



- 2) Establishes the Director of ONE, appointed by, and serving at the pleasure of the Governor, as specified, and requires the Director to be responsible for managing the affairs of the office and performing all duties, exercising all powers and jurisdiction, and assuming and discharging all responsibilities to carry out the purposes of this bill, as specified.
- 3) Requires the duties and functions of ONE to include all of the following:
  - a) Serve as the principal advocate and centralized point of contact in the state for nonprofit organizations and foster partnerships and collaboration between nonprofit organizations and state entities.
  - b) Provide guidance, resources, and technical assistance to nonprofit organizations on procurement and grantmaking laws, regulations, and best practices.
  - c) Conduct research and make policy recommendations on innovative best practices to promote greater accountability, efficiency, equity, and fairness in procurement and grantmaking processes and requirements, with a focus on reducing barriers for small grants, small nonprofits, and nonprofits working with disadvantaged, low-income, and under-resourced communities.
  - d) Develop and administer training and materials to state entities on advance payment, as specified, and any other federal, state, or local law, and other strategies to reduce hurdles for nonprofit organizations to accessing state funding and implementing state projects while maintaining accountability to taxpayers.
  - e) Strengthen coordination and alignment across state entities that have regular touchpoints with nonprofit organizations, especially during declared emergencies.
  - f) Assist nonprofit organizations in identifying and applying for available state grants, funding opportunities, and technical assistance.
  - g) Advocate to ensure that the nonprofit sector is properly represented in state policymaking, including by representing the views and interests of nonprofit organizations before other state entities whose policies and activities may impact nonprofit institutions.
  - h) In implementing the above requirements, regularly consult with nonprofit organizations and experts to ensure efforts are informed by the needs of nonprofit organizations.
- 4) Requires the Director to hire staff to assist in the fulfillment of the duties and responsibilities of ONE.

- 5) Authorizes ONE to create, update, or publish, in consultation with the appropriate control agency, policies, standards, and procedures for state entities in the State Administrative Manual (SAM) or State Contracting Manual (SCM).
- 6) Authorizes ONE, subject to available resources and consistent with applicable laws and regulations, contract and consult with nonprofit organizations, external entities, and vendors to develop training, curricula, and other resources as determined by the office.
- 7) Requires ONE, on or before March 1, 2027, to report to the Governor and the Legislature on opportunities to improve the ways nonprofits and the state partner together while maintaining accountability to Californians and public resources. This shall include, but is not limited to, policy recommendations, potential statutory and regulatory changes, and promising administrative best practices related to all of the following:
  - a) Efforts to further encourage and expand use of advance payments.
  - b) Mechanisms to reflect and compensate nonprofits for the true cost of doing business in contracts and grant programs.
  - c) Reforms to ensure equitable, fair, and prompt payment to nonprofit institutions.
  - d) Opportunities for greater consistency in grantmaking processes, application, and reporting across state entities.
  - e) Other strategies to reduce complexity and barriers for nonprofits to enter into and implement contracts and grants with the State of California, with a focus on small grant programs, small nonprofits, and nonprofit institutions serving historically marginalized communities.
  - f) Facilitate communication and coordination with nonprofit organizations during emergencies.
- 8) Defines “state entity” to mean an entity within the executive branch that is under the direct authority of the Governor, including, but not limited to, all departments, boards, bureaus, commissions, councils, and agencies.
- 9) Defines “nonprofit organization” to mean an organization that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.
- 10) Provides that this bill shall become operative on July 1, 2026.
- 11) Provides that an unspecified amount of dollars be appropriated from the General Fund for the costs of establishing ONE, as specified.

12) Includes related Legislative findings and declarations, as specified.

## Background

*Author Statement.* According to the author’s office, “California nonprofits play a vital role in our economy, providing essential services and programs in education, health care, social services, the arts, the environment, public safety, and more. But with significant cuts coming from the federal government, nonprofits are fighting for their survival. SB 1240 will provide a much-needed tool to ensure that nonprofit organizations thrive in our State.”

*California Department of General Services.* DGS serves as the business manager for the State, with nearly 4,500 employees and a budget of \$1.3 billion. DGS serves the public by providing a variety of services to state agencies through procurement and acquisition solutions; real estate management and design; environmentally friendly transportation; professional printing, design and web services; administrative hearings; legal services; building standards; oversight of structural safety, fire/life safety and accessibility for the design and construction of K-12 public schools and community colleges; funding for school construction; and disability access.

