
VETO

Bill No: SB 1240
Author: McNerney (D), et al.
Enrolled: 8/30/26
Vote: 27

SENATE GOVERNMENTAL ORG. COMMITTEE: 14-0, 3/24/26

AYES: Rubio, Valladares, Alvarado-Gil, Archuleta, Blakespear, Cervantes,
Dahle, Hurtado, Ochoa Bogh, Padilla, Richardson, Smallwood-Cuevas, Wahab,
Weber Pierson

NO VOTE RECORDED: Ashby

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26

AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SENATE FLOOR: 31-0, 5/22/26

AYES: Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes,
Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Laird, Limón,
McGuire, McNerney, Menjivar, Ochoa Bogh, Pérez, Reyes, Richardson, Rubio,
Seyarto, Smallwood-Cuevas, Umberg, Valladares, Wahab, Weber Pierson,
Wiener

NO VOTE RECORDED: Allen, Alvarado-Gil, Becker, Hurtado, Jones, Niello,
Padilla, Stern, Strickland

SENATE FLOOR: 36-0, 8/27/26

AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear,
Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove,
Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh,
Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern,
Strickland, Umberg, Wahab, Weber Pierson, Wiener

NO VOTE RECORDED: Cabaldon, Choi, Niello, Valladares

ASSEMBLY FLOOR: 65-6, 8/26/26 - See last page for vote

SUBJECT: Office of Nonprofit Empowerment

SOURCE: California Association of Nonprofits

DIGEST: This bill establishes the Office of Nonprofit Empowerment (ONE), upon appropriation by the Legislature, to coordinate state-level policies and strategies that support California's nonprofit organizations and establishes the Nonprofit Empowerment Fund, upon appropriation by the Legislature, to carry out the purposes of the office, as specified.

ANALYSIS:

Existing law establishes the Department of General Services (DGS) 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.

This bill:

- 1) Establishes, upon appropriation of the Legislature, ONE with the primary responsibility of overseeing and coordinating state-level policies and strategies that support California's nonprofit organizations.
- 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) Specifies the duties and functions of ONE, as specified.
- 4) Requires the Director to hire staff to assist in the fulfillment of the duties and responsibilities of ONE.
- 5) 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.
- 6) Requires ONE, on or before July 1, 2028, to 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, and potential statutory and regulatory changes, as specified.

- 1) Establishes the Nonprofit Empowerment Fund in the State Treasury and makes moneys in the fund available, upon appropriation by the Legislature, to carry out the purposes of the bill, as specified.
- 2) Authorizes ONE, or GovOps on behalf of ONE, to collect and receive any gifts, bequests, grants, or donations from private, foundation, or nonstate sources to carry out the purposes of this bill in support of ONE, as specified.
- 3) Includes a sunset date for ONE of January 1, 2037, and of that date is repealed.
- 4) Includes relevant definitions and 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 Government Operations Agency. According to the GovOps' internet website, the agency leads implementation of strategic initiatives focused on

accelerating innovation in state operations. GovOps is one of 11 cabinet-level agencies that report to the Governor. The agency oversees and supports the work of 14 departments, boards, and offices with more than 23,000 employees.

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.

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.

Additionally, this bill establishes the Nonprofit Empowerment Fund within the State Treasury to be made available to ONE, upon appropriation by the Legislature, to carry out the purposes of the bill. This bill includes a sunset date of January 1, 2037, and as of that date will be repealed.

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

According to the Assembly Committee on Appropriations analysis, "Ongoing cost pressures, likely in the low millions of dollars annually, to staff and operate ONE, including office space, equipment, travel and meeting resources, and external contracts (General Fund). The author requested state budget funding of \$1.7 million in fiscal year 2026-27 and \$1.66 million annually thereafter to support approximately six permanent positions (director, staff services manager, attorney, two program analysts, and executive assistant) and associated operating costs for ONE. The Budget Act of 2026 did not appropriate funds for this purpose."

SUPPORT: (Verified 10/26/28)

California Association of Nonprofits (source)

1 Click Consultants

24 Hour Oakland Parent Teacher Children Center INC.

24th St. Theatre

24th Street Theatre

24th Street Theatre Company

3rd Street Youth Center & Clinic

AAPI Equity Alliance

ABC INC

Abled

Abrazar, INC.

Access Central Coast

Advanced Manufacturing Institute San Diego

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 & Energy Services
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
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 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
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 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 SPCA of
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
Indivisible CA Statestrong
Ink People
Inland Empire Community Collaborative
Inland Empire Health Plan Foundation
Instituto De Educacion Popular Del Sur De California
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
JFCS 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 Foundtion
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
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
Oakland; City of
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
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
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 Collaborative
Southern Trinity Area Rescue
Sports and Social Change
Springwave Studios
Sst Productions
Ssta Aware Foundation
Starting Over INC.
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.
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: (Verified 10/26/28)

None received

ARGUMENTS IN SUPPORT: In support of the bill, the California Association of Nonprofits write, in part, the “success of New York’s Mayor’s Office of Nonprofit Services (MONS) provides a verified blueprint for California’s proposed [ONE], proving that a centralized hub can transform the nonprofit sector from a bureaucratic afterthought into a strategic priority. MONS operationalized systemic solutions that transformed New York’s contract management: it slashed a staggering \$11 billion contract backlog to under \$3 billion, unlocked \$4.2 billion in delayed, retroactive funds for 451 stalled providers, and eliminated 11 months of delays by cutting contract processing times by nearly 90%. Furthermore, MONS doubled advance payment standards to 50% and eliminated 13 tedious bureaucratic steps to deliver 100% upfront funding for smaller discretionary grants. These metrics demonstrate that a dedicated nonprofit office is not an added layer of bureaucracy, but a powerful efficiency engine that actively protects public funding and optimizes service delivery.”

GOVERNOR'S VETO MESSAGE:

This bill would establish the Office of Nonprofit Empowerment within the Government Operations Agency to oversee and coordinate state-level policies and strategies to support California’s nonprofit organizations. This bill would also establish the Nonprofit Empowerment Fund in the State Treasury to carry out the purposes of the bill in support of the office.

I appreciate the author’s goal of creating a dedicated venue to advance policies and conversations on how to support our nonprofit partners; however, the establishment and continued operation of this new office would result in millions of dollars of costs outside of the budget process.

In partnership with the Legislature this year, my administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government’s hostile economic policies, it is vital that we remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.

For this reason, I cannot sign this bill.

ASSEMBLY FLOOR: 65-6, 8/26/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Johnson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: DeMaio, Dixon, Ellis, Macedo, Sanchez, Tangipa

NO VOTE RECORDED: Castillo, Chen, Flora, Hadwick, Hoover, Lackey, Ortega, Ta

Prepared by: Brian Duke / G.O. / (916) 651-1530

10/2/26 11:29:48

**** END ****