

Politico NY

[Nonprofits press Cuomo, lawmakers to end contract payment delays](#)

By Shannon Young

08/03/2020 05:00 AM EDT

Nonprofit organizations that contract with New York to provide health care and other services say they may be forced to cut vital programs, lay off staff or even close if the state continues to delay payments — or considers retroactive cuts — as it grapples with the financial fallout of the coronavirus pandemic.

More than 700 nonprofits have called on Gov. Andrew Cuomo to rescind [a July 6 executive order](#) that suspended New York's [prompt payment regulations](#).

Human Services Council executive director Michelle Jackson, whose organization is among those [urging Cuomo and state lawmakers](#) to “make prompt contracting a priority,” argued that the language included in the executive order removed a safeguard allowing nonprofits to receive interest on delayed contract payments.

Noting that many nonprofits already face financial challenges, Jackson said the executive action exacerbates those cash flow issues.

“When the state isn’t paying their bills, but wants providers to still do those services, that’s going to result in layoffs,” she said in an interview. “And if there are retroactive cuts, nonprofits aren’t going to be able to make up that difference of money they’ve spent already and they’re going to close. I absolutely think we’re on the precipice of a real crisis.”

JoAnne Page, the president and CEO of the Fortune Society, said her organization is considering staff layoffs or program cuts because of budget cuts it has already experienced.

Such decisions, she said, “are really going to hurt” New Yorkers who rely on her organization for housing and other services, many of which can save the state money in the long-term.

“The rock and hard place is we can’t let Fortune go under, or we can’t do anything for anybody,” she said in an interview.

Syracuse-based ACR Health, meanwhile, has [announced furloughs for 70 staff members and scaled back medical services](#) after it said the state was unable to provide reimbursements for several contracts since January.

Wil Murtaugh, the organization's executive director, called for “immediate action by the state and federal government to resume full operations” and address the \$1.6 million owed to the organization for services it has delivered.

Division of Budget spokesperson Freeman Klopott said the state understands the financial pressures facing its nonprofit partners and hopes they “will continue to call on the federal government to act.”

“The reality is the federal government is failing all of us as it has yet to act and deliver the resources states need to contend with incredible revenue losses, which amount to \$61 billion over four years for New York,” he said in an email. “Federal inaction has already forced the state to reduce spending by \$4 billion by freezing hiring, pay raises and new contracts, and holding back a portion of payments which has impacted services, programs and agency operations in addition to our nonprofit partners.”

Both Jackson and Page said they understand the state’s financial situation and the need for federal relief. But, they argued, the administration should not “break the promise” made to their nonprofit partners, or consider retroactive cuts that could leave them on the hook for services already delivered.

“They say a budget is a moral document — who are the people most desperately in need of help? That’s going to skew on race and class lines,” Page said. “Don’t abandon them.”

The coalition of nonprofits, including The Fortune Society and ACR Health, has been urging Cuomo not only to rescind the executive order, but also to register all pending contracts, to not impose retroactive cuts and to create a Nonprofit Covid-19 Recovery Advisory Committee, among other things.

Jackson said the nonprofits plan to speak with lawmakers in the coming weeks.

The effort comes a month after HSC, Fortune Society and other nonprofits [raised concerns about delays in payments and contract registration](#), as well as a new policy that requires all invoices to be sent to the budget division for approval.