*California’s Nonprofit Organizations.* According to CalNonprofits, an association of nonprofits in the state, one in every 14 California jobs is at a nonprofit, and nonprofits generate 15% of California’s Gross State Product. Further, CalNonprofits notes that California’s state, county, and city governments rely heavily on nonprofits to deliver services.

California is home to a wide range of nonprofit organizations that serve various community needs. Many of these organizations focus on social services, healthcare, housing, and disaster relief – and play a vital role in providing immediate and long-term assistance during emergencies. Wildfires and other emergencies (such as earthquakes or floods) often trigger a rapid response from both local and national nonprofit organizations. In California, nonprofits adapt their operations quickly to meet the urgent needs of affected communities. Some of the roles they play include: immediate relief efforts; long-term recovery programs; volunteer coordination; and advocacy and policy work.

*Shared Priorities, Strained Systems.* In January of this year, the Little Hoover Commission (Commission) released a report titled “[Shared Priorities, Strained Systems: Modernizing State Grants and Contracts with Nonprofits.](#)” The report notes that California relies on nonprofit organizations to deliver public services,

ranging from healthcare to environmental protection programs with more than 109,000 nonprofits employing 1.7 million Californians. However, after the Commission surveyed the California Association of Nonprofits, participated in hearings, and conducted research, the commission found that the state's grant and contract administration has not kept up with the environment in which the state's nonprofits operate.

Specifically, the Commissions found "that cash flow instability is one of the most persistent strains on the state's nonprofit partners. Because state awards often rely on reimbursement rather than advance payment of grant funds, nonprofits must front operational costs before receiving their grant funding. Less-resourced organizations serving disadvantaged communities, which recent legislation has mandated state agencies to prioritize, are the least-equipped to carry these financial burdens." Among the 12 recommendations of the Commission in the report, is a recommendation that the Legislature establish a nonprofit liaison office within the Office of the Governor.

*Office of Nonprofit Empowerment.* This bill establishes ONE, within an unspecified entity, with the primary responsibility of overseeing and coordinating state policy in support of California's nonprofit organizations. This bill specifies various duties and functions of the office, including providing guidance, resources, and technical assistance to nonprofits organizations on procurement and grantmaking laws, regulations, and best practices. This bill also requires ONE to develop and administer training and materials to state entities on advance payment and other strategies to reduce hurdles for nonprofit organizations to access state funding and implement state projects, as specified.

This bill requires ONE to submit a report to the Governor and the Legislature, on or before March 1, 2027, on ways to improve how nonprofits and the state partner. Additionally, this bill appropriates an unspecified amount of money from the General Fund to an unspecified agency for the costs of establishing ONE.

*Suggested Amendments.* To add clarity to the unspecified location of ONE and the unspecified appropriation in the bill, to add a sunset date of 10 years, to clarify reporting requirements, and to address other necessary technical changes the author has agreed to the following amendments:

Amendment #1:

*SEC. 2.* Section 12818 is added to the Government Code, to read:  
12818. (a) ~~The Legislature finds and declares all of the following:~~

12818. (a) Upon appropriation of the Legislature, the Office of Nonprofit Empowerment is hereby established within the state government, with the primary responsibility of overseeing and coordinating state-level policies and strategies that support California's nonprofit organizations.

~~(c) There shall be a Director of the Office of Nonprofit Empowerment. The director~~

(b) A director of the Office of Nonprofit Empowerment shall be appointed by, and serve at the pleasure of, the Governor. ~~The director shall report to the \_\_\_\_\_, or to the \_\_\_\_\_'s designee.~~ The director shall be responsible for managing the affairs of the office and shall perform all duties, exercise all powers and jurisdiction, and assume and discharge all responsibilities necessary to carry out the purposes of this section.

