

Sector Leaders Respond to AB 624 and the California Compromise September, 2008

The Diversity in Philanthropy Project is proud to offer this compilation of philanthropic leadership perspectives concerning California's recently-pulled AB 624 legislation and the [July blog post by Dr. Robert K. Ross, M.D.](#) (reprinted here) discussing the compromise agreement between foundations and legislators that has tabled the measure for the foreseeable future.

Because we are aware of current or recent discussions in other states as well as the U.S. Congress about the prospect of comparable legislative measures, we are committed to encouraging a robust field exchange on the issues. We recently asked four leading California philanthropy practitioners and diversity advocates to share in-depth analyses on the local and national implications of AB 624's recent withdrawal in exchange for voluntary philanthropic leadership efforts to increase foundation diversity performance in California.

Specifically, we sought lengthier comments from four leading Californians:

- **Orson Aguilar**, Executive Director, Greenlining Institute
- [Angela Glover Blackwell, Founder and Chief Executive Officer, PolicyLink](#)
- [Stewart Kwoh, President and Executive Director, Asian Pacific American Legal Center](#)
- [Roger Doughty, Executive Director, Horizons Foundation](#)

The charge we put to them was as follows:

DPP Chair and CEO of The California Endowment, Dr. Robert Ross, has written a blog entry (<http://tcenews.calendow.org/pr/tce/blog-post.aspx?id=955>) ... and we would like to complement this statement with thoughts and reactions from field leaders like you.

We have in mind short postings from a range of national field leaders including principals of various foundations as well as key field advocacy organizations, including the Greenlining Institute (which helped to inspire AB 624's introduction). We're especially looking for comments that are strategic, suggesting future actions to move a diversity agenda within philanthropy.

Our website readers include many of the nation's leading foundation trustees, CEOs and philanthropy network executives, so your opinions will reach a wide audience. By lifting up diverse leadership voices and perspectives on the issues we hope to inspire more field wide attention to the recent developments in California and more constructive engagement around strategies to meaningfully increase inclusivity in foundation governance and grantmaking.

Greenlining Institute's Orson Aguilar respectfully declined to provide a comment at this time; however, the submissions provided by our other three featured commentators offer provocative and important reading. We strongly encourage our readers to carefully review these informed leaders' thoughts.

For a broader national perspective, we also asked a handful of other highly respected field leaders and observers, both from California and elsewhere, to provide brief reactions and comments. These additional leaders include the following:

- [Ronna Brown, President, New York Regional Association of Grantmakers](#)
- [Aaron Dorfman, Executive Director, National Committee for Responsive Philanthropy](#)
- [Carol S. Larson, President and Chief Executive Officer, The David and Lucile Packard Foundation](#)
- [Valerie Lies, President and Chief Executive Officer, Donors Forum \(Illinois\)](#)
- [Janet Murguia, President and Chief Executive Officer National Council of La Raza](#)
- [Mark Rosenman, Director, Caring to Change, Union Institute & University](#)
- [Rob Collier, President and Chief Executive Officer, Michigan Council of Foundations](#)
- [Diana Campoamor, President, Hispanics in Philanthropy](#)
- [Carol A. Goss, President and Chief Executive Officer, The Skillman Foundation, and the 2007 Association of Black Foundation Executives James A. Joseph Lecturer](#)

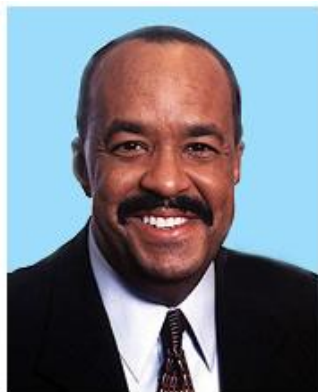
We are deeply indebted to these leaders in American civic culture for weighing in with their thoughts and ideas on recent developments concerning diversity and legislative oversight of foundations and other independent sector institutions.

