



## ASSEMBLY BILL 1039

### Equitable Access to State Grants

#### SUMMARY

AB 1039 will require State agencies to provide nonprofit organizations up to 25% of funds in advance for all new contracts and grants starting in January 1, 2026. The bill will also increase transparency by requiring the existing State Grants Portal to list available advance pay opportunities and their amounts.

The bill addresses a critical equity and access issue by providing nonprofits with the needed start-up funds for essential community services.

#### BACKGROUND

Nonprofits often struggle with the State's reimbursement model, which is a condition for securing state funds. The passage of AB 590 (Hart, Chapter 535, Statutes of 2023) paved the way for fair and equitable access to State grants and contracts by allowing advance payments for up to than 25% of total awarded funds. This critical reform addressed cash flow issues for many nonprofits, reducing financial strain as nonprofits continue to provide services.

In [CAL FIRE's Advance Payment Report](#) (Public Resources Code 705.5) to the Legislature, the agency found that advance payments for the Forest Health and Wildfire Prevention Grants program were essential in funding fire-prevention projects and forest management in wildfire-prone communities.

These funds covered immediate expenses, such as staff, utilities, contractors and other costs for nonprofits participating in the program. Some grantees reported that they would have been unable to "afford to fund the work without these advances."

#### PROBLEM

While many agencies have utilized the option to offer nonprofits up to 25% in advance payment, many others have not. This deters under-resourced communities from even applying for state-funded projects due to a lack of up-front capital. This creates inconsistency and uncertainty for nonprofits, many of which rely on predictable cash flow in to deliver important services.

Smaller and under resourced nonprofits continue to face a difficult choice: endure financial strain by taking on high-interest loans to cover start-up costs, or delay or scale back programs in order to access state funds.

#### SOLUTION

AB 1039 builds on the success and proven model of AB 590 (Hart) by requiring all new State grants and contracts to offer up to 25% of the funds in advance starting January 01, 2026.

The bill will promote greater transparency and efficiency by requiring the State Grants Portal, request for proposals, and contracts to specify that advance pay is available and the amount offered.

AB 1039 reaffirms California's commitment to supporting its nonprofit partners in strengthening our communities.

#### SUPPORT

California Association of Nonprofits (Sponsor)  
A New Beginning  
Accelerate Neighborhood Climate Action  
APIDANH Alliance

## SUPPORT

Asociacion de Emprendedores  
Becky Foreman Facilitation and Training  
Brilliant Corners  
Building Resilient Communities  
California Alliance of Child and Family Services  
California Behavioral Health Association  
California Partnership to End Domestic Violence  
Children's Fund  
Children's Institute  
Community Alliance with Family Farmers  
Community Bridges  
Elder Love USA  
Faith in Action  
Forces  
Giving 365  
Honore's Home of Care  
Inland Caregiver Resource Center  
Inland Empire Community Collaborative  
Inland Empire Community Foundation  
Inland Equity Community Land Trusts  
Integrated Learning Institute  
Jewish Family Service of San Diego  
Koinonia Family Services  
Koreatown Youth + Community Center  
Mission Hope  
National Black Grads  
Nehemiah Charitable Fund  
No Drugs America Association  
Out of the Ashes Organization  
Parkview Legacy Foundation  
Rainbow Pride Youth Alliance  
Repeat Reuse  
Riverside County Black Chamber Health and Wellness Foundation  
Rural Community Assistance Corporation  
Sage Pathways  
SCCC Rebuilding Lives FFA  
Self Help Enterprises  
Silicon Valley Council of Nonprofits  
Starting Over Strong  
Studio 395 Foundation  
The Mom & Dad Project  
The Nonprofit Partnership

## SUPPORT

Thrive Alliance  
Tree People  
United Ways of California  
Walden Family Services  
World Be Well Organization  
Youth Action Project