



NEW YORK STATE SENATOR

George M. Borrello

## Senator Borrello Calls on Governor to Rescind Executive Order Suspending Prompt Payment Laws

GEORGE M. BORRELLO July 30, 2020

| ISSUE: **NON-PROFIT, HUMAN SERVICES, COVID-19**



ALBANY – Following reports by organizations in the nonprofit community of delayed state contracts and payments, Senator George Borrello has sent a letter to Governor Cuomo urging the repeal of Executive Order 202.48 suspending prompt payment laws and requesting that the state fulfill its financial obligations to its nonprofit partners as expeditiously as possible. He noted that at a time when the COVID-19 crisis has increased the demand for human services, the delays are pushing many organizations to the financial

precipice and jeopardizing their ability to continue operating.

“Our nonprofit contracting partners provide essential services to our most vulnerable New Yorkers. From housing and food assistance, to child care and educational programs, to mental health and addiction services and more, these organizations make it possible for us to meet a spectrum of critical needs,” said Senator Borrello. “Most of the communities served by these programs are facing added hardships right now because of the pandemic and the resulting economic crisis. As they always do, our valued nonprofit partners have stepped up to meet this unanticipated surge in demand, despite the fact that the crisis has also hit them hard financially.”

“I’ve heard from nonprofits in my district who are struggling to cover expenses while they wait for long-overdue payouts on invoices and contracts. While recognizing the difficult budget situation that New York is grappling with, we cannot ask financially-strapped service providers to essentially subsidize the state to help bridge our budget gap,” said Senator Borrello. “Years of underfunding have depleted the emergency reserves of most providers, who depend on their contracts with the state and local governments to keep their doors open. If these organizations are pushed to insolvency and closure, the long-term implications for our citizens and our economy could be very detrimental.”

"Community-based nonprofits are core to our state’s health, social, cultural and economic well-being. The State has not lived up to its prompt contractual and payment obligations to nonprofits for decades, greatly weakening our capacity to be resilient during this pandemic crisis. It is unconscionable the Governor issued Executive Order 202.48 to waive what few protections local nonprofits doing business with the State have, as we struggle to provide vital services to the state’s most vulnerable populations," stated **Doug Sauer, CEO of the New York Council of Nonprofits**. “We are urging the Governor to rescind Executive Order 202.48 and immediately and fully implement the recommendations repeatedly published by the State

Comptroller. Local nonprofits are being forced to close their doors every day in the face of this pandemic, thousands of people are losing their jobs, the unmet needs of individuals and families become more dire, and the hopes of recovery become more distant.”

In addition to delays in contract registrations and payments, the nonprofit sector is also being impacted by the state’s withholding of 20 percent of funds in local assistance aid, which includes payments for nonprofits who have contracts with the state or local governments. The funds are being withheld in response to the state’s budget crisis and may eventually be distributed if federal assistance is provided.

###