

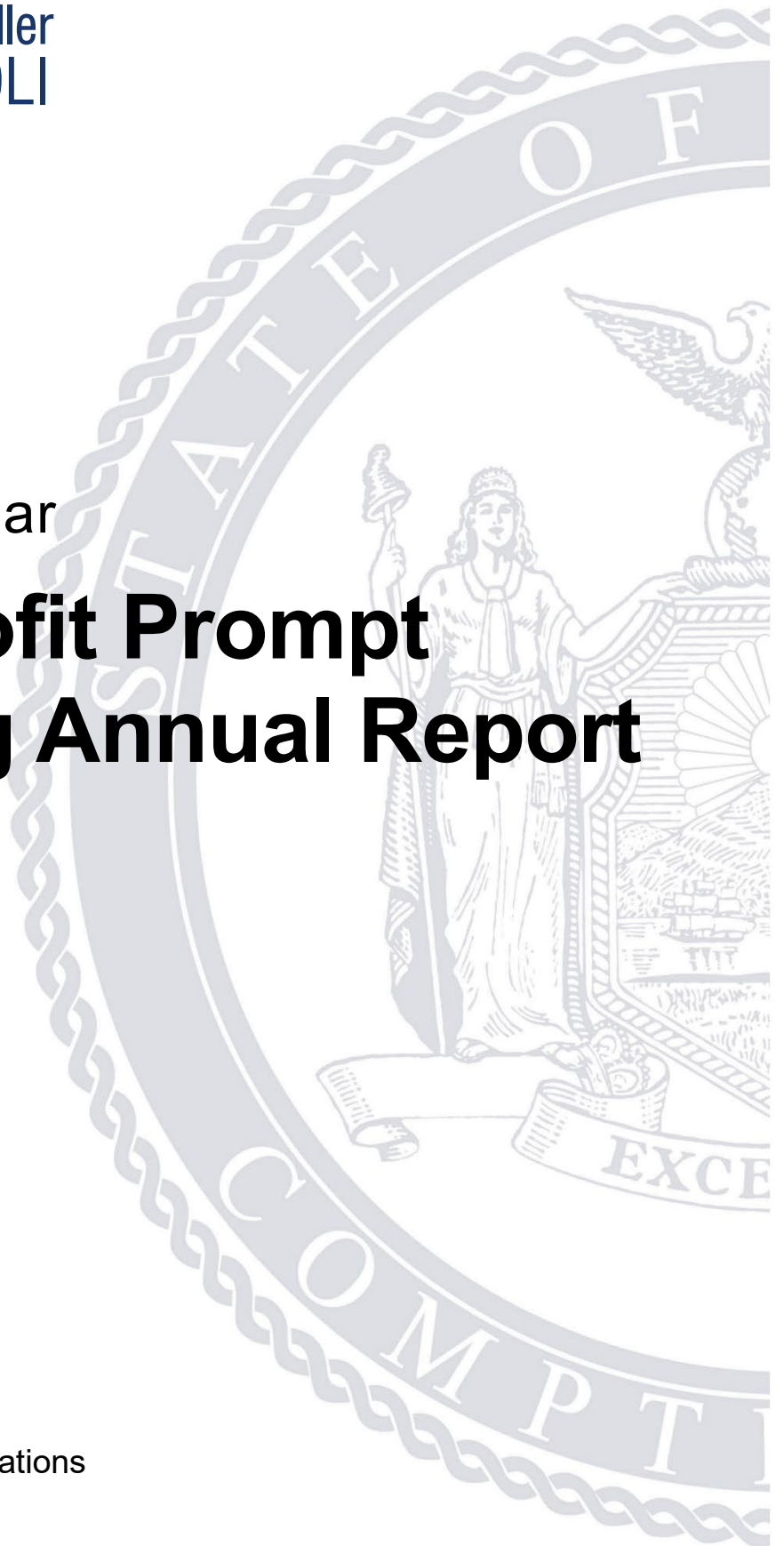
New York State Comptroller  
THOMAS P. DiNAPOLI

2025 Calendar Year

# Not-For-Profit Prompt Contracting Annual Report

**May 2026**

Prepared by the Office of Operations



# Message from the Comptroller

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May 2026

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 delivery of critical services as well as their significant contributions to both the State and regional economies, 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 2025, minimal progress was made towards improving prompt contracting, with the percentage of late contracts decreasing by two percent from 2024, from 78 percent to 76 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, appearing to read "Tom DiNapoli". The signature is fluid and cursive, with a prominent flourish at the end.

