Empire Justice Center strongly supports this legislation that would hold state agencies accountable when executing renewal contracts with not-for-profit organizations. State Finance Law, Section 179-t, outlines detailed criteria and timelines for state agencies to execute contract renewals. S.4877-A / A.2740-B 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 also 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 require the provision of the state’s payment schedule in all written directives and mandate the payment of interest for any late payments.

NYLSC represents over 45 civil legal services organizations that collectively provide civil legal aid to low-income and communities facing marginalization in every county of the state. We are proud of the life changing work we do on behalf of New York State through grants and contracts that allow us to provide critical legal services in the areas of housing, family law, public benefits, immigration, and more. Our members collectively receive funding from a broad spectrum of state agencies, including the Office of Court Administration, Division of Criminal Justice Services, Division of Homes and Community Renewal, Office of Temporary and Disability Assistance, and Office for New Americans, among others. Some of our member agencies rely on state funding for as much as 50% to 75% of their overall budgets.

Our providers work closely with the state in providing services in the essentials of life, and thus it is important that such services are provided consistently, without interruption.
NYLSC members engage in comprehensive budget planning to ensure the availability of robust resources and legal services, with the key components of these offerings being funding, contract execution, and reimbursements. Most state contracts are reimbursement based, meaning provider organizations must cover the cost of doing business and then submit detailed vouchers to the state to be paid for work provided. When contracts are not registered in a timely manner, there is no avenue for payment. Payment itself once registered also often lags by several months and our members must scramble to shift resources, raise private dollars, utilize high interest lines of credit and even take out loans to cover the gaps. In worst case scenarios, they are forced to suspend services altogether. We are cognizant that state agencies face resource challenges of their own that affect timeliness and that should be addressed as well. However, without a reasonable degree of certainty of timeliness in payment, our organizations consistently struggle with cash flow and our ability to meet service deliverable commitments and planning for retention and hiring of staff is severely impeded.

The pressures of rising inflation are also being felt deeply by our organizations, which has a direct effect on our ability to serve clients. It is increasingly difficult for our sector to recruit and retain staff when budgets are uncertain. These delays directly impact our ability to support our staff via salary increases for current staff and hampering our ability to be competitive with salaries to recruit attorneys, paralegals, and other vital staff. In turn, these factors complicate our ability to maintain robust service levels for our clients, who are often in crisis and can't wait weeks or months for assistance. For example, if additional funding was provided to organizations to hire new eviction defense staff, but a contract is delayed by six months, a provider may not be able to hire and front the salary cost in that period, or if available, use a line or credit or take out a loan from their bank to do so. During that time, the organization is either turning away dozens of tenants in need of assistance or racking up interest costs that will never be reimbursed by the state and will have to be paid in some other way. For a variety of reasons, many of our providers operate on a tight margin, making either prospect deeply problematic. This legislation would go a long way to help provide our community and the greater human services non-profit sector with reassurance when budgeting. This bill will simply hold state agencies accountable to follow existing, statutory contracting timelines and provide them with an avenue to correct and improve upon internal processes. Moreover, adding a requirement for state agencies to pay interest on late payments will ensure that not-for-profits are made whole when they’ve been forced to turn to loans and lines of credit due to no fault of their own.

Empire Justice Center therefore strongly supports S.4877-A (Mayer) / A.2740-B (Paulin) and urges its immediate adoption into law. Passage of this legislation will directly allow community-based organizations to provide state contracted services more seamlessly to our most vulnerable, and better plan for growth and enhancement in services.

Please contact Kristin Brown: kbrown@empirejustice.org if you have any questions.