

Date of Hearing: June 24, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

SB 1240 (McNerney) – As Amended March 25, 2026

SENATE VOTE: 31-0

SUBJECT: Office of Nonprofit Empowerment

SUMMARY: This bill would establish, upon appropriation by the Legislature, the Office of Nonprofit Empowerment (ONE) and tasks the office with overseeing and coordinating state-level policies and strategies that support California's nonprofit organizations. Specifically, **this bill:**

- 1) Provides, upon appropriation by the Legislature, establishes ONE and tasks the office with overseeing and coordinating state-level policies and strategies that support California's nonprofit organizations.
- 2) Stipulates the duties and functions of the office include all 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 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) Support 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) Regularly consult with nonprofit organizations and experts to ensure efforts to implement all of the office's duties are informed by the needs of nonprofit organizations.
- 3) Establishes a director of ONE, to be appointed by the Governor and be responsible for managing the affairs of the office. Requires the director of ONE to hire staff to assist in the fulfillment of the office's duties and responsibilities.

4) Authorizes the office to create, update, or publish, in consultation with the appropriate control agency, policies, standards, and procedures for state entities in the State Administrative Manual or State Contracting Manual.

5) Authorizes the office to contract and consult with nonprofit organizations, external entities, and vendors to develop training, curricula, and other resources.

6) Requires, before July 1, 2028, the office to post on its website opportunities to improve the ways nonprofits and the state partner together while maintaining accountability to Californians and public resources, and to regularly review and update this information. Requires ONE's website to include policy recommendations, potential statutory and regulatory changes, and promising administrative best practices that encourage the use of advance payments and other strategies to ensure equitable, fair, and prompt payment to nonprofits.

7) Sunsets the office on January 1, 2037.

EXISTING LAW:

1) Establishes the Department of General Services (DGS), in the Government Operations Agency (GovOps), to provide centralized services, including, but not limited to, planning, acquisition, construction, and maintenance of state buildings and property, purchasing, printing, architectural services, administrative hearings, and accounting services.

2) Contains numerous provisions authorizing state agencies to award grants or contracts to nonprofit organizations to carry out various services and programs, as specified.

3) Authorizes a state agency that administers a grant program or contract to advance funds to a private nonprofit organization to which it has awarded a grant or contract, subject to certain limitations and requirements, as specified.

4) Provides, pursuant to existing federal law, uniform administrative requirements, cost principles, and audit requirements for federal grant awards to nonfederal entities and provides guidelines for determining direct and indirect costs, as defined, charged to federal awards.

5) Defines "grant" to mean a signed final agreement between any state agency and a local government agency or organization authorized to accept grant funding for victim services or prevention programs administered by any state agency or restoration activities performed by a resource conservation district.

6) Defines "nonprofit service organization" to mean a nonprofit entity that is organized to provide services to the public, but the PPA does not use that term in its provisions.

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel.

COMMENTS:

Purpose of the bill. 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. This bill will provide a much-needed tool to ensure that nonprofit organizations thrive in our State.”

Background.

Action by Assembly and Senate Select Committees. On February 17, 2022, the Assembly and Senate Select Committees on the Nonprofit Sector held a joint hearing featuring panelists and public comment from nonprofit leaders across the state. The hearing, entitled, "A Blueprint to Ensure Nonprofits are Supported and Thrive during Future Emergencies" focused on the challenges nonprofits faced in implementing programs during the height of the COVID-19 Pandemic. The committees concluded that government contracting challenges remain a key barrier for nonprofits providing needed services. "Strong government-nonprofit partnerships are vital to ensure Californians have access to quality services and programs, to support the nonprofit sector as key employers in the state, and to bolster economic recovery, particularly in historically underserved communities."

