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
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.

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