

S.7001 (Mayer) / A.7616 (Paulin)

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BILL S.7001 (Mayer) / A.7616 (Paulin)
SUBJECT Support new provisions governing contracts between the state and not-for-profit organizations
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SUPPORT

The Business Council of New York State strongly supports S.7001 (Mayer) / A.7616 (Paulin), legislation that makes urgently needed reforms to how New York State contracts with nonprofit human services providers. This bill is not just about improving administrative processes; it's about stabilizing the essential infrastructure that millions of New Yorkers rely on every day.

Nonprofits serve as the heartbeat of New York's public service delivery system. They provide housing, healthcare, mental health treatment, food assistance, early childhood education, and countless other vital services, often on behalf of the state. Despite this role, nonprofits are consistently forced to operate in a contracting environment defined by delay, dysfunction, and financial risk. Contracts arrive late. Payments are slow. Written communication is inconsistent or missing altogether. Meanwhile, providers are expected to deliver services on time, at scale, and without interruption.

This disconnect places enormous strain on an already overstretched nonprofit sector. When state contracts are delayed for months, providers are left to bridge the gap, relying on credit lines, depleting reserves, or deferring payroll just to meet their obligations. The cost of delays is not abstract; it results in program cuts, staff turnover, and missed opportunities to help New Yorkers in need. It is also deeply inequitable. The state is asking mission-driven organizations to subsidize its own inefficiencies, while holding them to high standards of accountability.

This legislation brings balance to that equation. By requiring written directives when services begin before a contract is fully executed, the bill gives providers legal and financial certainty. By mandating advance payments when contract execution is delayed beyond 30 days, it ensures nonprofits are not expected to operate without access to the funds they need. These changes provide immediate and tangible relief to providers, allowing them to focus on service delivery rather than survival.

Equally important, the bill guarantees that nonprofits will be compensated for delays. Interest on late payments must be paid at the current prime rate, and interest incurred on loans to cover state delays will be treated as a reimbursable expense. This signals a much-needed shift in the state's approach. When the government fails to meet its end of the partnership, it must bear the cost, not the provider. The bill also affirms that basic operating costs, including rent, technology, and professional training are legitimate

expenses. It supports transparency through timely contract modifications and ensures that nonprofits are not denied essential overhead by recognizing a minimum 15 percent indirect cost rate.

For years, the nonprofit sector has raised alarm about the fragility of the state's contracting system. This piece of legislation answers that call. It will strengthen financial stability, reduce service disruption, and reaffirm the state's commitment to treating nonprofit partners with the respect they deserve.

The Business Council urges immediate passage of S.7001 / A.7616. The future of New York's human services delivery system depends on it.