

**\*\*P R E S S R E L E A S E\*\***

Oct. 26, 2022

**FOR IMMEDIATE RELEASE**

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**HUNDREDS OF CALIFORNIA COMMUNITY LEADERS CALL ON STATE OFFICIALS TO ADDRESS PARTNERSHIP CHALLENGES**

*More than 550 leaders request state contracting improvements to bolster the nonprofit sector and outcomes for communities*

SACRAMENTO - Today more than 550 nonprofit, philanthropic, and community leaders from across California called on state officials to modify contracting practices to produce more timely, reliable, and equitable payments to nonprofits, support living wages, and increase access to contracts for smaller and BIPOC-led organizations performing critical work in communities across the state. The combination of the pandemic, record state spending in critical state programs, and inflation/economic instability have created an urgent need to address long-standing contracting issues.

Today 553 leaders representing organizations headquartered in 41 counties delivered [a letter](#) to Governor Gavin Newsom and state legislative leaders. The letter is the product of an effort by a new statewide California Contracting Coalition of service providers and grantees, convened by the California Association of Nonprofits (CalNonprofits). This work grows out of compelling testimony provided at a [legislative hearing](#) held earlier this year bringing to light the intense pressures being felt by nonprofits that contract with the state to deliver vital services at rates below actual costs – even as the state experiences record budget surpluses.

The Coalition, joined by hundreds of nonprofit and philanthropic colleagues, asks for near-term state action to enact improvements to the way government and nonprofits work together to provide a wide range of services every day to millions of Californians. According to [Causes Count 2019: The Economic Power of California's Nonprofits](#), nonprofits are an important and often overlooked economic driver in California: one in every 14 California jobs is at a nonprofit and approximately 1.2 million Californians work at a nonprofit.

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Among the actions sought:

- Incorporating upfront payments and startup costs into contracts and grants;
- Offering multi-year contracts that keep pace with costs;
- Funding living wages for nonprofit staff;
- Assuring prompt and electronic payment;
- Reimbursing the full costs associated with operating programs and projects for the state;
- Ensuring access to state grants for small and BIPOC-led nonprofits.

The state's leading nonprofit champions are ready to help lead this effort, with **Senator Monique Limón (D-Santa Barbara), chair of the Senate Select Committee on the Nonprofit Sector** leading the charge. "As legislators we recognize that government needs a stronger partnership with our local nonprofits in order to provide important services. Nonprofits have endured contracting challenges for decades, but improvements are needed to ensure that we nonprofits can continue to be a thriving partner to the state and their communities."

**Assemblymember Luz Rivas (D-Arleta), chair of the Assembly Select Committee on the Nonprofit Sector** stresses the urgency of acting now. "California's nonprofits have been serving our state's most vulnerable populations well before the pandemic. They have provided housing to the unhoused, food to those experiencing food insecurity, health care to those without insurance – the list goes on. Right now, the state's nonprofits are asking for our support as they assist the people who need it the most. In order for them to continue the heroic work they do, we must ensure that contracting practices are reliable, equitable, and sustainable."

"Nonprofits are here to serve the people of California and take great pride in partnering effectively with the state," said **Jan Masaoka, CEO of the California Association of Nonprofits**. "During the pandemic, some government agencies were able to streamline their paperwork, reduce unreasonable documentation requirements, expedite payments, and allow flexibility without lengthy budget amendment processes - so we know it can be done if we work together."

"Our organization is proud to partner with the State of California to provide services to men and women re-entering the community following incarceration, but we can't afford to subsidize the real and rising program costs and worry about checks being lost in the mail," said **Tony Duong, CFO for HealthRIGHT360**. "We are confident there are practical solutions that would strengthen our partnership with state and local governments, and ensure more fairness and equity for our organizations, communities, staff, and those we serve."

"The state's messaging around equity and inclusion are clear, but prohibitive grant and contracting processes for grassroots community organizations, who may be the best trusted messengers to connect with 'hard-to-reach' communities end up leaving out the very equity-based community organizations we should be seeking to fund and support to meet our collective goals," said **Anna Hasselblad, director of public policy for United Ways of California**. "California should adjust its contracting requirements and processes to remove barriers for grassroots, highly qualified organizations."

"Economic recovery and equitable opportunity should not depend on nonprofit organizations hosting golf tournaments and galas to cover costs associated with managing programs for the state serving Californians," said **Regina Birdsall, president and CEO of the Southern**

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**California Center of Nonprofit Management.** “The state’s contracting practices make it impossible to meet the needs of those hardest hit by pandemic and economic instability in a sustainable way.”

New state spending supports programs focused on affordable housing, homelessness, health, food access, senior nutrition, the arts, and so much more. To accomplish the state’s objectives, state agencies and local governments will continue to turn to nonprofit partners to deliver key services as efficiently as possible. One-third of Medi-Cal services and more than one-fourth of Medicare services in the state are delivered by nonprofits. All food bank services in California are provided by nonprofits, and domestic violence services providers in California are all nonprofits.

Members of the California Contracting Coalition include: California Partnership to End Domestic Violence, California ReLeaf, Children’s Institute, Community Bridges, Corporation for Supportive Housing (CSH), Fresno Building Healthy Communities, Housing California, Inland Empire Community Collaborative, Koreatown Youth + Community Center, Leadership Counsel for Justice & Accountability, Meals on Wheels California, Nonprofit Finance Fund, PATH, Southern California Center for Nonprofit Management, Rural Community Assistance Corp, Santa Cruz Volunteer Center, Self-Help Enterprises, TreePeople, and United Ways of California.

[Read the full letter here.](#)

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