Amendment #2:

(h) On or before ~~March 1, 2027, July 1, 2028,~~ the office shall ~~report to the Governor and the Legislature on post on its internet website~~ opportunities to improve the ways nonprofits and the state partner together while maintaining accountability to Californians and public resources. *After the initial posting, the office shall review and update the information on the internet website regularly to ensure the contents remain current and reflective of evolving best practices.* This internet website shall include, but not be limited to, policy recommendations, potential statutory and regulatory changes, and promising administrative best practices related to all of the following:

Amendment #3:

(i) This section shall ~~become operative on July 1, 2026. Shall remain in effect only until January 1, 2037, and as of that date is repealed.~~

~~SEC. 2. The sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) is hereby appropriated from the General Fund to the \_\_\_\_\_ for the costs of establishing the Office of Nonprofit Empowerment.~~

~~SEC. 3. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (c) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.~~

### Prior/Related Legislation

SB 729 (Limon, 2025) would have required the Office of Emergency Services (OES), DGS, Department of Housing and Community Development (HCD),

California Department of Insurance (CDI), and Franchise Tax Board (FTB) to establish a nonprofit liaison to coordinate with nonprofits during declared state of emergency relief efforts, as specified.

SB 1246 (Limón, 2024) would have deleted, for the purposes of the California Prompt Payment Act (PPA), the definition of the term “grant” from the PPA and deletes the \$500,000 exception in existing law and provides that only specified late payment penalties apply to a signed final agreement for a grant, as specified, or a grant by any state agency to a nonprofit organization. (Vetoed by Governor Newsom)

AB 619 (V. Fong, 2023) would have authorized nonprofits providing services to a state agency to request to modify their service delivery methods during a declared state of war emergency or state of emergency and additionally authorizes nonprofits to request contract flexibility whenever a disruption occurs that prohibits a nonprofit entity from providing services to a state agency. (Held in the Senate Appropriations Committee Suspense File)

SB 543 (Limón, 2022) would have required DGS to designate a person as a nonprofit liaison, as specified. (Vetoed by Governor Newsom)

**FISCAL EFFECT:** Appropriation: Yes Fiscal Com.: Yes Local: No

**SUPPORT:**

CalNonprofits (Source)

1 Click Consultants

24 Hour Oakland Parent Teacher Children Center INC.

24th Street Theatre

3rd Street Youth Center & Clinic

AAPI Equity Alliance

ABC INC

ABLED

Abrazar, INC.

Advanced Manufacturing Institute San Diego (AMI-SD)

Advent Group Ministries

Almaden Valley Counseling Service

Alternative Technologies Cooperative

America on Track

An Elderly Wish Foundation

Angels Gate Cultural Center

Association for Environmental and Outdoor Education  
Association of Behavior Consultants INC  
Association of California Community and Energy Services  
Association of California Symphony Orchestras  
BASIC  
BBBS of Northern Sierra  
Bet Tzedek Legal Services  
Big Brothers Big Sisters of San Luis Obispo County  
Books by Rachel  
Boys & Girls Club of Laguna Beach  
Boys & Girls Clubs of Mid Central Coast  
Build Advisory Corporation  
CACEREN SF  
CactusToCloud Institute  
Cakecutter Institute  
California 211 Providers Network (dba 211 Ca)  
California Advocates for Nursing Home Reform  
California Alliance of Child and Family Services  
California Association of Nonprofits  
California Behavioral Health Association  
California Community Action Partnership Association  
California In-home Supportive Services Consumer Alliance  
California Partnership to End Domestic Violence  
California Product Stewardship Council  
California ReLeaf  
California Urban Forests Council  
CalPride  
Cambodia Town INC.  
Cameo Network  
Camp Fire Inland Southern California  
Cancer Support Community San Francisco Bay Area  
Casa Familiar  
Celiac Disease Foundation  
Center for Environmental Health  
Center for Nonprofit Leadership of the Sierra  
Center of Vision Enhancement  
Centinela Youth Services  
Chicano Park Museum and Cultural Center  
Chicas Mom, INC.  
ChicoSTART  
Child Care Resource Center