Thomas P. DiNapoli  
New York State Comptroller

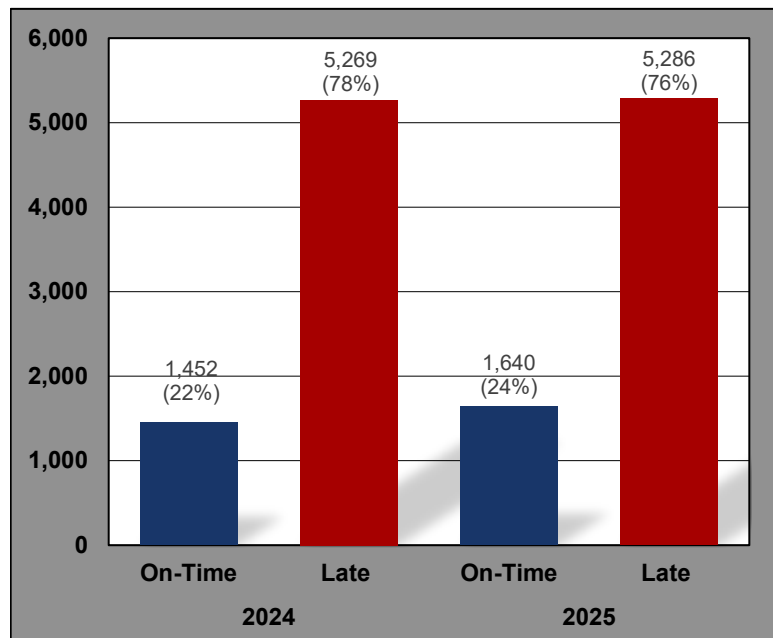
## Background and Summary of Findings

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 2025, 76 percent were processed after their start or renewal dates, down from 78 percent in 2024.
  - Fourteen (47 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 57 percent of reported contracts in 2025, a slight increase from 56 percent in 2024.
- **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 2025, eleven State agencies paid interest totaling \$379,544, an increase from 2024 when six agencies paid interest totaling \$128,645.

**FIGURE # 1**  
**On-Time vs Late**



## Late State Agency Grant Contracts

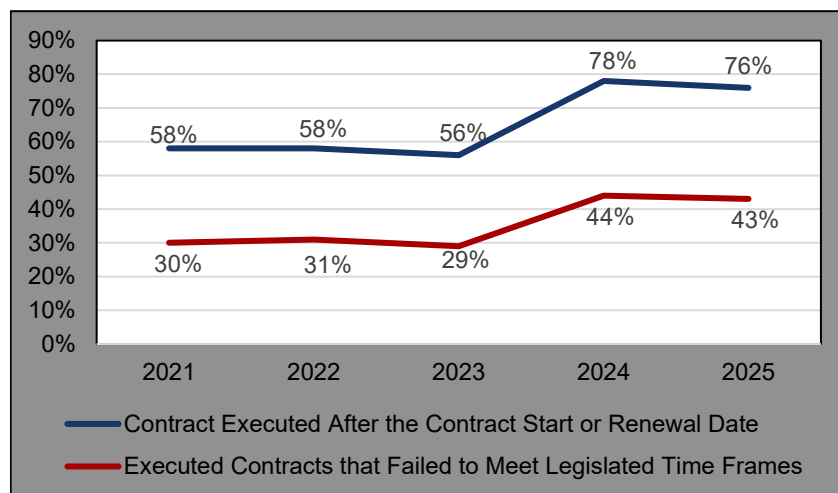
Reports submitted by 30 State agencies showed that 6,926 new and renewal contracts with NFP providers, associated with 204 programs, were subject to the Prompt Contracting Law in 2025. Of the total contracts, 5,286 (76 percent) were processed after their start or renewal dates. Late contracting puts 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 76 percent late contracts figure is a slight decrease from 2024, when 78 percent were reported late. There were 24 agencies, or 80 percent of the total of all reporting agencies, with 75 percent or more of their contracts processed after the start or renewal dates. This includes 19 agencies, or 63 percent of all those reporting, with 97 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 5,286 State agency contracts not approved before their start or renewal date, 4,843 were new and 443 were renewals. Of the 1,640 contracts approved on time, 1,585 were new contracts and 55 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 (15 days each respectively). It is important to note however that most grant contracts are received by OSC for approval after the contract start date has passed.

