

Advance Pay Guidance for TCC Grantees

Version 2

Updated August 15, 2024

Summary of Changes:

- Lead Grantees may advance payment to Partners of any entity type.
- SGC will provide future guidance on how to spend earned interest.
- Clarified that the Lead Grantees must comply with both relevant Government Code sections (Government Code section 11019.3, subdivision (c)(2)(A), and Government Code section 11019.1, subdivision (c)(2)(A)).

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Background and Overview

Recently passed legislation allows SGC to administer advance pay to **TCC Lead Grantees from Rounds 4 and 5 until July 1, 2025**, and to some TCC Lead Grantees until the end of their grant terms. Only Lead Grantees can request advance payment from SGC. Lead Grantees may choose to use their advance payment to administer advance payment to Partners (subrecipients) if the Lead Grantee ensures each Partner to which they issue advance payment satisfies certain minimum requirements, as described in Section 3 of this document.

Lead Grantees can only request up to 25% of the total grant amount cumulatively over the course of the grant term. SGC will make exceptions to this 25% cap under specific circumstances (see Section 1 below for more information).

Grantees who receive advance payment are still required to follow invoicing and reporting requirements as outlined in the grant agreement, including submitting progress reports and necessary supporting documentation with invoices.

Section 1 contains general information about advance pay for all Lead Grantees and Partners. **Section 2** contains information for Lead Grantees who would like to request advance pay from SGC.

Section 3 contains information for Lead Grantees who would like to receive advance pay from SGC *and* administer advance pay to their Partners.

Section 1: Information for Lead Grantees and Partners

Eligibility

Advance pay is available to TCC Lead Grantees from Rounds 4 and 5. Advance pay is not available to Grantees from Rounds 1 through 3. A Grantee must have an executed grant agreement to receive advance pay.

Only the Lead Grantee may request and receive advance payment from SGC. The Lead Grantee may use advance payments for their own costs (including paying Partner invoices prior to receiving the reimbursement check from the state) and to advance payment to Partners. In order to advance payment to Partners, Lead Grantees will need to develop their own procedures to administer advance payment. **The Lead Grantees must ensure that each Partner to which they issue advance payment satisfies the minimum requirements found in Government Code section 11019.3, subdivision (c)(2)(A), and Government Code section 11019.1, subdivision (c)(2)(A),** as noted in Section 3 of this document.

SGC has authority to administer advance pay to **local agencies** (any city, county, special district, authority, or other political subdivision of the state) and **nongovernmental entities** until July 1, 2025. Local agencies and nongovernmental entities must submit an undisputed request for advance pay by **May 1, 2025**. SGC has authority to administer advance pay to **private, nonprofit organizations** qualified under section 501(c)(3) of the Internal Revenue Code **indefinitely**.

Only the identity of the Lead Grantee matters in determining eligibility for receiving advance pay. If a Partner is a nonprofit organization but the Lead Grantee is a local agency, SGC will only be able to administer advance pay to the Lead Grantee until July 1, 2025, in the absence of further legislative action.

The Lead Grantee may use advance payment received from TCC to advance payment to Partners of any entity type, including tribes, in accordance with the Lead Grantee's policies and procedures. All Partners must still comply with documentation and reporting requirements, including depositing all advanced funds into a federally insured, interest-bearing account and report interest earned to TCC (see Sections 2 and 3 for more information).

TCC does not have authority to administer advance pay to federally recognized tribes. California Native American Tribes that are organized as a 501(c)(3) nonprofit and are not federally recognized are eligible as private, nonprofit organizations.

Lead Grantees can only request up to 25% of the total grant amount cumulatively over the course of the grant term. SGC will make exceptions to this 25% cap if the following conditions are met:

1. The grantee meets all advance pay eligibility requirements.
2. The grantee has spent previous advance payments (if applicable) as planned and has complied with all TCC requirements, including reporting and invoicing.

3. The grantee demonstrates that they need to exceed the 25% advance pay cap for one of the following purposes:
 - a. To advance payment for a large purchase or capital project (such as a construction project, land acquisition, or equipment purchase such as vehicle(s) or bus(es))

Advance pay materials are available in the Grantee Resources folder on the TCC SharePoint site under Grantee Resources folder. TCC staff are available for any questions or extra support needed throughout this process.

Lead Grantees can submit requests for advance payment at any time after grant execution (i.e., you do not need to wait for a standard invoicing period to submit an Advance Payment Request Form).

