

Nonprofits are feeling budget pinch

By RICK KARLIN Capitol Bureau

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The Veggie Mobile sets up at the Cohoes Senior Center Wednesday, Sept 29, 2010. (Michael P. Farrell, Times Union)

ALBANY -- The Veggie Mobile needs to be fed.

Operated by the local nonprofit Capital District Community Gardens, the Veggie Mobile is a panel truck that makes the rounds of poor neighborhoods throughout the region, providing low-cost fresh fruits and vegetables to people who might not otherwise be able to afford such items.

The project is funded by grants from the state Department of Health with the goal of improving the diets and health of underprivileged people. But for the past several months, the organization has been waiting -- and waiting -- for reimbursement from the Department of Health.

"I had to borrow \$30,000 more today," CDCG Director [Amy Klein](#) said Monday, adding she borrowed a similar amount last month against her state grant payments.

"We have a certain amount that we are able to borrow against. We're going to max out very soon."

Adding insult to injury, Klein will end up being reimbursed 1.1 percent less than agreed to in their grant, since her delayed payment will be coming after Sept. 16.

That was the date the reductions set in, thanks to legislation tucked in this year's budget to deal with lower-than-expected federal Medicaid payments.

If the money doesn't come soon, Klein said she'll have to start cutting back, maybe putting some of the Veggie Mobile trips on ice until it can afford to restart.

Klein isn't alone. With New York struggling to close what had been a \$9 billion gap and another multibillion gap forecast for the 2011-12 fiscal year, state agencies that fund thousands of small nonprofit organizations around the state have slowed their payments.

Now these nonprofits -- which run the gamut from inner-city homeless shelters and museums to stem cell research and organizations that help people cope with foreclosures -- are feeling the delays in earnest.

The slowdown in payments has been going on in some fashion for more than a year, according to a survey from Comptroller [Tom DiNapoli](#).

In a report released in June, DiNapoli found that state contracts with nonprofit organizations were approved late 82 percent of the time in 2009, up from 63 percent in 2008.

"Many not-for-profits operate on a shoestring, and when contracts are delayed and payments aren't made, the shoestring can break," said DiNapoli.

"There's been a lot of discussion about this," said [Doug Sauer](#), CEO of the state [Council of Community Services](#), which represents numerous nonprofit groups.

"The nonprofits are second-class citizens," said Sauer, explaining they get paid after local government agencies such as counties or schools. "But these days, they don't have money in bank."

Unlike local governments and public schools, nonprofits don't have statutory guarantees about state funding (nor are they unionized, which means they have less clout in the Legislature).

"The public voice of charitable organizations is limited," remarked Sauer.

Despite that, nonprofits are trying to fight back -- getting tough, if you will, with the state and its late payments.

Sauer's group has just hired an ombudsman, a lawyer who will work with members to help them sift through the volumes of paperwork involved in getting paid and helping pressure state agencies.

Payment schedules can be complex, with state and federal dollars and multiple grant programs running through the various state agencies.

Sauer added that lawyers have mulled the concept of class action lawsuits to speed payments, although its unclear how successful that would be.

State [Division of Budget](#) spokesman [Erik Kriss](#) said there is no overreaching directive to slow down payments.

But [Diane Mathis](#), spokeswoman for the Department of Health, said there has been a "significant backlog in payments to many of our not-for-profit providers in part due to the late passage of the state budget in July, the state's fiscal difficulty due to the economic downturn, and associated delays in the Division of the Budget making funds available for payment."

She added that the [Health Department](#) is now looking to catch up, and hopes to get many payments out the door this week.

That would be coming as the national spotlight is about to focus on the fate of nonprofits.

On Thursday, the National Conference of Nonprofits will put out a report on delays in other states as well as New York, Sauer noted.

"This is shaking the infrastructure of these providers," Sauer said.