



Division of
the Budget

NOT-FOR-PROFIT SECTOR

GRANTS GATEWAY



More than **9,700** not-for-profit organizations have registered with New York State, and more than **6,900** have completed prequalification.

IMPROVING CONTRACTING

The **7 New York State agencies** who begun intensive efforts to reduce late contacts all **improved performance**.



NONPROFIT INFRASTRUCTURE CAPITAL INVESTMENT PROGRAM (NICIP)

New York State has made **237 awards** (185 construction projects and 52 technology projects) totaling

**\$100
MILLION**



Funded projects will benefit New Yorkers seeking a wide range of not-for-profit services that help some of the most vulnerable New Yorkers, including

- ✓ Residential facilities
- ✓ Domestic violence programs
- ✓ Homeless shelters
- ✓ Legal services
- ✓ Other services

Budget Highlights

Support Direct Care Workers and Not-for-Profits Through a Cost of Living Adjustment.

The Executive Budget includes funding of \$262 million, an annual increase of \$237 million, to support the 6.5 percent salary increase provided to direct care professionals (3.25 percent in January 1, 2018 and 3.25 percent in April 1, 2018) as well as the April 1, 2018 3.25 percent salary increase for clinical workers employed by not-for-profit organizations rendering mental hygiene services on behalf of OPWDD, OMH or OASAS.

Combating Addiction. Over \$200 million in funding is being used to address the heroin and opioid crisis. Operating and capital support will continue to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities.

\$20 Billion Affordable and Homeless Housing and Services Initiative. The Budget continues to support the creation or preservation of more than 100,000 units of affordable housing and 6,000 units of supportive housing.

The FY 2019 Executive Budget supports continued efforts to reinforce relationships between the State and its not-for-profit vendors and strengthen the not-for-profit sector so that its organizations are better positioned to carry out their missions.

Overview

New York State has the largest not-for-profit sector in the nation, and its work touches the lives of almost every resident. There are nearly 100,000 not-for-profit organizations across the State, providing New Yorkers with health care, educational opportunities, childcare, and access to the resources and supports needed for daily living. Not-for-profit organizations account for more than 17 percent of all private sector jobs in New York State, employing more than 1.3 million New Yorkers.

Many not-for-profit organizations provide services on behalf of government. The State provides funding support to not-for-profit organizations through contracts, State-authorized payments, and State payment rates. These funds are administered by more than two dozen State agencies and reach not-for-profits both directly and via pass-through entities such as cities and counties.

For years, the State's interactions with its not-for-profit partners were inconsistent. Each agency had their own contracts, rules, and expectations for working with not-for-profits and there was little coordination across the enterprise. The resulting myriad bureaucratic steps forced the State's not-for-profit partners to dedicate resources on activities other than direct services.

Recognizing this, Governor Cuomo took an innovative approach to addressing the needs of the not-for-profit sector. In 2012, he created a cabinet-level Interagency Coordinator for Not-for-profit Services to connect directly to not-for-profit leaders and service providers. Ideas and concerns from the not-for-profit community are gathered, and the information is used across State government to inform policies and practices. This direct line of communication has resulted in efforts to streamline business practices, support policy areas of interest to not-for-profit organizations, and undertake the nation's largest effort to improve not-for-profit capital infrastructure.

In 2015, Governor Cuomo created the Nonprofit Infrastructure Capital Investment Program to help not-for-profits better serve their target population. To date, 237 not-for-profits have been awarded grants through a competitive process totaling approximately \$100

million, and the program will award an additional \$20 million in 2018. Projects have been awarded in every region of the State, including investments in renovations or expansions of existing space used for direct program services; modifications to provide for sustainable, efficient spaces that will result in overall energy and cost savings; accessibility renovations; and technology upgrades to improve electronic records, data analysis, and confidentiality.

Supporting the Work of Not-for-Profit Partners

Addressing Not-for-profit Workforce Issues

Not-for-profit organizations often struggle to recruit workers and face higher than average rates of employee turnover. To help address these challenges, the FY 2018 Budget included \$255 million for the State share of Medicaid funds to support minimum wage increases for health care workers, some of whom are employed at not-for-profit organizations.