Next steps for Lead Grantees

1. Review this document and the attached materials. If you and your partners have questions about advance pay, please email them to tcc@sgc.ca.gov with your DOC and SGC grant managers cc'd.
2. Discuss the availability of advance pay internally and with your Partners to determine the need and interest.
3. If you decide to request advance pay from SGC, read the Request Form, the Threshold Checklist, and Section 2 of this document.
4. If you will be requesting advance pay from SGC and using it to administer advance payment to one or more Partners, please also read Section 3 of this document. Begin developing your procedures for administering advance payment and then onboard your Partners to the process.
5. Expect revised advance pay materials and procedures from TCC staff as we pilot this process.

Section 2: Information for Lead Grantees

This section provides instruction for the Lead Grantee to submit a request for advance payment to SGC for the Lead Grantee's use (i.e., the funds will not be advanced to Partners). If you would like to administer advance payment to your Partners, please also read Section 3.

How to Submit an Advance Pay Request

For each advance pay request, the Lead Grantee must complete three forms and submit additional supporting documentation.

The three forms are:

- Advance Pay Threshold Checklist
- Advance Pay Request Form
- Advance Pay Invoice

To submit the request, please email all three forms and all supporting documentation to accountspayable@opr.ca.gov with your DOC and SGC grant managers copied. If you would like TCC staff to review your request before you submit it, please inform your DOC and SGC grant managers.

If you plan to submit additional advance pay requests in the future, we recommend saving editable versions of these forms so that you can revise them. Most information will remain the same for each request.

Once TCC staff receive your request, they may follow up with you for clarifications or for corrections as they do during the standard invoicing process. TCC staff will make every effort to review advance payment requests promptly. Advance payments will be made via check through the same process as standard reimbursements.

Summary of Advance Pay Forms

Form 1: Advance Pay Threshold Checklist

Purpose: To establish that the Lead Grantee is eligible to receive advance pay and agrees to comply with all advance pay requirements.

Additional documentation required:

The Lead Grantee may have already submitted some of the documents required by Section A of the Advance Pay Threshold Checklist when they submitted their application to TCC. Other documents are publicly available online and can be obtained independently by TCC staff.

Before you begin your first advance pay request, please inform your DOC grant manager so that they can let you know which of these documents you will need to submit.

- **Audits:** A copy of your most recent audit and any findings from the last five years. If you have not conducted any audits in the last five years, please provide an explanation in writing (such as an email to your DOC and SGC grant managers).
- **Certificate of liability insurance:** Demonstrates that the organization complies with the insurance requirements in the TCC grant agreement.
- **Bank or financial statement showing a federally insured and interest-bearing account held by the Lead Grantee at the same financial institution where you will deposit the advance payments:** Demonstrates that you are able to comply with this requirement of the advance pay policies. Once SGC approves your first advance pay request, you must (if you have not done so already) open a new, eligible account or subaccount at that same institution to be used exclusively to administer TCC advance pay.
- ***Franchise Tax Board Status Letter:** Verifies whether an entity is in good standing.
- ***IRS Determination Letter:** Verifies that an organization is a 501(c)(3) nonprofit.
- ***Documentation of Secretary of State status:** Verifies that an entity is currently in good standing with the CA Secretary of State.

**Items marked with an asterisk are not required for public agencies.*

Form 2: Advance Pay Request Form

Purpose: To formally request advance payment, provide a justification for the request, and describe how the funds will be spent.

Form 3: Advance Pay Invoice

Purpose: To trigger payment from SGC's accounts payable office once TCC staff have approved the Advance Pay Request Form. This document will be separate from your normal invoice.

How to Administer Advance Pay

Once a grantee has received their advance payment, they must deposit it into a federally-insured, interest-bearing account that provides the ability to track interest earned and withdrawals. The grantee must retain documentation (i.e., bank statements) of all advance pay transactions and report it to SGC (see next section).

Once SGC approves your first advance pay request, the Lead Grantee must (if you have not done so already) open a new, eligible account or subaccount to be used exclusively to administer TCC advance pay. This will allow for tracking the amount of interest earned. Within two weeks of receiving **each** advance payment, the Lead Grantee must provide documentation that verifies advanced funds have been deposited into the dedicated account.

