



ASSEMBLY BILL 590 NONPROFIT EQUITABLE ACCESS TO GRANTS AND CONTRACTS

SUMMARY

AB 590 would improve and expand the practice of providing nonprofits with start-up funds, also known as advance payments, to all state grants and contracts with 501c3 nonprofits. Specifically, this bill would ensure all nonprofits have an equitable opportunity to receive up to 25% when receiving a state grant or contract upfront.

The bill also prioritizes advance payments for nonprofits serving disadvantaged, low-income, and under-resourced communities to ensure all nonprofits have fair and equitable access to state grants and contracts.

BACKGROUND

California partners with nonprofits to provide critical services that benefit our communities. For example, one-third of Medi-Cal services are delivered by nonprofits, and five million acres of open land in California are permanently protected thanks to the work of nonprofits. Domestic violence services are also primarily performed by nonprofits, and the need for these services has increased exponentially in the past two years.

PROBLEM

There are a myriad of programs across state government where advance payments are authorized, dating back to the 90's. This patchwork approach creates inequity, particularly around nonprofits serving communities of color and other vulnerable communities. Without access to advance payments, many nonprofits are unable to compete for state funding, while others are forced to pursue loans (paying associated interest) to cover costs associated

with starting up state-contracted projects and services.

The inconsistent and limited access to advance payments contributes to and exacerbates inequities in the nonprofit sector. For example, one nonprofit paid over \$28,000 in interest last year while waiting for payments on state grants. These challenges also create regional disparities, with communities of color receiving \$1,668 per capita in state grants while nonprofits in predominantly white communities receive \$3,123 per capita.

EXISTING LAW

Existing law creates dozens of advance payment opportunities for nonprofits and businesses competing for grants and contracts. With thousands of available state grants and contracts, the lack of consistent access to advance payment creates severe disparities and limits the state's and nonprofit sector's ability to meet community needs.

SOLUTION

AB 590 will remove a key funding barrier to bolster the nonprofit sector and outcomes for communities, while ensuring all nonprofits have fair and equitable access to state grants and contracts.

This bill is part of the California Nonprofit Equity Initiative legislative package aimed at strengthening the essential partnership between the state and nonprofits.

SUPPORT

California Association of Nonprofits (Sponsor)
United Ways of California (Co-Sponsor)

California Council of Community Behavioral Health
Agencies (Co-Sponsor)
Breathe California
California Access Coalition
California Alliance of Child and Family Services
California Coalition for Community Investment
California Family Resources Association
California Partnership to End Domestic Violence
California ReLeaf
Center for Nonprofit Management
Child Abuse Prevention Center
Children's Institute
Community Alliance of Family Farmers
Community Bridges
Council of California Goodwill Industries
El Concilio
Fresno Building Healthy Communities
Healthright 360
Inland Empire Community Collaborative
Inland Southern California United Way
Koreatown Youth + Community Center
Los Angeles Area Chamber of Commerce
Meals on Wheels California
Nonprofit Finance Alliance
PATH (People Assisting the Homeless)
Protection of the Educational Rights for Kids
Santa Cruz Volunteer Center
Rural Community Assistance Corporation
Treepeople
Tri County Chamber Alliance