

Hart Bill Will Help California Nonprofits

Stops Long Delays Before Organizations Can Receive Grant Funding

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Waiting for funding is most often not in the budget for many of California's more than 110,500 nonprofit organizations. But when it comes to state payments, they're basically told to take a number.

New legislation introduced by assemblymember Gregg Hart, however, would be the first in the nation to expedite and untangle the process through which community nonprofits receive funding from state grants and contracts.

Nonprofits rely on a reimbursement model for expenses and "are often placed in the challenging position of having to consider pursuing loans to cover costs associated with starting up state grants and contracts," according to Hart's office. "For example, one nonprofit paid over \$28,000 in interest last year while waiting for payments from the state."



Assembly Bill 590 would expand existing state law for state agencies to advance payments to nonprofits, while prioritizing recipients that serve disadvantaged communities. It would minimize wait-time strain by ensuring nonprofits can receive 25 percent of contracted state funds upfront.

"This legislation will remove a key funding barrier to bolster the nonprofit sector and outcomes for communities across California" Hart said.

"Providing nonprofits with upfront payments will ensure all nonprofits serving our communities have fair and equitable access to state funding."

The bill is a part of a seven-bill package called the California Nonprofit Equity Initiative, which is meant to strengthen the partnership between the State of California and the nonprofits that serve its communities. The bill is currently making its way through committee review.

“Assemblymember Hart’s proposal would help to simplify and streamline an incredibly complex and often inconsistent system of payments to nonprofits ... allowing organizations to focus on the critical work they do every day” said Geoff Green, CEO of the Santa Barbara City College Foundation.

“Whether it’s supporting those struggling with poverty, preventing violence, teaching our youth, or cleaning up our environment,” Green continued, “nonprofit organizations are recognized as the most effective partners that government agencies have in executing their important missions.”

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