Because the interest earned on advanced payment is considered grant money, the Lead Grantee may only spend the interest on tasks included in the TCC grant agreement, or on other TCC-related expenses pre-approved by TCC staff. All interest must be spent by the end of the TCC grant term. Any unspent interest remaining at the end of the grant term must be returned to SGC (which can be accomplished by withholding the corresponding amount from the final invoice) to ensure it does not become a gift of state funds. The Lead Grantee must report on how they spend the interest using the standard TCC invoicing requirements. Interest earned in the bank accounts of Partners (subrecipients) must follow these same requirements (see Section 3). SGC will issue further requirements regarding how to allocate, spend, and report interest.

As detailed in the Advance Pay Threshold Checklist, the Lead Grantee will need to promptly spend down the advance payment. If the Lead Grantee does not report on advance payment activity at the required intervals (bimonthly or quarterly, depending on your grant agreement), SGC will not issue further advance payments and you may be subject to a notice of non-performance and/or a stop work order.

The Lead Grantee does not need to fully spend down your advance payments within the next invoicing period, but you should spend them as you described in your Advance Pay Request Form, and as promptly as possible.

The Lead Grantee may make additional advance pay requests if they have not yet received advances cumulatively totaling 25% of the total grant amount over the course of the grant term. See section 1 for more information on how to request an exemption to this limit.

How to Report Advance Pay Expenditures and Interest

With every standard invoicing period (bimonthly or quarterly, depending on your grant agreement), Lead Grantees must report their advance pay expenditures and the interest they have earned in the federally insured, interest-bearing bank account.

Use the Advance Pay Summary box at the bottom of the Invoice Detail to report the spend-down of your advance payment each invoicing period.

- **Total Advance Received:** The cumulative amount of advance pay you have received from SGC since the beginning of the grant.
- **Outstanding Advance Balance:** The amount of advance pay you had remaining prior to submission of the current invoice.

- **Advance Pay to be Applied/Deducted this Invoice:** The amount of advance pay you are spending down with this invoice. This is the portion of the “Total Costs Billed this Period” that you will not be reimbursed for, since it is being pulled from a prior advance payment.
- **Remaining Advance Balance:** The amount of advance pay you have received that still needs to be spent down.
- **Interest Earned this Period:** The amount of interest you have earned on the advance payment since your last invoice.

In addition to the standard supporting documentation required to document the expenditures as part of the normal invoicing process, you must also submit **bank statements** showing the interest earned and all deposits and withdrawals since the last invoicing period.

You will need to implement strategies to spend down the advanced funds in a timely manner, as you agree to in Part B of the Advance Pay Threshold Checklist. Reimbursing partners quickly for completed work is an eligible use of advance pay.

You may only submit additional requests for advance payment if you are on track with your advance pay expenditures, invoicing, and all other TCC program requirements. Please see Section 1 for information on what to do if you need to exceed the cumulative 25% cap on advance payment.

Next Steps for Lead Grantees

1. Familiarize yourself with the three advance pay forms.
2. Inform your DOC and SGC grant managers that you are planning to request advance pay. Once they inform you which documents from the Threshold Checklist they already have in their possession, begin assembling the remaining documents.
3. Complete the three forms to request advance pay. Work with your grant managers over email and during your regular check-ins if you need support. Feel free to email tcc@sgc.ca.gov with any general questions about advance pay.
4. Once you receive your advance payment, spend it promptly and comply with reporting requirements. Discuss the status of your advance pay expenditure during your check-ins with TCC staff.
5. Expect revised advance pay materials and procedures from TCC staff as we pilot this process.

Section 3: Information for Lead Grantees Advancing Payment to Partners

The following information applies to Lead Grantees who would like to advance payment to one or more Partners. If you will not be advancing payment to Partners, you can disregard this section.

The Lead Grantees may re-issue advance pay to their Partners if each Lead Grantee ensures each Partner to which they issue advance payment satisfies the same minimum requirements found in Government Code section 11019.3, subdivision (c)(2)(A), and Government Code section 11019.1, subdivision (c)(2)(A). The exception to this requirement is that SGC will not restrict which types of subrecipient entities may receive advance payment. The Lead Grantee must be compliant with their own authorities and procedures when issuing advance pay. The information in Appendix A is the process TCC staff are using to ensure our advance pay

process is in compliance with the relevant Government Code. If Lead Grantees would like to adapt it in order to administer advance pay to Partners, you are welcome to do so.

