

# Senate Bill 557

California Nonprofit Equity Initiative



# MONIQUE LIMÓN

REPRESENTING SENATE DISTRICT 19

## THIS BILL

SB 557 would:

- Expand the Prompt Payment Act to all nonprofit grants and contracts.
- Set a \$250 or 5% minimum, whichever is lesser, discrepancy amount.
- Include penalties paid to nonprofits in the Department of General Services (DGS) annual report.

This bill would define the term “grant” to clearly mean a signed final agreement between any state agency and a nonprofit organization, removing the current eligibility cap.

## BACKGROUND

Since 2013, the Department of General Services (DGS) has overseen the Prompt Payment Act (PPA) to ensure that government agencies, in a timely manner, pay their contracts awarded to a certified small business or nonprofit.

Under the PPA, these respective payments must be completed within 45 calendar days of initial receipt. If these requirements are not met, state agencies must calculate and pay the appropriate late penalties.

The PPA indicates that nonprofits are only eligible to receive a penalty payment if the grant or contract awarded is an amount less than \$500,000.

Hence, the Act only applies to a limited set of grants, excluding numerous nonprofits that provide essential services to California communities.

## PURPOSE

California nonprofits are a bridge to our local communities, ensuring that critical services are accessible to residents while contributing to the social and economic growth of the region.

SB 557 is part of the California Nonprofit Equity Initiative legislative package aimed at strengthening the essential partnership between the state and nonprofits to benefit all Californians, particularly our most vulnerable residents.

SB 557 increases equity for nonprofits. This bill ensures that California nonprofits can receive additional grants and contracts for the betterment of their communities.

## SUPPORT

- CalNonprofits – Sponsor
- Amity Foundation
- Breathe CA
- CA Coalition for Community Investment
- CA Council of Community Behavioral Health Agencies
- CA Family Resource Association
- CA Partnership to End Domestic Violence
- CA ReLeaf
- Center for Nonprofit Management
- Child Abuse Prevention Center
- Children’s Institute
- Community Alliance with Family Farmers
- Community Bridges
- El Concilio of Stockton
- Fresno Building Healthy Communities
- HealthRIGHT 360
- Inland Empire Community Collaborative

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Inland Southern CA United Way  
Koreatown Youth + Community Center  
Meals on Wheels CA  
Nonprofit Finance Fund  
PATH  
Rural Community Assistance Corp.  
Santa Cruz Volunteer Center  
Self-Help Enterprises  
TreePeople  
United Ways of CA  
Westcare CA, Inc.

## OPPOSITION

None on File.

## STAFF CONTACT

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