We urge you to let us know what *you* think of organized philanthropy's response to proposals for legislative interventions to advance foundation diversity and inclusivity.

If you would like to share a perspective or comment of your own, please add it to the [DPP Blog](#) or email us at info@diversityinphilanthropy.org.

Dr. Robert K. Ross, M.D., President and Chief Executive Officer, The California Endowment

AB 624: Death For A Noble Cause



Two weeks ago Assemblymember Joe Coto of San Jose, with the support of several ethnic minority legislators, dropped his effort to pass [AB 624](#). This bill would have mandated racial, ethnic and other “diversity” data in grant making by a certain group of private foundations in California.

With the support of our Board of Directors, I joined a coalition of nine other foundation leaders in California to express our opposition to the bill and to craft a more workable solution for the core problem: the need to strengthen organizational capacity and leadership development in grassroots nonprofits in underserved communities. A particular point of emphasis for us is improving access of community-of-color led organizations to foundation resources.

During the past couple weeks, a bit of a philanthropic buzz has emerged in national discussions in philanthropy and the nonprofit sector. Our 10-member coalition agreed to a voluntary, multiyear commitment to invest in capacity-building and leadership development for grassroots organizations, going well beyond what many of us as funders are doing already. Coto, his colleagues and the leadership of the [Greenlining Institute](#) agreed that our voluntary commitment served as an excellent alternative to the legislation on the table.

From philanthropy's more conservative wing, the [Philanthropy Roundtable](#), our coalition agreement was denounced, presumably because we shouldn't have allowed organized philanthropy to be held up at the point of a gun for resources earmarked for a special interest – like communities of color and poor people.

From certain progressive-minded philanthropy watchdogs and other advocates, the agreement was criticized because there was no well-defined dollar commitment, and the agreement lacked community input and transparency.

Why I Sleep Well at Night

Others are concerned about the implications for Greenlining-inspired copycat legislation targeting philanthropy in other states. But as one member of the foundation coalition, all I can say is that I'm sleeping well at night – because in my heart I know that the real winners are: grassroots-level nonprofits in underserved communities.

I did not like the Greenlining Institute-inspired legislation authored by Assemblymember Coto. Most of the philanthropic sector despised the bill for a whole host of reasons (governmental intrusion on private philanthropy, flawed data collection by Greenlining etc), but my primary rationale is that it proposed to legislatively codify the importance of certain “underserved” groups over the needs of others. Our Board of Directors engaged in deep discussion about this, and our collective view is that legislation of this type should be viewed as equivalent to a “nuclear option.” In other words, if all other reasonable efforts to address the problem have failed, then you may have to push the red button on this type of heavy-handed (and even flawed) legislative approach.

There is a second reason why I was bugged by AB 624. In effect, AB 624 wags its legislative finger at the failings of organized philanthropy about matters that, in the final analysis, are about social inequity, lack of opportunity and poverty. But we live in a nation – and in states -- where health care, public education, economic development and housing opportunities for the poor and underserved are in various stages of disarray, dysfunction and disinvestment. And our federal and state lawmakers have done precious little in recent years to close the equity gap that bedevils poor and working-class Americans – of all colors. We can't even get our arms around the idea that all children have a right to decent health care as public policy.

So legislation of this type strikes me as: “Well, since we are failing in our efforts to accomplish anything substantive about improving opportunity and equity for the underserved, then let's pin the blame on philanthropy for not doing its share.”

What our foundation coalition agreement did, fundamentally, was two things: First, it recognized that grassroots-level, community of color-led nonprofits are vital to advancing opportunity in underserved communities in our state. The civic well-being of California is dependent upon this resource. Secondly, the agreement lays out a high-level voluntary commitment toward increasing our collective investment in the organizations serving these underserved communities.