If you administer advance pay to your Partners, you do not need to submit documentation of the Partner's compliance to SGC, but you must retain it and will be responsible for providing it in the event of an audit.

Upon receiving advance payments, Lead Grantees should promptly re-issue the advance payment to any Partners who were included in the request.

If you would like to request Word versions of any TCC advance pay documents or forms, please email tcc@sgc.ca.gov or your TCC grant manager.

Next Steps for Lead Grantees

- Review Appendix A.
- If you will be administering advance pay to your Partners, set up a procedure to do so. Set up a filing system to retain documentation.
- Train partners on how to comply with requirements.
- Expect revised advance pay materials and procedures from TCC staff as we pilot this process.

Appendix A: TCC's Advance Pay Process

Please refer to Section 3 for context.

Purpose and Overview

This desk procedure includes instructions for SGC and DOC grant managers on how to process, review, approve, and track advance pay. SGC's authority for administering advance pay comes from an Advance Pay Pilot passed within AB156 (2022) and AB 590 (2023) for Round 4 and 5 grantees who meet eligibility requirements.

- Under Government Code Section 11019.1, SGC has authority to administer advance pay until July 1, 2025, to eligible grantees. Undisputed requests for advance pay from local agencies, nongovernmental entities, and other state agencies must be submitted to TCC by May 1, 2025, to allow sufficient time to process payment.
- Under [Government Code section 11019.3](#), state agencies may make advance payments indefinitely to Lead Grantees that are 501(c)(3) nonprofits.

This document provides instructions for TCC staff on how to administer advance payment.

Requirements

Eligibility: Only certain entities are eligible to receive advance pay. Please see [Eligibility Requirements](#) section below for more information. Only Lead Grantees, not subrecipients, from Rounds 4 and 5 are eligible to receive advance pay from SGC. Implementation, Project Development, and Planning Grantees are eligible for advance pay. Grantees from Rounds 1-3 are not eligible for advance pay.

Payment caps: Lead Grantees may only request up to 25% of the total grant amount cumulatively over the course of the grant term. SGC will make exceptions to this 25% cap if the following conditions are met:

1. The grantee meets all advance pay eligibility requirements.
2. The grantee has spent previous advance payments (if applicable) as planned and has complied with all TCC requirements, including reporting and invoicing.
3. The grantee demonstrates that they need to exceed the 25% advance pay cap for one of the following purposes:
 - a. To advance payment for a large purchase or capital project (such as a construction project, land acquisition, or equipment purchase such as vehicle(s) or bus(es))

This cap only applies to the amount that SGC is advancing to the Lead Grantee. If the Lead Grantee issues advance payment to a subrecipient, those payments may exceed 25% of the subrecipient's TCC budget if the Lead Grantee chooses to do so.

Process: TCC staff must keep on file documentation demonstrating that the grantee is eligible to receive advance pay. TCC staff should obtain as many of these documents as possible from the grantee's application and from online sources to avoid making additional requests of grantees.

Reporting: Advance payment requests from Grantees can be submitted at any time after grant execution (i.e., Grantees do not need to wait for a standard invoicing period to submit an advance payment request form). Grantees that are approved for and receive advance payment

are still required to follow invoicing and reporting requirements as outlined in the grant agreement. This includes progress reports and submitting all necessary backup documentation with submitted invoices.

Subrecipients: The Lead Grantees may re-issue advance pay to their subrecipients if the Lead Grantee ensures each subrecipient to which they issue advance payment satisfies the minimum requirements found in Government Code section 11019.3, subdivision (c)(2)(A), and Government Code section 11019.1, subdivision (c)(2)(A). The exception to this requirement is that SGC will not restrict which types of subrecipient entities may receive advance payment. The Lead Grantee must be compliant with their own authorities and procedures when issuing advance pay.

The Lead Grantee does not need to submit documentation of the subrecipient's compliance to SGC, but must still receive and retain it from subrecipients and provide it in the event of an audit.

If the Lead Grantee chooses not to advance pay their subrecipients, the Lead Grantees may still use advance pay received from SGC to promptly reimburse subrecipients for completed work.

