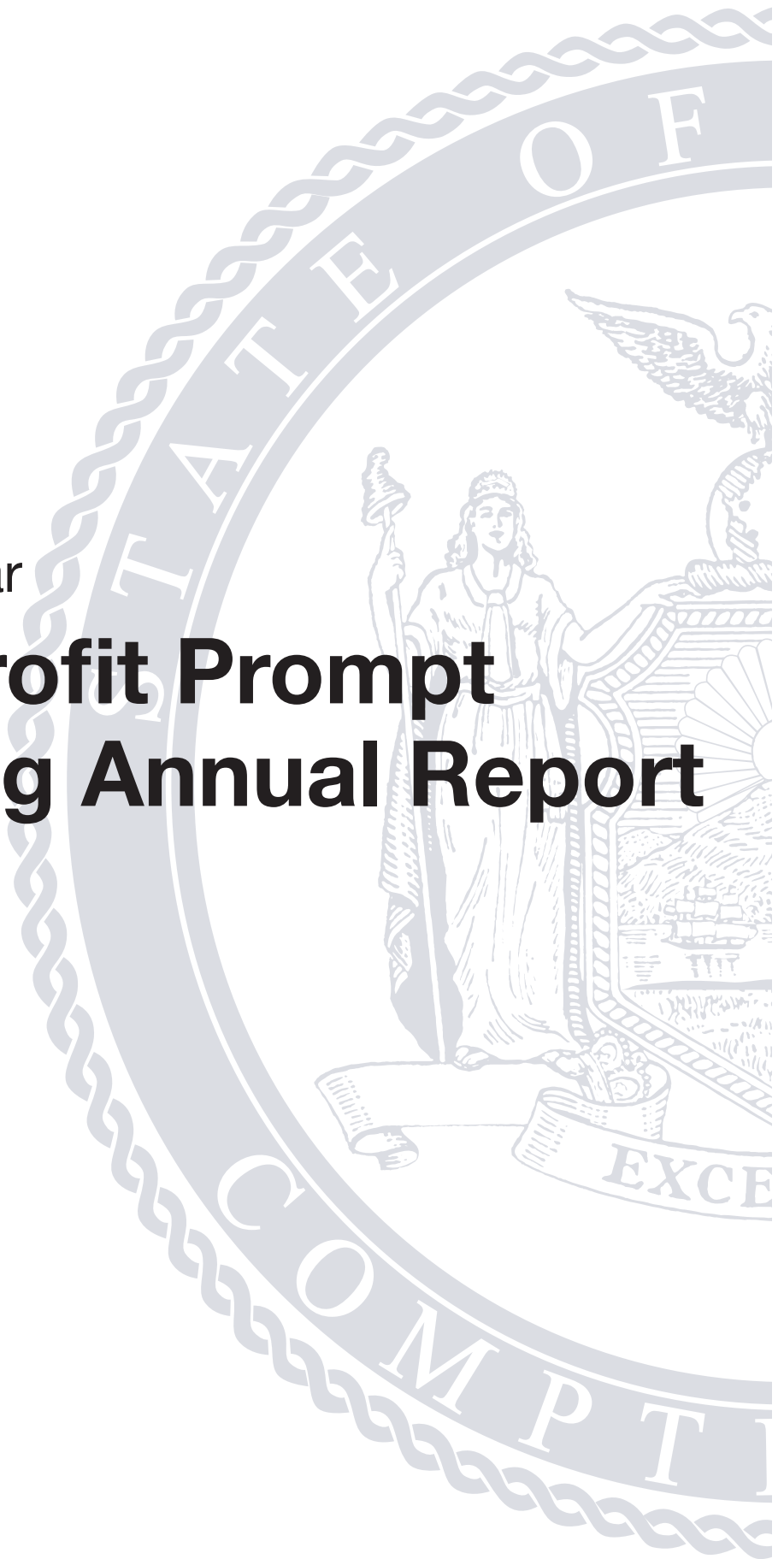


New York State Comptroller  
THOMAS P. DiNAPOLI

2024 Calendar Year

# **Not-For-Profit Prompt Contracting Annual Report**

May 2025



# Message from the Comptroller

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May 2025

New York State relies on its Not-for-Profit (NFP) partners to provide critical services to residents across a wide range of services such as childcare, mental health, housing, substance abuse and education, as well as being a key contributor to the areas of arts, culture and recreation. NFPs also support the State's economy by providing jobs and enabling others to work through the services they provide. A January 2025 report on the critical role of nonprofits in New York by my office found that NFPs designated as 501(c)(3) organizations provided over 1.3 million jobs and accounted for 17 percent of private employment in New York as of 2022 (the latest data available). Despite the importance and the State's reliance on their work, there continues to be serious delays in executing and renewing contracts with the State's NFP partners and ensuring timely payments for their services.