Future Plans

The reason why the commitment lacks specifics is one of sheer pragmatism: because we need the time to actually develop a plan. Each of our foundations has a board of trustees whom we, as foundation CEOs, are accountable to--so we need a period of time to examine our current grant making, assess additional strategies that show promise, solicit expert and nonprofit community input and finalize a set of new investment strategies. Then we, as CEOs, need to engage our respective boards to have specific dollar commitments reviewed and approved, just like any other strategic initiative. Whether we will pool all of our dollars into a single initiative or run with separate but complementary strategies is still open to question. To their credit, the legislative leaders involved -- and the Greenlining Institute -- appreciated our challenge on this front.

We did agree to keep the broader public and the legislature informed about our collective efforts with periodic reports and updates. This is certainly appropriate from the standpoint of trust and accountability.

The AB 624 saga reminds me about my personal view about going to visit my dentist. I can't say that I enjoy the experience, but I'm always glad I went after it's all done. Similarly, I didn't like AB 624, but I am glad it was introduced, because it catalyzed a set of strategic discussions that have been swept under philanthropy's rug for too long. If the introduction and demise of 624 has served to elevate the matter of the struggle of underserved communities for equity, then it certainly died a good death.

Lesson to organized philanthropy around the nation: on matters of advancing equity and opportunity in underserved communities, don't sit and wait. Lead.

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Angela Glover Blackwell, Founder and Chief Executive Officer, PolicyLink



Foundation investment can have a profound impact on struggling and disconnected populations. While some California foundations are fully devoted to this goal, many have not risen fully to the challenge. Now, at last, we are seeing signs of change.

By pledging to invest in organizations serving low-income and minority communities, a coalition of 10 large California foundations has taken an important step toward aligning philanthropy with the needs of the demographic of the state -- and the changing face of America. But as with any grand promise, the real test will be implementation and follow-through. Will this public commitment to underserved communities mark a turning point for philanthropy -- a shift toward just, equitable grantmaking in health, education, housing, the environment, economic development, civic engagement, job training, the arts, and every vital issue that foundations support? Or will the coalition's initiatives amount to a high-profile sideline to philanthropy's main business of supporting an established roster of grantees and narrowly targeted issue areas -- an almost impenetrable system for emerging constituencies and groups without significant connections to foundation professionals?

Which organizations and issues will receive stepped-up investment and technical assistance in the name of greater diversity, and why? To deliver on the coalition's pledge, member foundations must grow and

support many well-run, well-resourced, dedicated groups with staying power that are accountable to low-income communities and communities of color. What does this accountability mean? Is it sufficient that a person of color leads the organization? Must the majority of the staff and board be of color? Can an organization that does not have a voting membership truly be accountable?

These questions require finely nuanced answers that involve reflection, honest conversation, and painful wrestling with the two issues that society in general – and philanthropy in particular – have not engaged in an open, sustained way: race and class.

Clearly an organization that focuses on building a more inclusive society, led by a person of color with a track record of service and struggle on issues affecting particular racial or ethnic groups, is a good indicator of accountability. If people of color hold leadership positions on the staff and board, accountability is strengthened. But is it also possible for that same organization, with the same agenda and a similar staff and board, to display a strong commitment and accountability to communities of color even if the executive director is not of color? Foundations cannot assume that they have accomplished their goals by simply checking the boxes “ED of color. Board chair of color. Fifty-one percent of staff of color.”

Diversity in staffing and leadership is critical. But true accountability is demonstrated by actions. It requires debating the issues with the affected communities. It means working steadfastly and reliably both to improve conditions in these communities and strengthen the authentic voice of low-income people and people of color. Accountability exists when an organization builds alliances with and shows allegiance to residents and/or leaders of color and persists in its efforts to advance the well being of underserved communities, even when such work is not in vogue.