Providing Guidance to Lead Grantees: TCC staff should:

- Train Lead Grantees on how to comply with advance pay requirements
- Review eligible costs, activities, and cost types with grantees and approve these costs in advance to ensure grantees are spending the advance payment on eligible uses
- Regularly discuss advance pay progress and updates during check-ins with the Lead Grantee
- Develop a clear process for approving newly identified costs

Eligibility Review and Approval Steps

TCC staff must complete all steps below for a Lead Grantee's initial request. For requests after the initial request, skip to step 1d.

1. Determine if your Lead Grantee is eligible to request advance pay. See the **Eligibility Requirements** section of this document to determine eligibility. If Grantee is eligible, they must submit a completed *Advance Pay Request Form* and the *Advance Pay Threshold Checklist* along with the required supporting documentation for review and approval.
 - a. The Lead Grantee is from Round 4 or 5. Grantees from Rounds 1-3 are **not** eligible at this time.
 - b. The Lead Grantee must have an executed grant agreement.
 - c. The Lead Grantee is an eligible entity (see **Eligibility Requirements** section below).
 - d. The Lead Grantee must provide required documents to demonstrate eligibility for items i. through v. below. *Before requesting documentation from the Grantee, please carefully review all documentation submitted as part of their TCC application and check the online sources listed below. Determine which documents on this list are already in SGC's possession and then inform the grantee that they do not need to submit those items with the Threshold Checklist.*

Save copies of all relevant documents. After determining gaps, the SGC Grant Manager should request the remaining documentation from the Grantee.

- i. Provide documentation that the Lead Grantee is an eligible entity. For a list of documentation that demonstrates eligibility, please reference **Eligibility Requirements** section of this document. The Lead Grantee and all subrecipients to which they advance payment to must be eligible entities and must comply with all documentation requirements. Based on the eligibility determination and organization type, collect the relevant documentation listed in the **Advance Pay Guidance** table below. TCC staff should document which eligibility pathway is being used by noting this information to the signature box on the Advance Pay Request Form.
 1. [FOR AB156 - GOV. CODE. SEC. 11019.1(c)(2)] If they are a local agency or nongovernmental entity, you do not need to collect any documentation to demonstrate this fact.
 2. [FOR AB590 - GOV. CODE SEC. 11019.3] Obtain documentation that the Lead Grantee is a private, nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code. See section iii.2 below for further instructions. California Native American Tribes that are organized as a 501(c)(3) nonprofit and are not federally recognized are eligible under this provision.
 3. TCC does not have authority to administer advance pay to federally recognized tribes.
- ii. A copy of most recent audit and any findings from the last five (5) years (where available). If a grantee has not conducted any audits in the last five years, they must provide an explanation. This explanation should be in writing but does not need to be in a formal letter.
 1. Audit must have no major, adverse or material findings. The audit should indicate if a finding is major, adverse, or material. If the Grantee has resolved a finding, the Grantee may provide supporting documentation of corrective actions. If the reviewer has questions about reviewing audit findings and determining eligibility, raise the issue to the TCC program manager and then to legal, if needed.
 2. An acceptable audit may have some minor findings or corrective action recommendations.
- iii. Documentation to demonstrate good standing with the Franchise Tax Board, Internal Revenue Service, and Secretary of State. Public agencies do not need to provide these documents. This includes:
 1. **Franchise Tax Board status letter:** This letter verifies whether or not an entity is in good standing.
 - a. TCC staff should check the status of an entity and print an entity status letter for free at <https://www.ftb.ca.gov/help/business/entity-status-letter.asp> or <https://webapp.ftb.ca.gov/eletter/>. The letter must indicate that the entity is in good standing. Save this letter to the grantee's file.