Little Hoover Commission Report. In January 2026, the Little Hoover Commission (LHC) released its report, *Shared Priorities, Strained Systems: Modernizing State Grants and Contracts with Nonprofits*. The report highlights California’s extensive reliance on nonprofit organizations to deliver public services—from healthcare to environmental protection—through a network of more than 109,000 nonprofits that employ 1.7 million Californians. Drawing on a survey conducted with the California Association of Nonprofits, public hearings, and independent research, the LHC found that the state’s grant and contract administration systems have not kept pace with the evolving operating environment of California’s nonprofit sector.

Specifically, the LHC 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 LHC in the report is a recommendation that the Legislature establish a nonprofit liaison office within the Office of the Governor.

California Department of General Services (DGS). DGS serves as business manager for the state. Its mission is to deliver results by providing timely, cost-effective services and products that support its customers, while protecting the interests of the state of California. DGS has more than 4,500 employees and an annual budget of \$1.4 billion. DGS provides a wide range of services to state agencies and the public. These services include procurement and acquisition solutions; real estate management, planning, and design; environmentally sustainable transportation programs; professional printing, graphic design, and web services; administrative hearings; legal services; building standards development and enforcement; oversight of structural safety, fire and life safety, and accessibility requirements for the design and construction of K-12 public schools and community colleges; administration of school construction funding programs; and disability access services.

California’s Nonprofit Organizations. According to California Association of Nonprofits (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.

Budget request by author. The bill provides that the office be established upon an appropriation by the Legislature. While it is unknown at what level the office may be funded at, the author's office has submitted a budget request for a General Fund appropriation of \$1.7 million one-time and \$1.6 million ongoing to support the office's operations.

In support. CalNonprofits writes, "This bill would establish the Office of Nonprofit Empowerment, a new office within California's state government to improve collaboration between the state and the nonprofit sector. This investment is necessary to bridge the divide between state government and the 109,000+ nonprofits that serve as the backbone of California's economy and social fabric. Establishing ONE is a modest investment that will yield significant returns by improving the efficiency and effectiveness of the state's multi-billion dollar contracting and grantmaking processes. With federal challenges mounting, California must lean into its partnership with nonprofits. Nonprofits aren't just the state's social lifeline; they are the most trusted voices in our communities, making support of the sector essential now more than ever."

Related legislation. AB 2507 (Nguyen) of 2026. This bill would restructure the office of the Governor's Tribal Advisor to instead become the Office of Tribal Affairs (OTA) and requires the OTA, among other things, to facilitate direct engagement between state agencies and tribal governments, among other responsibilities. (Senate Committee on Governmental Organization)

Prior legislation. AB 880 (Bennett) of 2025. This bill would revise the California Prompt Payment Act by requiring state agencies to reimburse a nonprofit grantee's indirect costs at specified rates and removes the \$500,000 cap that previously exempted certain Medi-Cal-related payments from penalty provisions. Additionally, this bill narrows the circumstances under which the state can dispute an invoice and expands the definition of "grant" to include agreements with nonprofit organizations, as specified. (Senate Committee on Appropriations)

AB 1039 (Hart) of 2025. This bill would require, rather than authorize, 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. (Senate Committee on Appropriations)

SB 729 (Limón) of 2025. This bill would have required the Office of Emergency Services, DGS, Department of Housing and Community Development, California Department of Insurance, and

Franchise Tax Board to establish a nonprofit liaison to coordinate with nonprofits during declared state of emergency relief efforts. (Senate Committee on Appropriations - Held on the Suspense File)

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

AB 619 (V. Fong) of 2023. This bill 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 would have additionally authorized nonprofits to request contract flexibility whenever a disruption occurs that prohibits a nonprofit entity from providing services to a state agency. (Senate Committee on Appropriations - Held on the Suspense File)

SB 543 (Limón) of 2022. This bill would have required DGS to designate a person as a nonprofit liaison, as specified. (Senate Committee on Appropriations - Held on the Suspense File)