The legislative compromise that brought us to this pivotal moment in California is exciting in several respects. AB 624, which would have required large foundations to report the race and gender of their trustees, staff, and grantees, shined a spotlight on the lack of diversity and inclusion in grantmaking – a failure that organized philanthropy has been shamefully slow to address. Although foundations are deeply and generously committed to issues of great concern to low-income communities and people of color – research by the Foundation Center shows that more than 70 percent of grants of more than \$10,000 support work in health, education, human services, public affairs, community development, and civil rights – foundations have not generally done a good job of identifying organizations rooted in underserved communities or supporting these organizations at the levels needed to achieve significant, sustainable impact. Only 7 percent of grant support nationally is targeted specifically for racial and ethnic minorities, and organizations run by people of color tend to receive relatively small, project-oriented grants – if they receive grants at all.

By focusing attention on the biases and shortcomings of a sector devoted to solving society’s most intractable problems and ensuring a better future, AB 624 and its lead architect, the Greenlining Institute, performed a courageous public service. But as a reporting mandate, AB 624 looked at diversity in the narrowest sense. Certainly, numbers matter: we must make sure that the staff and leadership of foundations and their grantees reflect the population. But diversity does not equal justice. What’s needed is a comprehensive, long-term strategy to advance equity and inclusion in grantmaking and in crafting and implementing the solutions to the pressing problems facing California.

The compromise agreement is an encouraging step in that direction. In their pledge to invest in capacity building and leadership development of organizations based in underserved communities, the 10 foundations have done more than commit a substantial pool of money. They have also made a critical and long overdue statement of principle: these organizations have an essential role to play in ensuring that California is a place where everyone has voice, power, and full opportunity to participate and prosper. This principle should underlie all philanthropy activities in our country.

Some grassroots groups and advocates assert that the legislative compromise was crafted without community input or transparency, and this is cause for concern. In philanthropy, as in politics, participation makes all the difference in developing effective, enduring solutions. The foundation coalition has a small window of opportunity to ensure that everyone – not just philanthropy professionals and well-connected nonprofit executives – takes part in the planning that will translate the commitment to diversity into action that improves and strengthens underserved communities.

The legislative agreement provides an extraordinary moment for California foundations to lead the United States in making equity – just and fair inclusion – a fundamental goal. This means that foundations must aim, through their leadership and grant making, to create the societal conditions that will enable all to participate, prosper and reach their full potential. Here are several key steps the foundations should take:

Significantly expand the racial diversity on the boards and recruit more people of color who have demonstrated a deep commitment to and knowledge of historically excluded communities. Turning to search firms that developed the walkabout and skills to reach deep into these networks will improve the chances of success.

When investing in organizations accountable to communities of color, use a variety of institution-building investments: provide grants that help organizations build their communications capacity; strengthen their fundraising skills; improve management performance; engage in broad coalitions; build partnerships with entities that bring different skills, such as research institutions; and enable organizations to quickly move to new opportunities by having some flexible resources.

Demonstrate commitment to inclusion from the start by assembling diverse advisors to develop funding strategies. Hire consultants to do early assessments on the impacts of the issue area on different communities of color.

Introduce organizations led by people of color to other funders; stay connected with these organizations and leaders by visiting their offices and developing supportive relationships. Highlight these organizations in publications, on websites, and in presentations. These activities help build the leadership and visibility of groups that often work heroically but invisibly in their communities.

Invest in a "pipeline" of experts of color in foundation issue areas by funding appropriate professors and departments at historically black colleges and universities and by establishing fellowships that increase diversity in academic institutions generally. Consider loan forgiveness programs, mentorships, and other activities that build a cadre of experts of color who can enter fields that lack diversity, especially policy.

Although it's important to focus on results, take time to broaden the universe of actors. Take risks.

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Stewart Kwoh, President and Executive Director, Asian Pacific American Legal Center

An Opportunity to Build Communities



The significant debate surrounding Assembly Bill 624 raised important issues for all of us working in impoverished or struggling communities in California. On the one hand, the discussion revealed a deep frustration amongst many community leaders and agencies concerning their inability to access resources to address growing economic and social inequities. On the other hand, many foundations and community leaders were perplexed and saw it problematic to have a data-driven solution through legislative oversight.

