
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1039 (Hart) - State-funded assistance grants and contracts: advance payments

Version: June 18, 2025

Urgency: No

Hearing Date: August 13, 2026

Policy Vote: G.O. 15 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 1039 requires, rather than authorizes, an administering state agency to advance a payment to a recipient entity, as defined, in accordance with specified requirements for all grants and contracts entered into after January 1, 2026, and requires the solicitation for the grant or contract to state the percentage of funds that may be distributed as an advance payment, as specified.

******* ANALYSIS ADDENDUM – SUSPENSE FILE *******

**The following information is revised to reflect amendments
adopted by the committee on August 13, 2026**

Fiscal Impact:

- Unknown, potentially significant costs for the Strategic Growth Council (SGC) to develop the Statewide Advance Funds and Reconciliation Guide (Master Guide) and to create and implement training for agency staff.
- Unknown costs for the Department of General Services (DGS) to promote the Master Guide, incorporate its processes into the State Administrative Manual (SAM) and State Contracting Manual (SCM), and provide guidance to state agencies.
- Unknown, potentially significant costs for state agencies to adopt the Master Guide and provide advance payments to recipient entities for grants and contracts. Actual costs will range from absorbable to hundreds of thousands of dollars per agency, depending on the contract type and whether the agency has existing advance payment processes in place in its grant disbursement or contracting practices.
- The California State Library (CSL) anticipates absorbable costs to modify its Grants Portal to track the percentage of grant or contract funds distributed in advance payments.

Author Amendments:

- Remove reference to the SGC's Community Assistance for Climate Equity program.
- Revise advance payment requirements and eligibility criteria.
- Delete Department of Finance (DOF) audit.
- Require SGC, in consultation with DOF and DGS to develop a Master Guide.

- Establish specified requirements for the Master Guide.
- Require every state agency to adopt the Master Guide as its standard operating procedure for the disbursement, tracking, and reconciliation of advance payments.
- Require SGC to provide an annual training webinar for state agency staff to ensure uniform application of the Master Guide and dedicated technical assistance and guidance to community organization and nonprofit entities.
- Requires DGS to actively promote the Master Guide.
- Requires SGC to biennially review the Master Guide.
- Make other technical changes.

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