Child Parent Institute  
Children's Fund  
Children's Institute  
Common Good Community  
CommUnify (formerly Community Action Commission of Santa Barbara County)  
Community Alliance With Family Farmers  
Community Bridge Housing Corp  
Community Environmental Council  
Community Foundation of the Valleys  
Community Media Access Collaborative  
Community Partners  
Community Resource Project, INC.  
Concerned Off-road Bicyclists Association  
Confronting Domestic Violence  
Connerly & Associates, INC.  
Corazón Tlalli  
Court Appointed Special Advocates of Sacramento County  
Create Now  
Cycle Advisors  
Disability Media Alliance  
DIY Girls  
Doggie Does Good, INC.  
Domestic Violence Solutions for Santa Barbara County  
Doves of Big Bear Valley, INC.  
Earth Island Institute  
Ecologistics  
Education and Leadership Foundation  
Education Francaise De Sacramento  
Efficiency First California  
Elkhorn Slough Foundation  
EMDAD  
Emilio Nares Foundation  
Eth-Noh-Tec  
Executive Service Corps of Southern California  
Fairlight Advisors  
Families in Transition of Santa Cruz County, INC.  
Family Resource Center  
Family Service Agency of Santa Barbara County  
Fire Service Psychology Association  
First Mother Farms  
Fiscory

Food Literacy Center  
Foodbank of Santa Barbara County  
Foothill Family Shelter  
Fossil Free California  
Friends of Harbors, Beaches and Parks  
Friends of the Lost Coast  
Full Circle Health Network  
Ganas Community Organization  
Genuinely Me  
Girl Scouts of California's Central Coast  
Girls on the Run Inland Empire  
Giving 365  
Good Seed Community Development Corporation  
Goodwill Southern California  
Grace Fisher Foundation  
GreenInfo Network  
Hanaeleh  
Harmony Barn 501c3 Non Profit  
Healing Los Angeles Together INC  
Healing Together  
Healy Senior Center of Southern Humboldt  
Heart of the Valley Services for Seniors, INC.  
HelpGood  
Helpline Youth Counseling, INC.  
Hispanic Foundation of Silicon Valley  
HIV+ Aging Research Project-Palm Springs  
Holden High School  
Homeschool Association of California  
Honeybee Discovery Center  
Human Agenda  
ICAN California Abilities Network  
IEHP Foundation  
Ikigai Sanctuary  
IMACA  
Ink People  
Inland Empire Community Collaborative  
Instituto De Educacion Popular Del Sur De California (IDEPSCA)  
JACL Pacific Southwest District  
Janet S Cohen Consulting  
Jodi & Associate's LLC  
Kid City Hope Place

Kindling Communications  
Kitty's Wildlife Refuge & Rescue 501 (C)3  
Koreatown Youth and Community Center  
LA Jolla Playhouse  
Lake Links, INC  
Lamps of Light Project  
League of Women Voters - Humboldt County  
Legal Aid Association of California  
Lifewell Learning Institute Los Angeles  
Little Hoover Commission  
Little Seeds Matter  
Long Beach Gives  
Los Angeles Emergency Preparedness Foundation  
Los Angeles Urban Foundation  
Making Hope Happen Foundation  
Media Alliance  
Mend-meet Each Need With Dignity  
Mendocino Private Industry Council, INC.  
Mental Health America of California  
Mental Health Hookup  
Mexicayotl  
Microenterprise Collaborative of Inland Southern California  
Mid-city Can  
Mockingbird Incubator  
MoFundamentals (MOABC)  
Moses House Ministries  
Mothers' Helpers  
Movement Strategy Center  
Music Changing Lives  
Mynd Vibes, INC  
Nami Solano County  
Native Animal Rescue  
NeighborWorks Sacramento  
Nevada City Chamber of Commerce  
Nonprofit Finance Fund  
North Coast Opportunities  
Northern California Community Development Corporation  
Northern California Outrigger Canoe Association  
OC BRED INC.  
Operation Freedom Paws  
Orange County United Way