The recent agreement has given private foundations a tremendous opportunity to work with community and other leaders to find new solutions. I applaud the ten foundations for exercising leadership in this area to provide capacity building and leadership development to many minority and community-based organizations that primarily serve low income communities.

What kind of deep capacity building, technical assistance and leadership development will make an impact so that more organizations, especially small community-based agencies, can access resources to battle growing inequities?

First, it is essential to utilize collaborative and multilayered methods to build deep capacity. It will not suffice to provide the executive director with a number of training classes. We should start with a holistic assessment of the capacity building needs with the goal of building a stronger organization. Of course, training in skills such as finance and fundraising are important. But developing mentorship opportunities, partnerships between large and small organizations in similar communities or working on similar issues, peer-to-peer networking, and the use of intermediaries that focus on working with small agencies can make for significant and sustainable growth. Part of the assessment should look at staff development beyond the executive director. Too often capacity building is simply centered on one individual.

Second, multifaceted leadership development should be seen as an organizational imperative. Many organizations suffer from a limited pipeline of well-rounded leaders. Too often leaders are limited in either their abilities or willingness to build broader collaboratives or coalitions. We can strengthen the development of leaders who have skills to collaborate across boundaries of race and geography which can not only enhance programmatic goals, but can significantly advance learning and confidence building. Learning how to develop clear assessments and power analyses of communities as well as how to communicate effectively are all part of multifaceted leadership development. Many nonprofits in the state are now facing a wave of imminent retirements of executive directors. Multilayered leadership development must happen soon to make sure that the new wave of executives is well trained and diverse.

Third, there are few successful organizations without strong boards of directors. Yet, many community organizations run without such boards. Sometimes staff do not make space for talented board members who can shape the policies of the organizations. More often, organization leaders, both staff and existing board, simply cannot find talented and committed board members. Capacity building can include the development of pipelines of board members with the help of foundation affinity groups, large organizations that have a much larger resource pool, professional associations, and intermediaries.

Finally, the foundations themselves have a new opportunity to look within. They can learn from this debate by making sure that their own boards of directors are diverse with people from different backgrounds and especially with community experience and involvement. The ten foundations who led this agreement can also reach out to other foundations who were not party to this compromise and educate them to see that we all benefit by building the capacity of our diverse communities and leaders.

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Roger Doughty, Executive Director, Horizons Foundation



Most everyone, myself included, was glad to see AB 624 withdrawn. But there's plenty to be learned from the debates it sparked – many of which remain unfinished. Few aspects of those discussions seemed to stir as much controversy as the amendments that added lesbian, gay, bisexual, and transgender (LGBT) people to the legislation.

Most of the protests voiced grew out of concern that collecting foundation and grantmaking data on LGBT people posed a particular threat to privacy. Individual privacy certainly must be respected; that's been a core tenet of the LGBT movement itself for decades. But such data is always reported in the aggregate, not by individual. More fundamentally, giving people the *opportunity* to self-identify as LGBT invades privacy no more than giving them the chance to self-identify as Native American or female. The individual or grantee nonprofit gets to make the choice.

This issue has special resonance in the LGBT community, which has long worked to overcome invisibility. That's why "the closet" might be described as our worst enemy. We live in a world where that which is not counted tends not to count, and sealing off LGBT people in a "don't ask" zone effectively – if unintentionally – perpetuates that invisibility.

Beyond "privacy"

No debate, of course, happens in a vacuum. There's always history, there's always context. The outcry over LGBT inclusion is no exception. One key aspect of that context is the foundation sector's apparent general lack of interest in the nation's nearly nine million LGBT people. It's heartening that more foundation doors *have* begun to creak open to our community, yet overall sector support remains miniscule by any standard.

Of course, some foundation priorities are unlikely to have particular LGBT "angles," such as the environment or early childhood education. But so many common foundation priorities *do* intersect with

LGBT needs – youth, elders, health, the arts, substance abuse, and human rights to name but a few – that this alone can't explain the field's apparent disinterest. That LGBT people are rarely included when foundations enumerate populations facing historical and ongoing discrimination only highlights this pattern.