In 2025, State agencies reported that they met these statutory time frames for 3,977 contracts (57 percent), including 3,827 new and 150 renewal contracts. The remaining 2,949 contracts (43 percent), including 2,601 new and 348 renewals, failed to meet the legislated time frames. These results represent a slight increase in the percentage of contracts that met the statutory time frames from 2024, when State agencies met the legislated time frames for 56 percent of the contracts reported.

**FIGURE # 2**  
Percentage of Late NFP Grant Contracts 2021-2025



## 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 61 percent (3,240) of the total of late contracts (5,286) were identified as potentially eligible for prompt contracting interest in 2025. This represents an increase from the prior year, when 56 percent (2,963) were potentially eligible for interest.

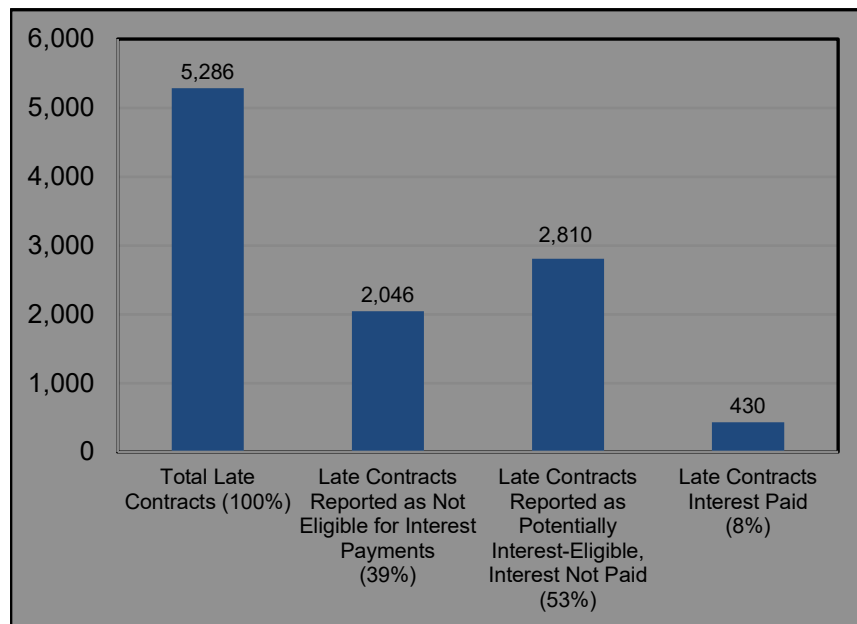
Of late contracts in 2025, 2,810 were reported as potentially interest-eligible but no interest was paid, while 430 were paid prompt contracting interest. The remaining 2,046 were reported as not eligible for interest payment.

In 2025, eleven State agencies paid interest totaling \$379,544 on 430 of interest-eligible contracts. This is an increase from 2024, when six State agencies paid interest totaling \$128,645.

No interest was paid during the reporting period for the remaining 2,810 late contracts reported as potentially eligible for interest. Over fifty percent of State agencies reported that the reason interest was not paid on their late contracts was because the late contract did not result in a missed payment.

For contracts with start dates in 2025 that were not executed until 2026, 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 2026.