Given their crucial role in the State and regional economies and in delivering critical services, supporting NFP organizations must be a priority. New York State's Prompt Contracting Law was enacted in 1991 to expedite the contracting process and payments to NFPs and reduce fiscal stress on these organizations based on the delays that continued to occur. Unfortunately, over three decades later, the State continues to fall short in meeting the law's requirements.

In 2024, no progress was made towards improving prompt contracting, with the percentage of late contracts increasing by 22 percent from 2023, from 56 percent to 78 percent; matching 2020's pandemic high of 78 percent.

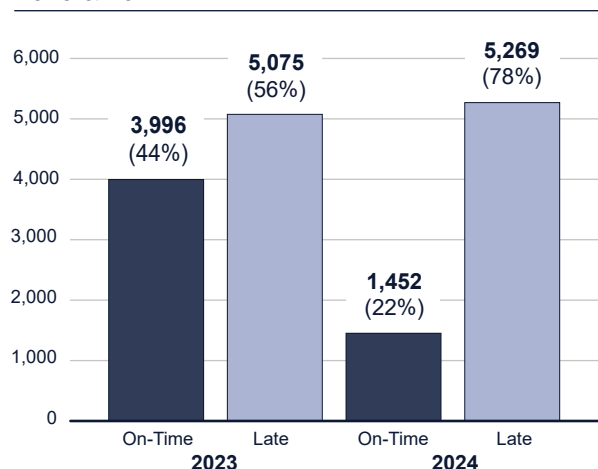
NFPs face many challenges that are amplified when their contracts are late and payments are delayed. New York must do everything it can to continue to support its NFP partners, with a continued focus on improving compliance with the Prompt Contracting Law.



A handwritten signature in black ink, which appears to read "Tom DiNapoli". The signature is fluid and stylized, with a long horizontal stroke at the beginning and a small flourish at the end.

Thomas P. DiNapoli  
State Comptroller

## On-Time vs Late 2023 & 2024



## Background and Summary of Findings

The Prompt Contracting Law was enacted in 1991 (State Finance Law, Article 11-B) to help expedite contracts and reduce the fiscal stress on NFPs. The law was strengthened in 2007 to further address contracting delays and added the requirement for this annual report on State agency performance. Agency specific data and other information supporting this annual report can be found at the links contained in the Additional Information box at the end of this report.

Findings in this report include:

- **Late Contracts:** Of the total contracts reported by State agencies in 2024, 78 percent were processed after their start or renewal dates, up from 56 percent in 2023. This matches the pandemic high of 78 percent in 2020.
  - Fifteen (54 percent) State agencies reported that 100% of their contracts were late.
- **Statutory Time Frames:** State agencies are required by law to execute grant contracts with NFPs and to obtain the approval of the Office of the Attorney General (OAG) and the Office of the State Comptroller (OSC), if required, within specific time frames.
  - State agencies met legislated time frames for 56 percent of reported contracts in 2024, a decrease from 71 percent in 2023.

- **Interest Paid:** Interest payments are required to be made to NFPs in certain instances when contract payments are missed due to a late contract. For a variety of factors, trends in reported interest payments owed or made are difficult to assess.

- In 2024, although the percentage of contracts that are late increased, only six State agencies paid interest totaling \$128,645, a decrease from 2023 when eight agencies paid interest totaling \$208,369.

