

Date of Hearing: April 28, 2025

ASSEMBLY COMMITTEE ON EMERGENCY MANAGEMENT
Rhodesia Ransom, Chair
AB 944 (Macedo) – As Introduced February 19, 2025

SUBJECT: State government: emergency services: nonprofit service providers

SUMMARY: Authorizes a process for nonprofit entities contracted with the state to request an alteration to the services provided in the event of a state of war, state of emergency, or other disruption. Specifically, **this bill**:

- 1) Authorizes a nonprofit entity contracted with the state, in the event of a state of emergency or state of war emergency, to request to alter the way in which it provides service so long as the original purpose of the contract is met.
- 2) Requires the state agency and the nonprofit entity, if the state agency agrees to the requested contract changes during a state of war or state of emergency, to prepare and sign an addendum to the contract that establishes the terms and conditions of the modification.
- 3) Requires the nonprofit entity to notify each department it receives funding from if a program will either be closed or impacted and why the level of service may be impacted.
- 4) Requires a state agency that receives notification from a nonprofit entity that a program will either be closed or impacted to ensure funding is available to pay for canceled services, closed programs, or reduced service levels.
- 5) Requires the nonprofit entity to identify and document a closed program's expenditures and retain the documentation to justify expenses and additional funding, as specified.
- 6) Specifies contract expenditures may be billed using a regular monthly invoice template, but expenses related to a closure shall be documented and provided separately to the applicable state agency.
- 7) Permits a nonprofit entity contracted with a state agency, when a disruption occurs that prohibits that entity from providing services pursuant to the contract and a state of emergency or state of war emergency is *not* declared, to submit a request to the applicable state agency for flexibility with respect to services and funding pursuant to the contract.
- 8) Authorizes a state agency to approve a nonprofit entity's request for contract flexibility, as specified, in relation to a disruption if the agency determines that doing so is reasonable under the circumstances described by the nonprofit entity.

EXISTING LAW:

- 1) Authorizes, pursuant to the California Emergency Services Act (ESA), the Governor to declare a state of emergency during conditions of disaster or extreme peril to persons or property. (Government Code § 8625)

- 2) Authorizes the Governor, during a state of emergency, to suspend any regulatory statute, or statute prescribing the procedure for conduct of state business, or the orders, rules, or regulations of any state agency, as specified. (Government Code § 8627)
- 3) Requires each department, division, bureau, board, commission, officer, and employee of this state to render all possible assistance to the Governor and to the Director of the Office of Emergency Services in carrying out the ESA. (Government Code § 8596)

FISCAL EFFECT: Unknown. A fiscal committee has not heard this bill.

COMMENTS:

Purpose of the Bill: According to the author, “Each day, nonprofit organizations help millions of Californians with food insecurity, housing and emergency response. In a declared emergency, they are often constrained and do not have the flexibility to adapt their programs to quickly serve those in need. Nonprofit leaders lose valuable time going through lengthy approval processes – time much better spent directing services to victims. AB 944 will ensure that essential services will continue without unnecessary administrative barriers.”

Equity Impact: According to the author’s staff, “Nonprofit organizations provide critical services to Californians, including housing, food assistance, healthcare, and emergency response. During emergencies such as wildfires, pandemics, or other disasters, these organizations often require immediate changes to contracted programs, including modifications to the contract budget, to respond as soon as possible to continue delivering the most needed services for our communities. Although they serve all communities, typically the ones needing their most attention are vulnerable and underserved. These communities have restricted or inequitable access to needed services and Nonprofits often help ease the divide.”

Nonprofit Organizations: There are nearly 80,000 nonprofits, with over one million employees, in California. The nonprofit sector ranks as the fourth largest industry in California by employment and contribute approximately 15% of California’s gross state product.

Ongoing and complex disasters are the new normal: In recent written testimony provided to the House of Representatives Committee on Appropriations, California’s OES Director states “the State of California arguably faces the most complex and severe disaster conditions in the nation and these challenges and complexities grow in magnitude each year. In the past decade, California has experienced every conceivable type of natural and manmade disaster including drought, earthquake, flood, catastrophic wildfire, mudslides, dam failure, cyber security attacks, oil spills, natural gas leak, civil unrest, terrorism, and tsunami. However, the COVID-19 pandemic has put our emergency management system to the test.”

Request for Flexibility: The COVID-19 pandemic has shifted how organizations across the state operate. Most in person programs had to be canceled and other services could be unexpectedly impacted by a COVID-19 outbreak or other closure. However, if the nonprofit entity was contracted with the state to provide specific services that pandemic guidelines prevent, they are still legally required to provide those services per the agreed upon requirements. By not providing the contracted services, the nonprofits could potentially lose funding and are unable to

use the existing funding to serve their clients in another way without going through a lengthy budget modification process.

The California Association of Nonprofits (CalNonprofits) issued a report based on a questionnaire to its 10,000 members, which covered the topic of government contracts during the COVID-19 pandemic. The CalNonprofits report asserts that the “Government, which provides about 30% of the funding of nonprofits, has acted inconsistently and unevenly to adapt contract requirements, invoicing procedures, and more, further adding to the burden nonprofits are taking on.” Of the 622 respondents, 86% reported that they needed their contract requirements to be altered due to impacts from the pandemic, 68% reported they received inconsistent guidelines on how to best fulfill their contract from different departments or levels of government, and 69% expressed a need to move funds from one line item to another without having to go through the usual budget modification process.