2. **Internal Revenue Service:** This letter verifies that an organization is a 501(c)(3) nonprofit.
 - a. TCC Staff should check the status of an entity and print the determination letter at <https://apps.irs.gov/app/eos/>. The letter must state that the organization is exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3).
3. **Secretary of State:** This website verifies that an entity is currently in good standing with the CA Secretary of State.
 - a. TCC staff must search for the entity at the link below and confirm that the organization's status is "good." Save a screenshot of this determination to the grantee's file.
 - b. <https://bizfileonline.sos.ca.gov/search/business>
- iv. Certificate of liability insurance (see grant agreement for specific requirements)
- v. Documentation that funds received as advance pay will be deposited into a federally insured, interest-bearing account that provides the ability to track interest earned and withdrawals (must report interest earned and spend it on approved grant activities). The Lead Grantee shall open a dedicated bank, or create a subaccount which exclusively holds TCC advance pay funds in order to accurately track interest earned. The Lead Grantee does not need to open a new account or subaccount until they have been notified by TCC staff that their advance pay request has been approved. Therefore, at this stage in the process, they can just submit evidence that they hold a federally insured, interest-bearing account at the same financial institution at which they will open the new account.
 1. Documentation could be a bank statement or financial statement verifying a federally insured, interest-bearing account is held by the Lead Grantee.
- e. Once you have determined which items you have been able to obtain from the application materials and publicly available records, send an email to the grantee with this information so they know that they don't need to resubmit those items with the Threshold Checklist.
2. Check for completeness of the request. The Lead Grantee must submit a (1) signed Request Form, (2) Threshold Checklist, and (3) invoice requesting the advance pay amount. Review all components of these documents for adequacy and completeness. The invoice is used for Accounts Payable to process the payment. The Lead Grantee shall use the standard TCC invoicing template. The following is guidance to determine if request is complete.
 - a. Is the grantee eligible to receive advance pay? (confirm that Step 1 is complete)
 - b. Are all fields completed in the request form?
 - c. Is a justification, allocation breakdown, and spending description provided in the form?
 - d. Has Grantee responded to all parts of the form and checklist? Verify using form instructions.
 - e. Have the form and checklist been signed by an authorized signatory?
 - f. Is the signed invoice on official letterhead?

- g. Does amount on request match invoice amount?
 - h. Check that the cumulative amount requested, including the current request and all prior payments, is no more than 25% of the grant total. See “Payment Caps” section above for information on situations in which the 25% cap may be exceeded.
3. Check for reasonableness of the request, and alignment with TCC objectives. The advance pay pilot directs SGC to “prioritize recipients and projects serving disadvantaged, low-income, and under-resourced communities, or organizations with modest reserves and potential cashflow problems”.
 - a. *Is Grantee serving disadvantaged, low-income, and under-resourced communities?*
 - i. *If Yes, grantee is prioritized for AP*
 - ii. *If No, must meet requirement b. below*
 - b. *Is Grantee an organization with modest reserves?*
 - i. *If Yes, grantee is prioritized for AP*
 - ii. *If No, must meet requirement a. above.*
 - c. Will this advance pay support TCC program work? Confirm that advance pay will support work clearly outlined in workplans and covered by the grant agreement.
 4. Complete Advance Pay Request form sections under “DOC Approval” and “SGC Approval.”
 5. Email Grantee that their request has been approved and sent to accounting for payment.
 6. Save all materials.
 7. Add advance pay details to the respective Invoice Trackers.
 8. Track advance pay spend-down and interest earned.

Reporting

Initial Verification of Account Creation and Payment Deposit:

Once SGC approves the Lead Grantee’s first advance pay request, the Lead Grantee shall open a new, eligible account or subaccount to be used exclusively to administer TCC advance pay (if they have not done so already). This account must be at the same institution as the account for which they submitted documentation with the Threshold Checklist.

All funds received by the Lead Grantee as an advance payment will be deposited into a federally insured, interest-bearing account or subaccount that provides the ability to track interest earned and withdrawals and will be exclusively used to administer TCC advance pay. Within two weeks of receiving each advance payment, the Lead Grantee must provide documentation that verifies that they have deposited the advanced funds into the account.

Ongoing Reporting and Tracking:

TCC staff must track the interest gained in the grantee’s invoice tracker using bank statements submitted by the grantee at regular invoicing and reporting periods as defined by their grant agreement.

Because the interest earned on advanced funds is considered grant money, the grantee may only spend interest on tasks in the TCC grant agreement, or on other TCC-related expenses pre-approved by TCC staff. All interest must be spent by the end of the TCC grant term. Interest earned must be reported until there are no funds left in the advance pay account or subaccount. Any unspent interest remaining at the end of the grant term must be returned to SGC (which

can be accomplished by withholding the corresponding amount from the final invoice) to ensure it does not become a gift of state funds. The grantee must report on how they spend the interest using the standard TCC invoicing requirements. Interest earned in the bank accounts of subrecipients must follow these same requirements. TCC staff should communicate these requirements to grantees.