## Late State Agency Grant Contracts

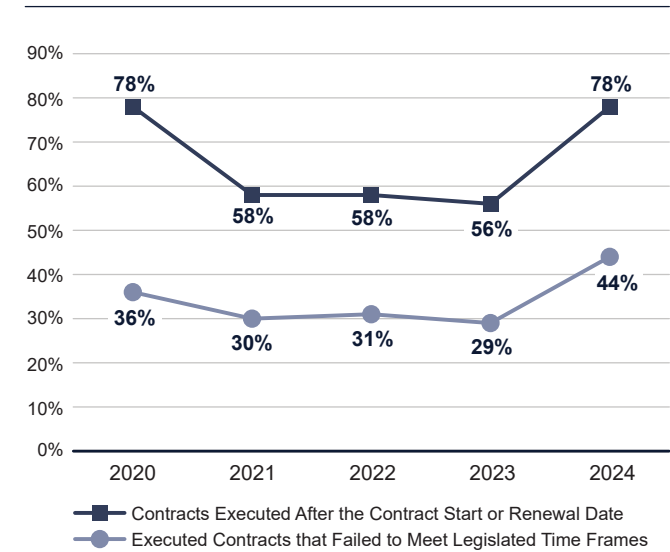
Reports submitted by 28 State agencies showed that 6,721 new and renewal contracts with NFP providers, associated with 218 programs, were subject to the Prompt Contracting Law in 2024. Of the total contracts, 5,269 (78 percent) were processed after their start or renewal dates. Late contracting puts NFPs in the untenable position of having to decide whether to continue providing essential services at risk — with no assurances that they will be paid — or to disrupt the provision of services to those in need. This 78 percent late contracts figure is an increase from 2023, when 56 percent were reported late. There were 24 agencies, or more than 85 percent of the total of all reporting agencies, with 61 percent or more of their contracts processed after the start or renewal dates. This includes 20 agencies, or 71 percent of all those reporting, with 90 percent or more of their contracts processed late. The Additional Information section at the end of this report includes agency specific data found in the Contracting Information Provided by State Agencies links.

Of the 5,269 State agency contracts not approved before their start or renewal date, 5,001 were new and 268 were renewals. Of the 1,452 contracts approved on time, 1,421 were new contracts and 31 were renewals.

The law outlines other required prompt contracting time frames: State agencies have 180 days from the State appropriation of funds to fully execute new competitive grant contracts, and 150 days to fully execute new noncompetitive or federally funded grant contracts. These time frames include approval by the OAG and OSC.

In 2024, State agencies reported that they met these statutory time frames for 3,758 contracts (56 percent), including 3,691 new and 67 renewal contracts. The remaining 2,963 contracts (44 percent), including 2,731 new and 232 renewals, failed to meet the legislated time frames. These results represent a decrease in the percentage of contracts that met the statutory time frames from 2023, when State agencies met the legislated time frames for 71 percent of the contracts reported.

Percentage of Late NFP Grant Contracts  
2020–2024



## Interest-Eligible Contracts and Interest Paid

The Prompt Contracting Law requires interest payments to NFPs in certain instances when contract payments are late due to untimely processing of contracts. These payments are designed to offset additional costs incurred by NFPs in such cases.

State agencies reported that 56 percent (2,963) of contracts were potentially eligible for interest due to late contracts in 2024, an increase from the prior year, when 50 percent (2,536) were potentially eligible for interest.

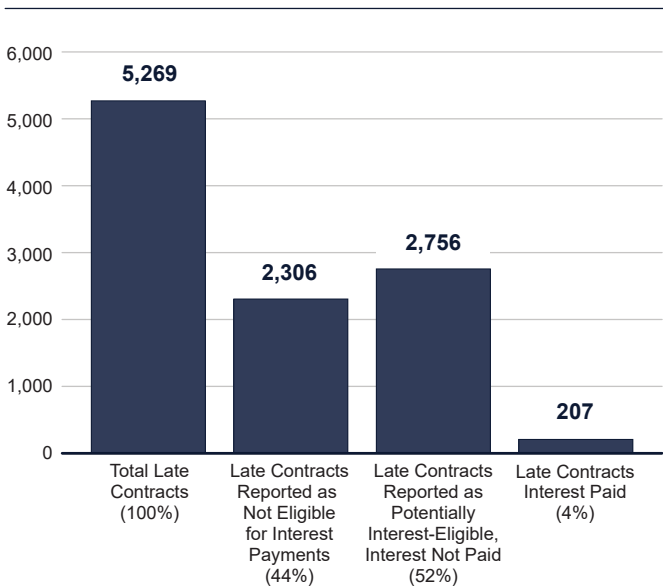
Of late contracts in 2024, 2,756 were reported as potentially interest-eligible but no interest was paid, while 207 were paid prompt contracting interest. The remaining 2,306 were reported as not eligible for interest payment.

In 2024, six State agencies paid interest totaling \$128,645 on 207 of interest-eligible contracts. This is a decrease from 2023, when eight State agencies paid interest totaling \$208,369.

