

March 16, 2021

The Honorable Steven Glazer
California State Senate
State Capitol, Room 5108
Sacramento, CA 95814-4900

RE: Senate Bill 784 (Glazer) - Support

Dear Senator Glazer:

On behalf of the California Association of Nonprofits (CalNonprofits), I am writing in strong support of SB 784 (Glazer), which will bring much-needed contract flexibility, during state emergencies, to nonprofit organizations providing direct services under contracts with California state agencies.

CalNonprofits, a statewide policy alliance of more than 10,000 organizations, is the voice for California's nonprofit community. Through our advocacy, we protect and enhance the ability of California nonprofits to serve our local communities, our state, the nation, and the world.

California nonprofits provide vital services to our communities, including 32 percent of all Medi-Cal services, and have stepped up even more during the pandemic to respond quickly and flexibly to the needs of Californians. The current crisis has highlighted the need for nonprofit organizations to be able to adapt their contracted programs during emergencies and to shift expenses to cover new costs associated with the crisis.

In 2020, a CalNonprofits survey of more than 600 nonprofits from across forty-four counties revealed that 86 percent needed changes in their state contract deliverable requirements because of the pandemic's impact on their work. For example, a nonprofit foster care agency was unclear how to contend with performance obligations when shelter-in-place requirements complicated required home visits to confirm the health and safety of foster care children. A nonprofit mental health provider for Medi-Cal recipients wanted to adjust its payments to ensure providers would not have to be laid off and needed quick agency guidance to make those changes.

Sixty percent of these survey respondents provide essential services as defined by state government, and over half support state programs through grants and contracts with the state. Clearly, the state has an interest in ensuring these services continue during an emergency, and a streamlined way of assuring contract flexibility is warranted.

SB 784 will provide that, in a declared emergency, nonprofits party to a contract with the state may adjust their services to best accomplish the primary purpose of the contract. The bill will require nonprofits to notify the contracting agency of any changes to services and expenses and to document use of funds, and mandates alternative invoicing methods, during emergencies, for fee-for-service contracts.

As the backbone of the state's services supply chain, and as key employers in the state, nonprofits must have contract flexibility and prompt payments during emergencies. Maintaining this infrastructure supports the wellbeing of Californians and the recovery of our economy, during times of crisis.

Thank you for your leadership on this important piece of legislation. Please call on us to assist however we can to ensure its success.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Masaoka", with a long horizontal flourish extending to the right.

Jan Masaoka,
CEO, California Association of Nonprofits

cc: Jennifer Fearing, Sacramento Advocate, California Association of Nonprofits