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Nonprofits (Sponsor)
 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
 Access Central Coast
 Advanced Manufacturing Institute San Diego (AMI-SD)
 Advent Group Ministries
 Adventure Risk Challenge
 African American Network of Kern County, INC.
 Agudath Israel of California
 Almaden Valley Counseling Service
 Alternative Technologies
 Alternative Technologies Cooperative
 America on Track
 An Elderly Wish Foundation
 Angels Gate Cultural Center
 Aresis Ensemble (City Garage)
 Asociacion De Emprendedor@s
 Associates of Idyllwild Arts Foundation
 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
Ben Tzedek Legal Services
Bet Tzedek Legal Services
Beverly Hills Synagogue
Big Brothers Big Sisters of San Luis Obispo County
Bike East Bay
Books by Rachel
Boys & Girls Club of Laguna Beach
Boys & Girls Clubs of Mid Central Coast
Buen Vecino
Build Advisory
Build Advisory Corporation
Build Up Fitness
CACERN SF
CactusToCloud Institute
Cakecutter Institute
California 211 Providers Network (211 CA)
California Advocates for Nursing Home Reform
California Alliance of Child and Family Services
California Arts Advocates
California Association of Zoos & Aquariums
California Behavioral Health Association
California Community Action Partnership Association
California Ihss Consumer Alliance
California In-home Supportive Services Consumer Alliance
California Language Teachers' Association
California Latinas for Reproductive Justice
California Partnership to End Domestic Violence
California Product Stewardship Council
California ReLeaf
California Society of Association Executives
California Urban Forests Council
Calnonprofits
Calpride
Cambodia Town
Cambodia Town INC.
Cameo Network
Camp Fire Inland Southern California
Canal Alliance
Cancer Support Community San Francisco Bay Area
Casa Familiar
Celiac Disease Foundation
Center for Caregiver Advancement
Center for Environmental Health
Center for Nonprofit Leadership of the Sierra
Center of Vision Enhancement

Center Stage Theatrical Foundation
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 Action Commission of Santa Barbara County (Communify)
Community Alliance With Family Farmers
Community Bridge Housing
Community Bridge Housing Corp
Community Environmental Council
Community Foundation of the Valleys
Community Health for Asian Americans
Community Media Access Collaborative
Community Media Center of Marin
Community Partners
Community Resource Project
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
Created for Rose
Cycle Advisors
Delta Humane Society and SPCA of San Joaquin County
Democrats for Israel Los Angeles
Disability Media Alliance
DIY Girls
Doggie Does Good, INC.
Domestic Violence Solutions for Santa Barbara County
Doves of Big Bear Valley, INC.
Duc Learning Center
Earth Island Institute
Ecoarts of Lake County DbA Middletown Art Center
Ecologistics
Ecologists INC.
Education and Leadership Foundation
Education Francaise De Sacramento
Efficiency First California
Elkhorn Slough Foundation
EMDAD
Emilio Nares Foundation

Energy Transition Collective
Eth-Noh-Tec
Executive Service Corps of Southern California
Fairlight Advisors
Familias Tomando Acción
Families in Transition of Santa Cruz County, INC.
Family Resource Center
Family Service Agency of Santa Barbara County
Family Service Association
Farms to Grow, INC.
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
Hadassah, the Women's Zionist of America, INC.
Hanaeleh
Harmony Barn 501c3 Non Profit
Healing Los Angeles Together INC
Healing Together
Healthy Valley Foundation
Healy Senior Center of Southern Humboldt
Heart of the Valley Services for Seniors, INC.
Help Is Hope
Helpgood
Helpline Youth Counseling, INC.
Hillel of San Diego
Hispanic Foundation of Silicon Valley
HIV+ Aging Research Project
HIV+Aging Research Project-Palm Springs
Holden High School
Holocaust Museum LA
Homeschool Association of California
Honeybee Discovery Center
Human Agenda