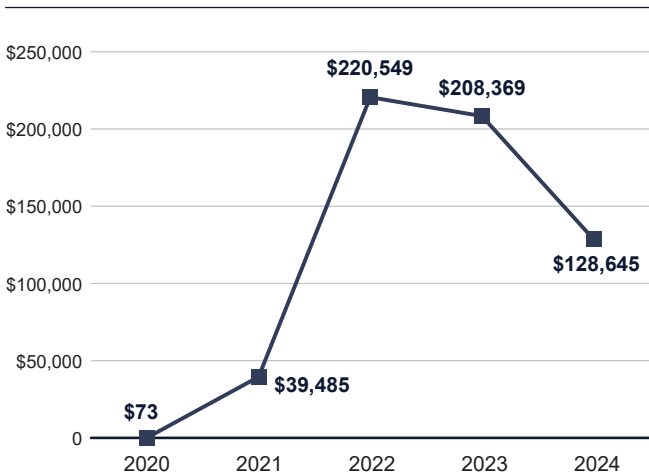
No interest was paid during the reporting period for the remaining 2,756 late contracts reported as potentially eligible for interest. Seventy-seven percent of State agencies reported that their interest payments were made outside of the report time frame.

For contracts with start dates in 2024 that were not executed until 2025, State agencies did not calculate or make any interest payments within the reporting period, so any interest paid on these contracts would be reported in 2025.

Interest Eligibility Reported for Late Contracts  
2024



Interest Paid on Late NFP Grant Contracts  
2020–2024



## Prompt Contracting Trends

The 78 percent of contracts that were processed after their start or renewal dates in 2024 represents a 22 percent increase from 2023 and this percentage continues to be high (see the Prompt Contracting 10- Year Trending Chart contained in the links at the end of the report). Prompt contracting interest trends remain difficult to assess. Over the five-year period from 2020 to 2024, the amount of interest paid on late contracts has ranged from a high of \$220,549 in 2022 to a low of \$73 in 2020. These figures, however, do not include interest paid after the annual report date, since agencies generally pay interest at the end of the State's fiscal year. In addition, certain provisions of Executive Order (EO) 202 enabled agencies to suspend paying Prompt Contracting interest during a portion of this time period. EO 202 was in effect for nearly 16 months from March 7, 2020 to June 25, 2021.

NFPs may need to borrow money while awaiting payments delayed due to late contracting, so any delay in receiving payments can cause financial hardship, especially in a rising interest rate environment. The cost of having to borrow funds (bank loans) to maintain services or to keep the doors open is a direct hit to NFP finances and is not considered a reimbursable expense, and often not possible.

## State Agency Efforts

The 78 percent of contracts that were processed after their start or renewal date in 2024 matches the pandemic high in 2020 and represents a significant increase from 2023. State agencies must make prompt contracting a priority and improve the number and percentage of on-time contracts.

## 2025 Prompt Contracting Recommendations

To improve prompt contracting results, OSC recommends that:

- State agencies take responsibility for their critical role and make prompt contracting a priority. This remains one of the most important actions in achieving on-time contracts. We have previously seen the benefits of this approach when certain State agencies made deliberate efforts to improve contracting time frames.

- State agencies should identify what resources are needed to effectively implement their obligations for prompt contracting and advocate for such resources as they deem appropriate.
- The Not-for-Profit Contracting Advisory Committee should act in accordance with its legislative mandate to report to the Governor and the Legislature with recommendations on improving the contracting procedure and establish annual strategic goals to measure its progress in improving state agencies' prompt contracting performance.
- The Not-for-Profit Contracting Advisory Committee should publicly report on efforts by the Office of Customer Experience to review and recommend state agency improvements in addressing late NFP contracts as well as make their mandated annual reports available to the public.
- State agencies and NFPs should increase their use of the State's grants management system launched in early 2024 and its available data to identify efficiencies and address processing delays. In 2024, fewer than 40 percent of all contracts and amendments approved by the Office of the New York State Comptroller were submitted via the grants management system.
- State agencies should pay any interest due with the first payment under a contract to help NFPs alleviate cash flow problems.

## Additional Information

Additional information and data supporting the 2024 Prompt Contracting Report is available at the following links:

- [Contracting Information Provided by State Agencies \(Alphabetical by Agency\)](#)
- [Contracting Information Provided by State Agencies \(Percentage of Late Contracts\)](#)
- [Reporting Methodology \(Worksheet\) \(Instructions\)](#)
- [Background of the Prompt Contracting Law](#)
- [Prompt Contracting 10-Year Trending Chart](#)
- [Nonprofit Organizations in New York State: Profile of Employment and Wages](#)

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