Eligibility Requirements

[AB 156](#) – [Government Code section 11019.1\(c\)\(2\)\(A\)](#)

- Eligible Entities: Local Agency, Nongovernmental Entity, Recipient State Agency
 - Includes: Local Agency (city, county, special district, authority, or other political subdivision of the state); CBOs; nonprofit organizations; CA Native American Tribes organized as nonprofits w/o federal recognition status.
- Eligibility Documentation:
 - Local Agency: Resolution authorizing the agency to accept grant funds
 - Nongovernmental entity: appropriate documentation of good financial standing (see 1.d.iii)
 - Nonprofits: 501(c)(3) determination letter
 - CA Native American Tribes Organized as nonprofits: 501(c)(3) determination letter
 - For profit or other: Secretary of State documentation; appropriate documentation of good financial standing
- Timeline: Through June 30, 2025
- References:
 - AB 156, Sec. 15 specifies Advance Payment language to be added to the Government Code, Section 11019.1.
 - Section 11019.1 specifies: “Recipient entity” means a local agency or a nongovernmental entity that is awarded a grant by an administering state agency and with whom the administering state agency has entered into a contract pursuant to that grant.
 - Note that Local agency doesn’t have a statutory definition on point for this advance pay authority; however, OPR Legal suggested utilizing the statutory definition of local agency from State Administrative Manual Section 6602: “Any city, county, special district, authority, or other political subdivision of the state.”
 - TCC Guidelines:
 - “SGC will prioritize advance payment to local agencies and nongovernmental entities with low cash reserves that serve under resourced communities.” P.76
 - *Note that Statute supersedes Guidelines. Guidelines do not need to be amended to reflect statutory authority or specific requirements of statute.*

[AB 590](#) - Government Code section 11019.3

- Eligible Entities: Private, nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code. California Native American Tribes that are organized as a 501(c)(3) nonprofit and are not federally recognized are eligible under this provision.
- Documentation includes: 501(c)(3) Letter of Determination
- Timeline: Indefinitely

- References:
 - AB 590 establishes Section 11019.3 of the Government Code
 - CRC Guidelines: Statute supersedes Guidelines. Guidelines do not need to be amended to reflect statutory authority or specific requirements of statute.
 - Require grantee Demonstrate its current status in good standing as an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and no tax delinquency with the California Franchise Tax Board and California Department of Tax and Fee Administration
 - Demonstrate 501(c)(3) status or other demonstration of non-profit/NGO status for Partners that will receive advance payment
 - TCC Guidelines: TCC Guidelines do not reflect AB 590. Statute supersedes Guidelines. Guidelines do not need to be amended to reflect statutory authority or specific requirements of statute.

Federally recognized tribes

- Neither Government Code section gives us direct authority to administer advance pay to federally recognized tribes.

Advance Pay Guidance Tables

ADVANCE PAY GUIDANCE	<u>Transformative Climate Communities</u>	<u>ALL Grant Programs</u>
Guiding Statute	AB 156 GC Section 11019.1	AB 590 GC Section 11019.3
Term	Temporary, ends 7/1/25	Indefinite
Funding Limit	Up to 25% of total award	Up to 25% of total award
Eligible Recipients	Local agency or nongovt. entity Grantees & subrecipients	Private, nonprofit organization qualified under section 501(c)(3) of the Internal Revenue Code Grantee & Subrecipients
Tribal Eligibility	No	California Native American Tribes that are organized as a 501(c)(3) nonprofit and are not federally recognized

IF your organization is	<u>Nonprofit</u>	<u>Local Government</u>	<u>Tribe</u>
Includes	Qualified 501(c)(3) Includes: Nongovernmental, CBOs, CA Native American Tribes organized as nonprofit w/o Fed Recognition	<u>Local Agencies:</u> Any city, county, special district, authority, or other political subdivision of the state	Tribes with Sovereign Immunity Federally recognized Tribes
Authority	AB 211 (GC Section 11019) AB 156 (GC Section 11019.1) AB 590 (Section 11019.3)	AB 211 (GC Section 11019) AB 156 (GC Section 11019.1)	Neither Government Code section gives us direct authority to administer advance pay to federally recognized tribes. If Tribe is organized as a nonprofit, see "Nonprofit" eligibility section.
Program	TCC, CRC	TCC, CRC	N/A
Documentation	501(c)(3) Letter of Determination	N/A	N/A
Term	Indefinite (AB 590/GC 11019.3)	Temporary, ends 7/1/25	N/A
Funding Limit	Up to 25% of total award	Up to 25% of total award	N/A