

State Comptroller Proposes Reforms to Assist Nonprofit Providers  
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NYS Comptroller Thomas DiNapoli (c.) with Gwen O'Shea, President/CEO of the Health and Welfare Council of Long Island (l.), and Theresa Regnante, President/CEO of United Way of Long Island, at the January 15th meeting on challenges faced by the nonprofit sector.

New York State Comptroller Thomas DiNapoli recognized the challenges facing nonprofit service providers in a report issued last week and identified several actions through which the State could offer support.

"The ability of not-for-profits to serve their clients has been significantly challenged by the economic crisis, through State budget cuts, decreased fundraising and increased demand for services," said DiNapoli. "Proposed action -- such as standardizing contracts, implementing performance based

contracting and centralizing audit management -- could help the NFP sector make more effective use of State funds without compromising accountability."

The Comptroller's report follows a series of meetings with providers, including a Long Island session sponsored by the United Way and the Health and Welfare Council of Long Island and one in New York City with the Human Services Council.

DiNapoli acknowledged the critical role played by nonprofits in delivering critical public services and the challenges they face. "In June 2009, New York State had nearly 31,000 active contracts with NFPs totaling \$14.6 billion," the report noted. "From youth programs to senior centers, from arts councils to financial education services, the support which helps millions of New Yorkers every day is being threatened."

The Comptroller cited several "administrative proposals" which would "improve State accountability and oversight of NFP contracts and decrease administrative burdens" for nonprofit:

- **Standardize Contracts** – Standard contract terms across all programs and agencies would reduce the time and expenses for nonprofits and enable greater coordination and efficiency in monitoring and oversight.
- **Establish Performance-Based Contract Measures Collaboratively.** "Contract language should reflect that outcome-based contracts and performance measures should be collaboratively established and negotiated between the government agency and the provider.
- **Centralize Monitoring and Audit Management:** A lead oversight agency should be designated for nonprofits that contract with multiple State agencies or local governments and a "single audit" approach should be adopted.
- **Address Prompt Contracting Issues.** The Comptroller's office has issued new regulations to clarify how interest should be calculated when State Agencies approve contracts late.

The Comptroller also called on the State to prioritize programs in making budgetary decisions, noting that "across-the-board approach without regard to a program's performance history or the importance of its place in a continuum of service delivery can result in considerable setbacks for effective programs and services."

“We applaud the Comptroller for researching and addressing some of the systemic issues plaguing the contracting and payment system between government and the not-for-profit sector,” said Gwen O’Shea, President/CEO of the Health and Welfare Council of Long Island.

“It is great that the Comptroller is calling attention to some of the major issues facing today’s nonprofits, particularly those that do business with and on behalf of the State of New York. His administrative and financial proposals certainly help the conversation,” said Doug Sauer, CEO of the New York Council of Nonprofits.

Now both the Comptroller and the rest of State government need to act on these proposals, say nonprofit leaders.

“His proposals need to be flushed through quickly and there needs to be accountability and leadership at the State that ensures change is going to happen quickly,” said Sauer. “Current State policies and practices are causing valued services to end and nonprofits to go in ebt, if not broke. The frustration and anger among nonprofits with the State is at the highest level I have ever seen it.”

“The facts that the Comptroller noted speak to the severity of the issue---87% of the contracts reviewed in the Comptrollers May Report were approved and paid late—forcing agencies to either take out high cost interesting bearing loans or simply not pay their own vendors or their staff. This is really unacceptable,” said O’Shea. ❖