and delays and help us address underlying issues slowing the process down. I urge Governor Hochul to sign this legislation so our non-profits can focus on serving our communities with the resources we have allocated to them.

"This legislation represents a step toward transparency and efficiency in a boring, but essential element of our state's social safety net. Non profits contract with the state to provide essential services to New Yorkers on behalf of the government, but are consistently forced to subsidize those services through interest-bearing loans and lines of credit because the state contracting process is so slow, administratively burdensome, and inconsistent. Many nonprofits struggle to recruit and keep seasoned staff due to the financial uncertainty created by contracting and payment delays. In the case of civil legal services, we need to increase salaries to be on par with government attorneys doing similar work to be able to provide services. Contracting challenges require a massive amount of staff time and resources that could be going toward client services if the processes worked well. That's why we are so grateful to sponsors Senator Mayer and Assemblymember Paulin for their leadership in taking this first big step toward fixing New York's contracting system and are looking forward to Governor Hochul signing it into law," said **Kristin Brown, President and CEO of Empire Justice Center and President of the New York Legal Services Coalition.**

"While delays in state funding have long been a challenge, this is a particularly difficult time financially for many nonprofits, making signing of this legislation critical," said **NYCON CEO Megan Allen.** "We thank Senator Mayer and Assemblymember Paulin for proposing this important legislation, and to all of the legislators who unanimously voted in favor and encourage Governor Hochul to sign the bill into law, helping nonprofits to continue the critical work they perform every day, to the benefit of all New Yorkers."

"New York State relies on a network of nonprofit domestic violence agencies which provide critical services for thousands of survivors of domestic violence and their children. Many of these agencies report long delays in execution and renewal of contracts and reimbursement for services and expenses. In fact, domestic violence agencies typically wait months to be reimbursed for expenses they have already incurred, requiring them to draw on lines of credit or obtain pricey interest-bearing loans to keep their doors open. New York can and should do better to ensure the stability of New York's safety net for survivors of domestic violence. NYSCADV thanks Assemblymember Amy Paulin and Senator Shelley Mayer for championing this bill and we urge Governor Hochul to sign it into law," said **Connie Neal, Executive Director of the New York State Coalition Against Domestic Violence.**

"Nonprofits provide critical services to the New Yorkers who need them most, and one of government's basic duties is to make sure they pay their contracted nonprofit service providers on time. Robin Hood, New York's largest poverty-fighting philanthropy, is proud to join our community partners and government to ensure that these providers remain financially stable so that they can focus on what they do best – helping vulnerable New Yorkers access supports they need to thrive," said **Chansi Powell, Director, Policy & Advocacy, Robin Hood**

"As our local United Way members work in communities across New York State to affect systems changes that help people thrive, both directly and through impact funding to community-based organizations, we see the benefits and challenges of contracting with state agencies. United Way of New York State supports improving contracting policies and realities that will ensure that CBOs are able to focus on supporting their communities' ability to flourish" said **Kelly Dodd, Vice President, United Way of New York State**

"Delayed State contract renewals hinder the ability of nonprofit organizations to provide critical resources such as maternal care, housing assistance and mental health services. By signing S.4877-A / A.2740-B and implementing measures to ensure timely contract delivery, nonprofit organizations can continue providing essential services to New York families in need," said **Trina Burruss, President and CEO of the United Way of Buffalo and Erie County.**

The coalition calls on Governor Kathy Hochul to take prompt actions and sign this imperative legislation in addressing structural issues in the contracting process, ensuring the broader non-profit organization community can continue to provide their critical work.

About the NYLSC

The New York Legal Services Coalition is a statewide association that represents the interests of civil legal services organizations and the communities they serve. Our members collectively provide services in the areas of family law, housing, immigration, and public benefits across all 62 counties of New York State.

About NYCON:

NYCON is a statewide association of more than 3,000 nonprofits, working to develop and promote an effective and vibrant charitable nonprofit community throughout New York State. NYCON strengthens organizational capacity, acts as an advocate and unifying voice, helps to inform philanthropic giving, and conducts research and planning to demonstrate relevance and impact. Combined, these efforts help to improve the quality of life in communities by strengthening the effectiveness, efficiencies, and viability of charitable nonprofits. To learn more about NYCON, visit nycon.org.