San Francisco County Guidance: On March 11, 2020, San Francisco City and County issued a continuity policy for paying nonprofit suppliers facing COVID-19 related disruptions. The City and County expressed their intention to continue providing funds, either partially or in full, to nonprofits whose contracted programming is impacted by following recommendations from the San Francisco Department of Emergency Management. This policy also outlined rules regarding notifications, documentation, invoicing, and department funding. Previous versions of this bill language were modeled after these guidelines.

California Small Business COVID-19 Relief Grant Program: In January, Governor Newsom established this program by Executive Order, which provides grants from \$5,000 to \$25,000 to eligible small businesses and nonprofits impacted by COVID-19 and the related health and safety restrictions. In February, the legislature passed SB 87, which provided an additional \$2 billion in grants. \$50 million of the total was designated specifically for non-profit cultural institutions.

Emergency Planning with the Nonprofit Sector: Nonprofit organizations are a critical component of any disaster response and recovery effort. It is important to have a well thought out and managed volunteer and donations management program in place in order to avoid hindering the efforts of first responders and emergency personnel and to meet the needs of vulnerable populations. With a system in place for receiving and referring spontaneous volunteers, and receiving and distributing donations, local government and relief organizations can capture these valuable resources and thus provide more efficient and cost-effective service to the community.

Many operational areas (counties) and cities across California have developed Volunteer & Donations Management Support Annexes to their Emergency Operation Plans with the overall objective of enfolding the nonprofit sector into community emergency preparations. Typically, the goals of Volunteer and Donations Management Support Annexes include the following:

1. Providing an all-hazards framework for volunteer coordination and donations management that is scalable to the size and scope of a disaster event;
2. Identifying roles and responsibilities within the jurisdiction that support coordination or volunteers and donation management programs; and
3. Strengthening and encouraging partnerships and communication among governmental agencies and nonprofits regarding volunteer coordination and donation management during a disaster event.

COVID-19 Donations: On April 4, 2020, Governor Newsom announced the launch of covid19supplies.ca.gov. This website was designed to allow individuals and companies to donate, sell or offer to manufacture the most essential medical supplies, including ventilators, N95 respirators and testing materials, in order to support California's fight against the pandemic. Additional donations reported from private entities included television and radio air time for PSAs, technology for students to access remote learning, and support for individuals experiencing homelessness.

COVID-19 Volunteers: In March of 2021, California Volunteers, under the Office of the Governor, announced a statewide volunteer recruitment campaign to assist in COVID-19 vaccination efforts. Volunteers were sourced to work at vaccination sites, share information, and transport others to their vaccination appointments. Some individuals became eligible for a vaccine based on volunteering.

Arguments in Support: The California Association of Nonprofits writes in support, “Given that the nonprofit sector is called on again and again by the state to keep California communities safe and healthy when threats emerge, whether it’s catastrophic wildfires or federal policies that target the vulnerable, now more than ever we must prioritize contract flexibility for nonprofit organizations providing direct services under contracts with California state agencies.”

They continue, “AB 944 will afford nonprofits who have state contracts the ability to modify programs and program budgets to flexibly respond to immediate needs. Current law does not address how nonprofit contractors may modify services to adapt to emergency conditions. This legislation will allow nonprofits to notify the contracting agency of any changes to services and expenses and to document the use of funds, and ensure state agencies provide continued funding for impacted services. As the backbone of the state’s services supply chain, and as key employers in the state, nonprofits must have contract flexibility and prompt payments during emergencies. Maintaining this infrastructure supports the wellbeing of Californians and the recovery of our communities during times of crisis.”

Prior and Related Legislation:

AB 619 (Fong, 2023) was substantively similar to this bill. (Died in Senate Appropriations Committee)

SB 784 (Glazer, 2022) Would have authorized a nonprofit entity that is contracted with the state, in the event of a state of emergency or state of war emergency, to alter the way in which it provides service so long as the original purpose of the contract is met. (Died on the Senate Floor)

SB 543 (Limon, 2022). Would have required a state agency that significantly regulates or impacts nonprofit corporations to designate a person to serve as a nonprofit liaison, as specified. (Vetoed by the Governor)

AB 2213 (Limón), Chapter 98, Statutes of 2020. Requires Cal OES to develop model guidelines for local governments to identify community resources that could assist in responding to or recovering from disasters and expands emergency notification programs.

REGISTERED SUPPORT / OPPOSITION:**Support**

A New Beginning
Accelerate Neighborhood Climate Action
Apidanh Alliance
Asociacion De Emprendedor@s
Becky Foreman Facilitation and Training
Brilliant Corners
Building Resilient Communities
California Alliance of Child and Family Services
California Association of Nonprofits
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, INC.
Faith in Action
Forces
Giving 365
Honore's Home of Care
Inland Caregiver Resource Center
Inland Empire Community Collaborative
Inland Empire Community Foundation
Integrated Learning Institute
Jewish Family Service of San Diego
Koinonia Family Services
Koreatown Youth + Community Center
Mission Hope
Mountain Homeless Coalition
National Black Grads
Nehemiah Charitable Fund
No Drugs America Association, INC
Out of The Ashes Organization
Parkview Legacy Foundation
Rainbow Pride Youth Alliance
Repeat Reuse
Riverside County Black Chamber Health and Wellness Foundation INC.
Rural Community Assistance Corporation (RCAC)
Sage Pathways, INC
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
Thrive Alliance
Tree People
United Ways of California
Walden Family Services
World Be Well Organization
Youth Action Project

Opposition

None on file.

Analysis Prepared by: Ryan Fleming / E.M. / (916) 319-3802