

For Immediate Release

Contact: Jennifer Fearing, jenniferf@calnonprofits.org, 916-992-3667

California's Nonprofits Step Up During Crisis, But Irreparable Harm to Sector Underway

State could ease strain with contract flexibility and support

SAN FRANCISCO (April 13, 2020) – The California Association of Nonprofits – a policy alliance of more than 10,000 nonprofits – warns that absent immediate state action, the viability of thousands of nonprofits is in jeopardy.

“Nonprofits are key partners with state and local governments in the delivery of essential services to communities across California. From health care to child care to senior food delivery to homeless animal care, nonprofits are reliably stepping up to continue supporting their communities as allowable under the shelter-in-place mandate.” said Jan Masaoka, CalNonprofits' CEO. “But we need the state to act now to assure these partners that during this emergency there will be added flexibility in their contracts, so they can both meet the needs of this moment and survive. If Governor Newsom doesn't act soon, the damage to our sector and our communities will be irreparable.”

In response to a questionnaire sent late last week to CalNonprofits' members, nearly 600 nonprofits detailed major issues they're having with state and local government contracts. Of the 313 respondents with state contracts, nearly two-thirds report significant or tremendous negative impacts associated with navigating contract deliverables, more than half report major challenges with flexibility around line item expense modifications, and half are struggling to get masks and other personal protective equipment they need to safely carry out their essential work.

Some examples include:

- “We still do not yet have clear direction regarding the amount of flexibility we can apply to our contracts. In one case we are limited in our draw down due to suspended activities and we also cannot defer any of the resources into the next fiscal year. No carry forward will be allowed.” *Lisa Countryman-Quiroz, CEO, JVS (Jewish Vocational Service) in San Francisco*
- “We have been authorized to expand food distribution and are doing so, but no government entity has confirmed they will reimburse us for the added

expenses.” *Michele Lew, CEO, The Health Trust in Santa Clara county, which operates a Meals on Wheels program*

- “One of our initiatives is the only location in the county still providing free tax services and has been overwhelmed with people needing services so that they can receive their earned income tax credit and their stimulus relief funds. This has been hampered by a lack of urgency from government to amend the contract terms and deadlines of local nonprofit organizations.” *James Becker, President and CEO, Richmond Community Foundation*
- “There have been no additional funds slated for the care for essential workers so serving them is contingent on being able to do so with existing contract funds. Not one new essential worker has been supported with earmarked state or federal dollars.” *Kay Ruhstaller, CEO, Family Resource & Referral Center, in San Joaquin county*
- “Change government grant award "close out" requirements. We are keeping both our Domestic Violence Resource Center and our shelter open and continue to pay all our full-time and part-time staff whether they are working or not. Our expenses remain the same, however, the number of clients served will be low this fiscal year.” *Mary Ellen Mitchell, Executive Director, WomenShelter of Long Beach*

As the fourth largest employer in the state -- one in every 14 jobs is at a nonprofit -- the sector generates 15% of the state’s GDP. Providing services through nonprofits is a core strategy for the state and local governments.

On March 21, more than one thousand nonprofit leaders [wrote to Governor Gavin Newsom](#) and state legislative and budget leaders requesting assurance that thousands of government service partners with contracts and grants will continue to be paid and given flexibility in recognition of the statewide shelter-in-place mandate. A week later, thirty members of the California State Assembly, led by Assemblymembers Luz Rivas (D-Arleta) and Monique Limon (D-Santa Barbara), echoed this request in [their own letter](#) to the Governor.

The request calls for provisions similar to those included in a federal [Office of Management and Budget guidance memo](#) and one issued by the [City and County of San Francisco on March 11](#), which was [updated on April 4](#). Connecticut Governor Ned Lamont issued similar direction on March 27, [in a call with nonprofit leaders](#) in that state.

Specifically, California’s nonprofits are seeking state assurances that:

- All California government agencies will continue to pay on contracts and grants with nonprofits if they are underperforming due to temporary closures and suspension or reduction of services associated with COVID-19.
- An expedited or automatic approval process for budget modifications that do not increase the contract total will be instituted to allow nonprofits to move budget-line items associated with existing contracts to new COVID-19 related priorities such as the cost of disinfecting facilities.
- State agencies will waive certain certification procedures to let nonprofits provide COVID-19 related emergency and essential services as needed and appropriate.
- New and immediate emergency funds be made available to address increased COVID-19 related costs to nonprofits to support the uninterrupted delivery of essential services that affect public health, such as stepped-up sanitation, take-out meals for the homeless, and pre-packaged food at food banks.
- Programs aimed at assisting employers, tenants, utility ratepayers, etc. through the COVID-19 crisis be made equally available and beneficial to nonprofit and for-profit entities.

While consistency is lacking, nonprofits around the state did commend several local governments and state agencies that have been quick to provide the kinds of contract flexibility and assurances that we are seeking across-the-board. Notably, nonprofit contractors with the counties of Alameda, Los Angeles, Marin, Monterey, Napa, San Benito, San Bernardino, San Diego, San Francisco, San Mateo, and Santa Clara, and the cities of Los Angeles, Oakland, Sacramento, San Jose, Santa Ana, Santa Barbara, Santa Cruz, and Sunnyvale, voiced appreciation for quick actions like converting contracts from performance- to cost-based, assuring quick payment, and approving modifications as needed to adapt to the changed circumstances. Nonprofits also praised the responsiveness of CalOES, the California Census Office, the California Department of Aging, the California Arts Council, the California Department of Education, the California Air Resources Board, the California Department of Rehabilitation, and the California Department of Developmental Services.

“We are heartened by the Governor’s leadership and that of local leaders during this unprecedented crisis,” continued Masaoka. “California’s nonprofits are always meeting the moment and are meeting this one. As such, we need Governor Newsom to recognize our commitment and essentiality and provide consistent direction to ensure nonprofit partners’ viability.”

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