

Date of Hearing: March 29, 2023

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW

Cottie Petrie-Norris, Chair

AB 860 (Valencia) – As Amended March 13, 2023

SUBJECT: Grant programs: administration

SUMMARY: > This bill would create the new Small Grants Program to impose minimum requirements for the administration of “covered grants” that meet maximum size and duration requirements and are available to nonprofit organizations, as defined. Specifically, **this bill** would:

- 1) Require state agency, local agency or third-party contract grant administrators to post eligibility, application, and other information for “covered grants” funded by the state on their internet website and the above-described grant portal created by the California State Library.
- 2) Define “covered grants” as a grant made by a state agency or administrator that meets all of the following requirements:
 - a) The grant amount is not greater than twenty thousand dollars (\$20,000).
 - b) The duration of the grant period is not greater than one year.
 - c) Eligible recipients of the grant program include nonprofit organizations.
- 3) Require administrators to provide eligible recipients with the ability to apply for a covered grant online.
- 4) Require administrators for grant programs totaling \$200,000 or more to conduct outreach to eligible nonprofits, at least 90 days before the application deadline, including outreach to rural, low-income, and disadvantaged communities.
- 5) Impose minimum requirements on the distribution of grant funds. An administrator shall distribute at least 50 percent of a grant award and may distribute up to 100 percent of a grant award upon execution of a covered grant.
 - a) Prohibit an administrator from requiring any of the following:
A recipient of a covered grant to provide receipts for any expense other than nonpayroll expenses paid to a single vendor for 50 percent or more of the grant award.
 - b) A narrative portion of a report for a covered grant to be more than 600 words.
 - c) A grant recipient to carry insurance coverage limits that exceed the risk associated with the covered grant activity.

EXISTING LAW:

The California State Library shall create an Internet Web portal that provides a centralized location for grant seekers to find state grant opportunities. (**Government Code Section 8333.1**)

Each state agency shall register every grant the state agency administers with the California State Library Internet Web portal prior to commencing a solicitation or award process for distribution of the grant. Each agency shall provide detail information about each grant to provide potential applicants with understandable and consistent information about available funding opportunities. **(Government Code Section 8334)**

FISCAL EFFECT: Unknown, this bill has not been analyzed by a fiscal committee.

COMMENTS:

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.”

One Size Does Not Fit All. Having the same administrative process for both a \$1 million and a \$20,000 grant or contract is clearly unreasonable and burdensome. According to proponents, some agencies have already begun to streamline administrative requirements for small grants. Specifically noted was the California Department of Public Health (CDPH). The California Association of Nonprofits and its’ coalition members noted in their Letter of Support that:

“CDPH “made a dozen of outreach grants of \$5,000 or less to both small and large nonprofits. The final report was simplified, requiring no more than 1,100 words in narrative, and no receipts. While not appropriate for large grants and contracts, this process was efficient, equitable and appropriate for small contracts.”

AB 860 is similarly attempting to streamline overly burdensome administrative requirements for small grants and contracts.

According to the Author:

“AB 860 is an important and timely bill that will improve and streamline nonprofits’ ability to access state grants by reducing the effort and expense associated with applying for and receiving state funds pursuant to very small grants.”

“AB 860 will ensure California partners equitably with small nonprofits, so they may thrive as both service providers and employers. Nonprofits have continuously stepped up to provide services to our communities and our most needy, particularly during the COVID pandemic. As demonstrated by the testimony from the Joint Informational Hearing from last session, nonprofits are struggling to stay afloat, afford basic necessities, and are unable to recruit and retain qualified staff. We cannot provide these services at the expense of our nonprofit partners. California is well positioned to improve how it contracts and provides small grants to nonprofits.”

“AB 860 will streamline access to small grants by reducing barriers and over burdensome administrative requirements. AB 860 is part of the California Nonprofit Contracting Equity Initiative legislative package aimed at strengthening the essential partnership between the state and nonprofits to benefit all Californians, particularly our most vulnerable residents.”

Arguments in Support:

Proponents of the measure, including the California Association of Nonprofits (Sponsor), noted in their letter of support that the “size of state Grants and contracts vary significantly. Opportunities currently listed on the state’s grants portal – grants.ca.gov – include grants as large as \$22 million and as small as \$320. Using the same application, qualifications and reporting processes for small contracts is unnecessary and expensive.”

They further state that AB 860 will “support the state’s equity and access goals by reducing the effort and expense associated with very small state grants to nonprofits, including those administered by a third part.”

Arguments in Opposition:

None on File.

Prior/Related Legislation

AB 2252 (Limon), Chapter 318, Statutes of 2018, required the California State Library, by July 1, 2020, to create an online funding opportunity portal that provides grant seekers a central location for state grant information. Requires each state agency to provide to register every grant the state agency administers with the State Library prior to commencing a solicitation or award process for distribution of the grant. Require the State Library to provide an annual report to the Legislature on the effectiveness of the portal.

AB 1348 (Irwin), Chapter 444, Statutes of 2016, established the position of federal grant administrator within the State Clearinghouse, to serve as the state’s primary point of contact for information on federal grants related to community, economic, and local development.

AB 187 (Hertzberg), Chapter 405, Statutes of 1999, the Grant Information Act of 1999 authorized state agencies to make available on their Internet Web sites a listing of all grants administered by that agency, as specified.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Nonprofits
California Council of Community Behavioral Health Agencies (CBHA)
California Partnership to End Domestic Violence
California Releaf
Center for Nonprofit Management
Children's Institute
Community Alliance With Family Farmers
Community Bridges

El Concilio
Fresno Building Healthy Communities
Healthright 360
Inland Empire Community Collaborative
Inland Southern California United Way
Koreatown Youth + Community Center
Meals on Wheels California
Nonprofit Finance Fund (NFF)
Path (people Assisting the Homeless)
Rural Community Assistance Corporation (RCAC)
Santa Cruz Volunteer Center
Self-help Enterprises
Treepeople
United Ways of California (UWCA)

Opposition

None on file.

Analysis Prepared by: Bernie Orozco / A. & A.R. / (916) 319-3600