

Senate Bill 1240

Office of Nonprofit Empowerment

Senator Jerry McNerney (SD 5)

THIS BILL

SB 1240 establishes the Office of Nonprofit Empowerment (ONE) to formalize and strengthen the partnership between the State of California and the nonprofit sector. By serving as a centralized hub for collaboration, ONE modernizes the state's government-nonprofit infrastructure to ensure that the nonprofit organizations keeping our communities safe, healthy, and vibrant have the support they need to thrive. Similar to GO-Biz for the business sector, ONE would be designed specifically to support California nonprofits.

ISSUE

The nonprofit sector is a valuable partner to government in providing community-focused solutions. Nonprofits are the third largest employer by wages among key industries in California, and 1 in every 14 California jobs is at a nonprofit. They also bring over \$40 billion into the state each year from out-of-state sources.

While nonprofits are essential partners in extending the reach of public agencies and innovating community solutions, they face systemic hurdles navigating California's state government. Current procurement and grant-making processes are needlessly complex, payments for services are often delayed, and state funding rarely covers the full cost of service delivery, according to a recent report from the [Little Hoover Commission](#).

Low-income families, seniors, people with disabilities, immigrants, and other vulnerable Californians rely on nonprofit-provided services every day. When a nonprofit can't access state funds because the process is too complicated or is forced to cut programs because payments from the state are months late, Californians lose access to food, shelter, health care, and support. The people who suffer most when nonprofits struggle are the ones who can least afford it.

Other sectors already benefit from dedicated state support. California's business community has GO-Biz — the Governor's Office of Business and

Economic Development — and the Office of the Small Business Advocate to help companies navigate government, access resources, and grow. Nonprofits, which employ 1 in 10 Californians and

generate 15% of the state's economic output, deserve the same level of institutional support.

SB 1240 adopts one of the recommendations of the Little Hoover Commission report – to establish a nonprofit liaison office within the governor's office. By moving from a fragmented approach to a centralized, supportive infrastructure, California can more effectively serve its communities, streamline service delivery, and support nonprofits that are the backbone of our social safety net.

SOLUTION

SB 1240 would create the Office of Nonprofit Empowerment to serve key functions:

- Policy Reform: Identifying and removing barriers in state contracting and grant processes.
- Interagency Coordination: Fostering alignment and consistency among state entities that work with the nonprofit sector.
- Technical Assistance: Providing direct support to nonprofits to help them navigate state systems.
- Training and Education: Educating state entities on best practices for effective nonprofit partnerships.

SUPPORT

CalNonprofits (Sponsor)
Little Hoover Commission

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