Orangewood Foundation  
Outreach Uganda  
Pacific Arts Movement  
Para Los Niños  
Parentz@Work  
Partnerships  
Passports for Ataxians Foundation  
PathPoint  
Permission to Write  
Pesticide Action & Agroecology Network  
Popps Consulting  
Project Go, INC.  
Proteus INC.  
Providers Need Care  
Public Health Advocates  
Purpose Centered Coaching & Consulting  
Qmunity  
Quadruple Threats  
Reach Out  
Redondo Union High School Alumni Association  
Redwood City Parks and Arts Foundation  
Refugee Jumpstart Coaching  
Restore the Delta  
Riverside Area Rape Crisis Center  
Riverside Development Organization (RDO)  
Rockin for the Arts  
Rodeo Youth Mentoring Program  
Rose Bowl Aquatics Center  
Rural Advancement Partners  
Rural Community Assistance Corporation (RCAC)  
Sacramento Fire Department and Community Foundation  
Sacramento LGBT Community Center  
Sacramento Philharmonic & Opera  
Sacramento Splash  
Safe & Sound  
San Benito County Arts Council  
San Diego Automotive Museum  
San Diego Humane Society  
San Marcos Community Foundation  
Self-help Home Improvement Project  
Senior Advocacy Network

Serene Wellness Solutions  
Service Center for Independent Life  
Serving People in Need  
SEWA-AIFW  
Shasta Cascade Health Centers  
Sierra Business Council  
Sierra Dachshund Breeders Club of Los Angeles CO  
Sierra Nevada Alliance  
Sierra State Parks Foundation  
Sierra Stem  
Silicon Valley Council of Nonprofits  
Siskiyou Community Food Bank  
Smokefree Air for Everyone  
SNAP CATS  
SNAP With Stepping Stones  
SoCal Water Babies  
Solano Dignity and Care Foundation, INC  
Sonoma Ecology Center  
South Bay Children United  
Southeast Los Angeles (SELA) Collaborative  
Southern Trinity Area Rescue  
Sports and Social Change  
Springwave Studios  
SSTA AWARE Foundation  
Starting Over, INC.  
Stay Arts  
Stinson/Bolinas Community Fund  
StrengthUnited  
Susan Swinburne Consulting  
Sustainable Claremont  
Sustainable Tahoe  
Switzer Learning Center  
Tahoe Youth and Family Services  
Teens 4 Teens Help  
Temple of Isis - Isis Oasis Sanctuary  
Ten Strands  
The Body Positive  
The Can Man  
The Emily Shane Foundation  
The Heart of Ida  
The HomeMore Project

The Living New Deal Project  
The Nonprofit Partnership  
The Oakland Public Education Fund  
The San Diego LGBT Community Center  
The Society of St. Vincent De Paul of Contra Costa County  
The Source LGBT+ Center  
The Stephan Center  
The Village Family Services  
The Win Project  
The Women's List  
Therapy Dogs of Santa Barbara  
Thrive Alliance  
Tracy Community Connections Center  
TreePeople  
Tri-county Respite Care Service  
Tuleyome  
Ubique Adult Day Healthcare INC.  
Ultimate Restoration Unlimited  
United Parents  
United Way of Stanislaus County  
USA Outrigger Racing Canoe Association  
Valley Intercommunity Council  
Vantage Point  
Veras Open Arms INC.  
Vietnamese American Community Center of the East Bay  
Villages of San Mateo County  
Visit Tri Valley  
Vista Center for the Blind and Visually Impaired  
Waking the Village  
Watershed Research & Training Center  
We Care Services for Children  
Weave  
Women's Economic Ventures  
Working Wardrobes for a New Start  
Worksite Wellness LA  
Ww Consulting for Good  
Yolo County Children's Alliance  
Yolo Farm to Fork  
Your Children's Trees  
Youth Inspiration Nation INC  
Youth Mentoring Connection

ZimNotes

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** In support of the bill, CalNonprofits writes that, “Nonprofits are the backbone of California’s social fabric, consistently ranked as the ‘most trusted’ institutions by the public. With a workforce of 1.7 million in California – 10% of the state’s workforce – and millions more volunteers, nonprofits serve as the vital link between state resources and vulnerable populations. The nonprofit sector also represents \$766.5 billion in assets and \$430.9 billion in annual revenue. Yet, there is a stark disparity in how the state treats this partnership: while the state depends nonprofits to solve its most complex challenges, it has yet to provide them with the same level of dedicated governmental support and coordination afforded to other sectors.”

Further, “[t]o mirror the success of GO-Biz for the private business sector, now more than ever California should implement a centralized model for its nonprofit partners, particularly as the federal landscape remains challenging. [ONE] will act as a primary hub to align efforts across state agencies. Through its core functions, ONE will eliminate bureaucratic silos and create a more sustainable framework for state-nonprofit collaboration.”