The Executive Budget includes funding of \$262 million, an annual increase of \$237 million, to support the 6.5 percent salary increase provided to direct care professionals (3.25 percent in January 1, 2018 and 3.25 percent in April 1, 2018) as well as the April 1, 2018 3.25 percent salary increase for clinical workers employed by not-for-profit organizations rendering mental hygiene services on behalf of OPWDD, OMH or OASAS.

In addition to continued funding to support mental hygiene and health care workers in FY 2019, New York State is taking action to help address the human resources needs of the not-for-profit sector. To incentivize workers to begin or continue employment in the not-for-profit sector, the State is exploring ways to help not-for-profits improve the quality of employee benefit packages. This includes considering the feasibility of allowing not-for-profit organizations to access group insurance coverage through the NYSHIP Empire Plan.

The State will launch a targeted marketing campaign to support education and career development within the not-for-profit sector by encouraging participation in existing scholarship and loan forgiveness programs.

Performance Profile

Improving Contracting. Seven State agencies - Council on the Arts, DCJS, DOH, DOL, OCFS, OMH, and OTDA - began intensive efforts to reduce the number of late contracts with not-for-profit organizations in 2017. The seven participating agencies, which were selected because they accounted for the highest numbers of late contracts in previous years, improved their performance. Notably, DOH decreased the number of late contracts by an estimated 32 percentage points.

Marking Awards With the Nonprofit Infrastructure Capital Investment Program (NICIP). New York State has made 237 awards to date for 185 construction projects and 52 technology projects. Awards were provided to not-for-profit human services organizations located in all regions of the State.

New York State will also host a human services workforce summit and create a Not-for-profit Workforce Development Steering Committee to further improve not-for-profit workforce development. Efforts to better meet the human resources needs of not-for-profits will result in enhanced service provision across the sector and a positive impact for the many New Yorkers who use those services.

Improving Business Processes for the State's Not-for-Profit Partners

When not-for-profit organizations must navigate complicated or inefficient State processes, they have fewer resources available to carry out their missions. New York State has taken several actions in recent years to identify and address issues that impact the business operations of not-for-profit organizations. The Master Grant Contract, Grants Gateway, Prequalification, and a movement toward multi-year contracts have all helped streamline not-for-profits' interactions with State government.

As a result, State agencies have decreased the percentage of late not-for-profit contracts each year for the past five years. Beginning in the summer of 2017, the Governor's Lean Office and the Governor's Not-for-profit Team began working with seven State agencies – Council on the Arts, DCJS, DOH, DOL, OCFS, OMH, and OTDA – to closely monitor contract execution and identify opportunities to improve the contracting process. The seven participating agencies, which were selected because they accounted for the highest numbers of late contracts in previous years, improved their performance. Notably, DOH decreased the number of late contracts by an estimated 32 percentage points. This effort will continue through FY 2019 with the expectation of continued improvements in contracting timeliness.

In addition, efforts are underway with selected State agencies to standardize State contract definitions related to indirect costs in accordance with Federal OMB Guidance, and to establish a 10 percent de minimis indirect rate while maintaining services and acting within available appropriations.

Investing in Social Justice Issues

Governor Cuomo has made unprecedented investments in issue areas where State partnerships with the not-for-profit sector are particularly important. Governor Cuomo created the Empire State Poverty Reduction Initiative, which is providing \$25 million to support community-driven, poverty reduction strategies in 16 communities throughout New York State. The State launched a \$20 billion comprehensive, five-year plan for affordable and homeless housing. The FY 2019 budget proposes \$45 million – an increase of \$10 million – for Empire State After School Grants, which supports the collaboration of school districts and not-for-profit organizations. The FY 2019 Budget also includes more than \$200 million in funding to address the heroin and opioid crisis. This represents an increase of \$26 million (4.5 percent) in operating and capital support to continue to enhance prevention, treatment and recovery programs, residential service opportunities, and public awareness and education activities. By working together, the State and the not-for-profit community are improving the lives of millions of New Yorkers.