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Nonprofits put in jeopardy by state contracting and payment delays, per white paper

Persistent delays in payment, an over-reliance on nonprofits to front costs, and a burdensome contracting process are undermining New York State's nonprofit sector and its ability to serve, according to a [white paper released today](#) by the Human Services Council, the New York Council of Nonprofits, the New York Legal Services Coalition, Nonprofit New York, and Nonprofit Westchester.

New York State Finance Law requires that reimbursements should be paid within 30 days, however, in practice, delays in payments consistently last months and can last more than a year. Nonprofits

Often need to take out interest-bearing loans and then absorb the interest payments themselves.

The white paper also highlights that:

- 1 in 3 nonprofits with State contracts are owed funding for services already provided,

At least **\$650 million** is owed by the State to nonprofits, and

- 65% of nonprofits expressed concern about funding basic operations in 2025.

The white paper outlines solutions, included in a bill recently introduced by Senator Mayer and Assemblymember Paulin, that updates the Prompt Contracting Law to create consistency in contracting across all state agencies; expand and clarify renewal contracts; mandate advance payments and de minimis administrative costs in all contracts; and require the payment of interest by the state when reimbursements are late. These provisions will help ensure nonprofits can keep providing critical safety net services at a time when their very existence is being threatened by federal funding cuts and harmful administrative actions.

State Senator Shelley B. Mayer said, "I am pleased to sponsor legislation aimed at supporting our not-for-profit organizations through the complex contractual processes they must go through to receive reimbursement from state grants they are awarded. We depend on these organizations to deliver essential support, resources, and services in our communities. Delays in receiving funds can create significant challenges and lead to financial difficulties that restrict the quality and quantity of services they can offer. This bill will tackle these challenges by clarifying and streamlining the reimbursement process. I would like to thank Nonprofit Westchester, Human Services Council, New York Council of Nonprofits, New York Legal Services Coalition and Nonprofit New York for their work in addressing this issue, and Assembly Member Amy Paulin for sponsoring this bill in the Assembly."

Assemblymember Amy Paulin said: "When a constituent brought this issue to my attention, I was shocked to learn that nonprofits who deliver vital services on behalf of the state were being forced to take out loans just to make payroll while waiting months or even over a year to be reimbursed. That is simply unacceptable. This legislation is the result of years of work, collaboration, and listening to nonprofit leaders who have been struggling under an outdated and unfair system. I'm proud to sponsor this bill, which will create consistency, fairness, and timely payment, so nonprofits can focus on their mission not on surviving bureaucratic delays."

"We thank Senator Mayer and Assemblymember Paulin for introducing legislation which would strengthen the Prompt Payment law, create more consistency across state agencies, and help nonprofits get paid more timely and fully for their work," said **Michelle Jackson, Executive Director of the Human Services Council**.

"Nonprofits partner with the state to provide services to people in crisis, but delayed payment for work performed is putting many organizations and services in peril. Assemblymember Paulin and Senator Mayer's new bill is focused on getting nonprofits paid more quickly, providing practical, reasonable steps that will have an exponentially positive impact. Given the uncertainties facing our nonprofit and client communities, we urgently call on our legislature and our Governor to enact these improvements immediately," said **Kristin Brown, President of the NY Legal Services Coalition Board of Directors**

"Nonprofit New York thanks Senator Mayer and Assemblymember Paulin for introducing this legislation to ensure that nonprofit organizations will be paid on-time for the critical services they provide to families and communities throughout this State," said **Jacqueline Ebanks, Interim President and CEO**

"Nonprofit organizations are essential to the well-being of our citizens and to the economic vitality of our State. Untimely and inadequate payments create extensive harm to their effective and impactful operations and to our communities. This legislation is a step in the right direction. We stand in partnership with our colleagues at the Human Services Council, New York Council of Nonprofits, New York Legal Services, and Nonprofit Westchester in urging its passage."

"Nonprofit Westchester expresses deep gratitude to Senator Mayer and Assembly Member Paulin for their steadfast commitment to the nonprofit sector," stated **Jan Fisher, Executive Director**. "Their actions to advance a fair and equitable contracting system between New York State and the nonprofits that deliver government-mandated and other critical services are essential. These reforms will help establish a more efficient and responsive system of care for those who need it most, ensure the viability of the nonprofit sector, and support the most effective use of taxpayer dollars."

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