ICAN California Abilities Network
IEHP Foundation
Ikigai Sanctuary
IMACA
Ink People, Inc.
Inland Empire Community Collaborative
Inland Empire Health Plan Foundation
Instituto De Educacion Popular Del Sur De California (IDEPSCA)
Jack Mcgovern Coats' Disease Foundation
JACL Pacific Southwest District
Janet S. Cohen Consulting
JCC Federation of San Luis Obispo
JCRC Bay Area
JCRC Santa Barbara County
Jewish California
Jewish California (formerly JPAC)
Jewish Center for Justice
Jewish Council for Public Affairs
Jewish Democratic Club of Marin
Jewish Family Service LA
Jewish Family Service of San Diego
Jewish Family Services of Silicon Valley
Jewish Federation Bay Area
Jewish Federation of Greater Santa Barbara
Jewish Federation of Orange County
Jewish Federation of the Desert
Jewish Federation of the Greater San Gabriel and Pomona Valleys
Jewish Partisan Educational Foundation
Jewish Silicon Valley
JFCD East Bay
JFCS Long Beach and Orange County
Jodi & Associate's LLC
Keeperz Corp
Kid City Hope Place
Kindling Communications
Kitty's Wildlife Refuge & ResCue 501 (C)3
Koreatown Youth and Community Center
LA Jolla Playhouse
Laguna Food Pantry
Lake Links, INC
Lamps of Light Project
Latino Community Foundation
League of California Community Foundations
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
MAAC
Making Hope Happen Foundation
Media Alliance
MEND (Meet Each Need With Dignity)
Mendo Food Network
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
Multi Ethnic Collaborative of Community Agencies
Multi-ethnic Collaborative of Community Agencies
Music Changing Lives
Mynd Vibes, INC
Nami Solano County
National Council of Jewish Women -sf
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
Novalex Foundation INC.
Oakland Public Education Fund
OC Bred INC.
Operation Freedom Paws
Orange County United Way
Orangewood Foundation
Outreach Uganda
Pacific Arts Movement
Para Los Ninos
Para Los Niños
Parentz@work
Parkview Legacy Foundation
Partnerships
Passports for Ataxians Foundation
Pathpoint
Permission to Write
Pesticide Action & Agroecology Network
Pesticide Action and Agroecology Network

Planned Parenthood Affiliates of California
Popps Consulting
Project Go, INC.
Proteus 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
Rising Stars Business Academy
Riverside Area Rape Crisis Center
Riverside Development Organization (RDO)
RMC Charitable Foundation
Rock'n Our Disabilities
Rockin' for the Arts
Rodeo Youth Mentoring Program
Rose Bowl Aquatics Center
RSM Cares - Bell Tower Foundation
Rural Advancement Partners
Rural Community Assistance Corporation (RCAC)
Sacramento Fire Department and Community Foundation
Sacramento LGBT Community Center
Sacramento Philharmonic & Opera
Sacramento Splash
Sacred Life Recovery Services
Safe & Sound
San Benito County Arts Council
San Diego Automotive Museum
San Diego Humane Society
San Francisco Safehouse
San Jose Conservation Corps
San Marcos Community Foundation
Santa Barbara Zoo
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
Shine Bright Like a Diamond Youth and Young Adults Org
Shoes That Fit
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
Simon Wiesenthal Center, INC.
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
SST Productions
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 Aresis Ensemble INC. (City Garage)
The Black Arts Museum
The Body Positive
The Can Man
The Can Man Company
The Emily Shane Foundation
The Heart of Ida
The Home Team Santa Barbara County
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 Watershed Research and Training Center
The Win Project
The Women's List
Therapy Dogs of Santa Barbara
Thewomenslist.org
Thrive Alliance
Tracy Community Connections Center
Transcanwork
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
Wildlife Madagascar
Women's Economic Ventures
Working Wardrobes for a New Start
Worksafe
Worksite Wellness LA
Ww Consulting for Good
Yolo County Children's Alliance
Yolo Farm to Fork
You Life Skills and Leadership Educational Foundation
Your Children's Trees
Youth Inspiration Nation INC
Youth Mentoring Connection
Youth Transforming Justice
Yuba Sutter Arts & Culture
Yüda Ayuda
Zimnotes

Opposition

None on file

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