

FOR IMMEDIATE RELEASE

CONTACT

Alex Dery Snider, Policy and Communications Director

Empire Justice Center

aderysnider@empirejustice.org

202.641.5124

Susan Tornicelli, VP Marketing and Communications

New York Council of Nonprofits (NYCON)

stornicelli@nycon.org

800-515-5012 ext. 121

Over 500 Nonprofits Call on Governor Hochul to Sign Contracting Reform Legislation paper

Broken contracting system pushing critical nonprofits to the brink

June, 24, 2025 - A [sign on letter](#) was delivered to Governor Hochul today, urging her to sign S7001 (Mayer) / A7616 (Paulin) into law. Per the letter, "Chronic contracting delays, inefficiencies and inconsistencies across agencies, burdensome processes, and reimbursements regularly delayed by six months or more totaling hundreds of millions of dollars are pushing New York's nonprofits to the breaking point. The over 550 signatories, representing an array of sectors including civil legal services, domestic violence support, civil rights advocacy, arts & culture, education, health, community services, environmental and more, echo the Coalition's urgent call to the Governor for contracting reform in New York state."

About the bill

The bill 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. The bill passed both chambers unanimously, just months after its first introduction.

The 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.

This bill takes a different approach from the nonprofit contracting bill that was vetoed by the Governor last year. That bill would have established a "non-compliant state agency" category that would have required progress reports and increased transparency in the contracting process.

New York's Broken Nonprofit Contracting System

Earlier this year, a white paper was released that highlighted 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. It was co-authored by Human Services Council, the New York Council of Nonprofits, New York Legal Services Coalition, Nonprofit New York, and Nonprofit Westchester.

While New York State Finance Law requires that reimbursements should be paid within 30 days, 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;

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

State Senator Shelley B. Mayer said, "I am hopeful that Governor Hochul will sign this legislation promptly and provide meaningful relief to our not-for-profit community in this moment of tremendous challenge for these organizations. In all of our districts and throughout the state, our not-for-profits provide essential support, resources, and services. Now, more than ever, we need them as partners to help meet the additional burdens that the federal government has placed on our residents and our state. This is the moment to revamp the reimbursement system by which not-for-profit organizations are paid by New York State, in order to ensure that critical services are still provided to those most in need. I am deeply grateful to our not-for-profits for their dedication to our communities and for helping fight for this reform. Thank you also to my colleague Assemblymember Amy Paulin for her partnership on this bill."

"New York's nonprofits are lifelines for our most vulnerable residents, yet they are being forced to operate on financial quicksand," said Assemblywoman Amy Paulin. "With drastic federal cuts threatening their survival, we must act now to ensure they are paid fully and on time. These organizations and the dedicated people who power them are doing yeoman's work on behalf of the State, delivering services the government relies on. By signing this legislation, we can finally give nonprofits the stability they need to continue serving New Yorkers."

"Nonprofits are the largest private employer in New York, helping drive our economy and lift up our communities, and the State relies on us to provide billions in essential services, yet nonprofits are not treated as the economic engine we are, with slow contracting processes and even slower payment. The Human Services Council is proud to be in partnership with the New

York Council of Nonprofits, the New York Legal Services Coalition, Nonprofit New York, and Nonprofit Westchester in urging the Governor to sign S7001 (Mayer) / A7616 (Paulin) in to law and help us collectively improve a slow and outdated system, so New Yorkers can continue to get the quality services they depend on in their communities," Michelle Jackson, Executive Director of the Human Services Council of New York.

"With all of the funding cuts and new restrictions the federal government is putting on New York State's nonprofits, we are seeing an increasing number of nonprofits having to close their doors. While the issues this bill addresses have been around for decades, nonprofits need relief now more than ever," said NYCON CEO Megan Allen. "Nonprofits want to continue to partner with New York State to provide critical services in communities across the state" but to do that, we need relief in contracting, now."

"This bill drew from the experiences reported by nonprofits across the state dealing with state agencies who had vastly different interpretations of what the law would allow. It became clear that it was necessary to provide agencies with clarity, based on what we saw was working well - we look forward to the Governor signing the bill into law and the efficiencies it will provide," said Kristin Brown, President and CEO of Empire Justice Center and President of the Board of the New York Legal Services Coalition.

"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 effectiveness and to the communities they serve," said Jacqueline Ebanks, Interim President and CEO, at Nonprofit New York. "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 the Governor to sign this bill into law."

"We are hopeful that Governor Hochul will support the nonprofit sector by signing this commonsense legislation," said Jan Fisher, Executive Director of Nonprofit Westchester. "This legislation is not just about streamlining bureaucracy" it's about ensuring the survival of New York's nonprofit sector at a time when it's needed most. Nonprofits are being destabilized by state delays just when our communities are relying on us to provide critical safety net services and defend civil rights in an uncertain federal landscape. These reforms recognize that we are partners"not afterthoughts"in delivering life-saving services."

Examples

Anonymous responses to a recent survey of New York nonprofits highlighted examples of strains and inconsistencies across agencies. A sampling included:

- "Stop the clock" notice (which stops interest from accruing for the nonprofit) being put on a quarter-million dollar voucher for a rounding discrepancy of less than a penny;
- "Stop the clock" being used because the pages of the voucher were in a different order than the budget statement;
- Being given unclear directions on how to report outcomes, then having to redo 8 months of detailed reporting; and
- Having to mail hard copies of invoices, multiple times, because there is not an online option to submit.

[readon-btn

href="https://docs.google.com/forms/d/e/1FAIpQLSc3GamW2FukXLk_EAxXAsmqOBUX7yK8k7tRGGcPrWoLox81Sw/viewform?pli=1"]**SIGN ON LETTER: Reform New York State's Prompt Contracting LawS7001/A7616**[/readon-btn]

###