**FIGURE # 3**  
Interest Eligibility Reported for Late Contracts 2025

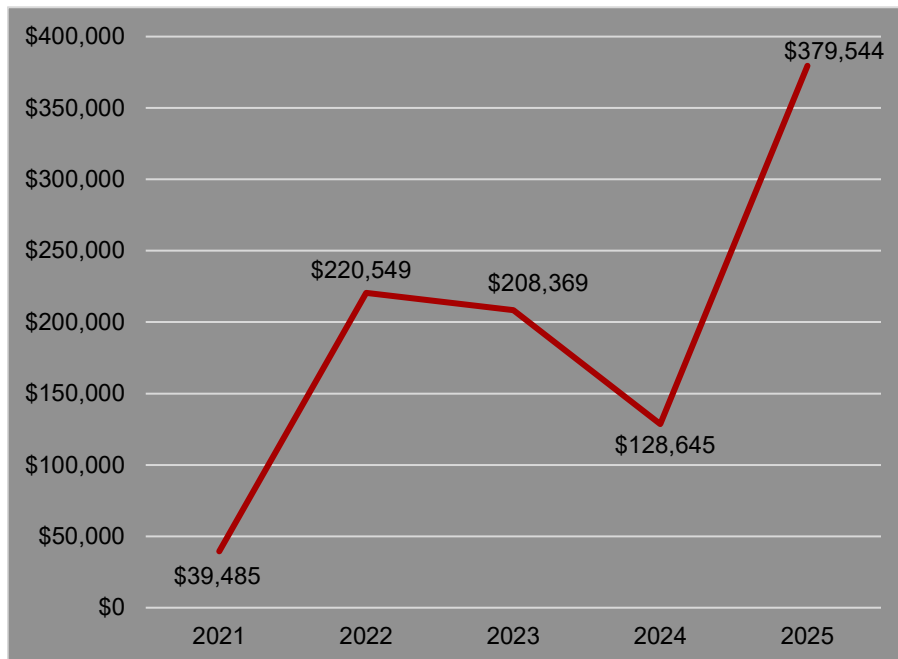


## Prompt Contracting Trends

The 76 percent of contracts that were processed after their start or renewal dates in 2025 represents a two percent decrease from 2024 although this percentage continues to be very 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 2021 to 2025, the amount of interest paid on late contracts has ranged from a high of \$379,544 in 2025 to a low of \$39,485 in 2021. 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.

**FIGURE # 4**  
**Interest Paid on Late NFP Grant Contracts 2021-2025**



## State Agency Efforts

The 76 percent of contracts that were processed after their start or renewal date in 2025 represents a minor improvement from 2024's percentage of 78 percent. State agencies must make prompt contracting a priority and improve the number and percentage of on-time contracts.

## 2026 Prompt Contracting Recommendations

To improve prompt contracting results, OSC recommends that:

- The State should undertake a comprehensive review to determine if sufficient resources are being allocated to processing grant procurements and contracts. Agencies should establish specific baseline metrics for resource allocation to support grant contract processing.
- State agencies should enhance procurement and contract transparency, including internal agency and executive review processes, so NFPs are informed of actual contract statuses. At a minimum, NFP providers should be able to contact their State agency representative to obtain an accurate status of their contract.
- 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 so that they can take responsibility for their critical role and make prompt contracting a priority.
- The Not-for-Profit Contracting Advisory Committee should continue to act in accordance with its legislative mandate to report on actions and activities undertaken by the committee and any related efforts by the Office of Customer Experience to improve NFP contracting procedures. All efforts and progress towards timely contracting should be publicly reported.
- 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 2025, only 44 percent of all grant contracts and amendments received 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.

- The State should explore the use of cutting-edge technology for opportunities for improvement in the grant procurement and contracting process for both the State and its NFP partners.

## **Additional Information**

Additional information and data supporting the 2025 Prompt Contracting Report is available at the following links:

- [Contracting Information Provided by State Agencies \(Alphabetical by Agency\)](#)
- [Contracting Information Provided by State Agencies \(Percentage of Late Contracts\)](#)
- [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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