

# Assembly Bill 860

## Streamlining Small Grants to Nonprofits

Assemblymember Valencia

### SUMMARY

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AB 860 will ensure California partners equitably with small nonprofits, to ensure they thrive as service providers and employers.

### BACKGROUND

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California is home to more than 110,500 organizations registered as 501(c)(3) nonprofits, with at least another 32,270 California nonprofits in other 501(c) categories. California nonprofits generate 15 percent of the state's Gross State Product and bring more than \$40 billion into the state annually from out-of-state sources. In addition to being key economic drivers, nonprofits are also key employers and service providers for communities across our state.

Nonprofits play a vital role in building healthy communities. They are especially important in supporting areas of high concentration of poverty, communities of color, and rural areas. Nonprofit services such as homeless shelters, senior food programs, and health programs aim to meet the needs of less affluent communities.

The nonprofit sector's workforce is substantially more diverse in gender and race/ethnicity makeup than the for-profit workforce. For example, people of color make up 29 percent of nonprofit management compared to 12 percent across all industries.

From the start of the pandemic, to present day, nonprofit organizations have continuously stepped up to meet the needs of our most vulnerable communities while adhering to safety guidelines that have changed day-to-day activities.

### PROBLEM

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In 2022, the Legislature held its first ever Joint Select Committee on the Nonprofit Sector, which highlighted the challenges that nonprofits were facing at that time, and continue to. The vision of the hearing was to create a blueprint to ensure nonprofits are supported and thrive.

Despite state efforts to increase access and equity writ at large, many nonprofits, especially smaller ones, struggle to access government contracts because they do not have the information they need to apply or because contracting policies exclude them.

Nonprofits spend an inordinate amount of time on grant applications and reports, which can distract them from mission-critical work. Streamlined approaches focused on dialogue and learning can pave the way for deeper relationships and mutual accountability. Certain clauses in state contracts can also be prohibitive because they compel a nonprofit partner to assume undue risk. These issues are accentuated in smaller nonprofits and those in rural and marginalized communities

Bidding and contracting processes often leave out nonprofits in under-served communities. Additionally, nonprofits in communities of color have \$1,668 per capita, while as a group, nonprofits in predominantly white communities have \$3,123 per capita

### SOLUTION

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AB 860 will support the state's equity and access goals by reducing the effort and expense associated with applying for and receiving state funds pursuant to very small grants (including when those grants are administered for the state by a third party).

AB 860 is part of the California Nonprofit Contracting Equity Initiative aimed at strengthening the essential partnership between the state and nonprofits to benefit all Californians, particularly our most vulnerable residents.

### CONTACT

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Nathaly Teran | Legislative Director  
[Nathaly.teran@asm.ca.gov](mailto:Nathaly.teran@asm.ca.gov) | 916-319-2068

### SUPPORT

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CalNonprofits (*sponsor*)  
Breathe California  
Calif. Coalition for Community Investment  
Calif. Council of Community Behavioral Health Agencies (CBHA)  
Calif. Family Resource Center  
Calif. Partnership to End Domestic Violence

Calif. ReLeaf  
Center for Nonprofit Management  
Child Abuse Prevention Center  
Children's Bureau of Southern Calif.  
Children's Institute  
Community Alliance with Family Farmers  
Community Bridges  
El Concilio of Stockton  
Fresno Building Healthy Communities  
HealthRight360  
Inland Empire Community Collaborative  
Inland Southern Calif. United Way  
Korean Youth + Community Center  
Los Angeles Area Chamber of Commerce  
Meals on Wheels Calif.  
Nonprofit Alliance Fund  
PATH  
Rural Community Assistance Corporation  
Santa Cruz Volunteer Center  
Self-Help Enterprise  
Tree People  
United Ways of California