To be clear: "disinterest" is not the same as outright bias. While philanthropy is surely not immune from a prejudice as widespread as homophobia, our field includes countless open, caring, passionate people who harbor no animus toward gay people. Yet even then, to assume that foundations understand the realities and challenges that LGBT people face even within their established program areas would be naïve. Two common misconceptions – both within and outside the field – too often stand in the way.

Stereotypes and facts

"Gay" often conjures an image –conscious or unconscious – of childless, urban, professional, white, gay men. These people exist. But the great majority of LGBT people do not fit this image. Approximately 8.8 million LGBT people live in this country, residing in 99% of counties. Their racial and gender demographics mirror those of the general population. Millions of LGBT people are people of color, who experience discrimination and reduced access due to *both* race and sexual orientation. More than one third of all LGBT people are parents. In fact, only a small percentage fit the common stereotype.

But, as I've heard over and over in this field, aren't LGBT people economically well-off? This "myth of gay affluence" is pervasive, entrenched – and wrong. A growing body of data-driven research belies the myth, demonstrating that, nationwide, gay/ bisexual men earn 10 to 32% *less* than comparably situated heterosexual men; same-sex couples have 10% *lower* incomes than their heterosexual counterparts. Same-sex couples raising children do so with substantially *fewer* economic resources than their heterosexual counterparts.

More than human rights and HIV

"LGBT issues" are often seen as limited to anti-discrimination and HIV/AIDS. Both remain enormous concerns: more than 50% of LGBT people, for example, live in places where discrimination in housing and employment remains completely legal; unconscionable percentages of gay and bisexual African-American and Latino men in urban areas are infected with HIV. Unfortunately, the list of "LGBT needs" hardly ends there. Study after study documents that LGBT people suffer significant health and other disparities in areas ranging from youth and elders to non-HIV health and mental health. Up to 50% of homeless youth are LGBT. 30% of youth suicides are among LGBT youth, while overall suicide rates run at six times the national average. Millions of LGBT seniors are entering an elder-care system ill-prepared to support them.

Pointing toward an inclusive vision

The great majority of the field's recent discussion around "diversity" and "inclusion" has been about race and poverty. Given America's shameful, brutal history of racism and the resulting challenges – prominently including poverty – confronting communities of color, focus on both race and poverty is undeniably vital. To the extent that the agreement announced by the ten California foundations in June promises greater attention and funding to nonprofits based in these communities, it's to be applauded.

At the same time, we should be clear what we are talking about. If the field limits its understanding of diversity to communities of color and low-income people, we're not really talking about diversity, much less inclusion. We're talking about race and poverty. That's an overdue and crucial conversation. Yet at the same time, in doing so, we miss other populations – LGBT, women, people with disabilities – that should be part of any meaningful understanding of diversity. And we overlook the complexity of community and identity, such as experienced by LGBT people of color.

The question facing philanthropy, in the end, is one of vision. We live and work in an increasingly complex, dramatically changing world. We need a broader view of “diversity” and “inclusion” that responds to the realities of the 21st century – without diminishing attention to critical needs in communities of color. One possibility is to focus on populations that, because of discrimination and/or impoverishment, experience significantly diminished access to full participation in our society. This approach captures what are arguably the two most powerful ways in which people lack access to political, social, and/or economic opportunity and equality. It's consistent with the imperatives to address the needs of communities of color and/or those in poverty. And it begins to point toward a more truly inclusive vision.

Individual foundations should and will, of course, continue to define their own priorities and plans. *As a field*, however, we have the rare opportunity to create an inclusive vision for the future. The future that is 20 or 50 years ahead. What's before us now – and will be then -- isn't only about race. It isn't only about poverty. It isn't only about exclusion. It certainly isn't only about gay people. It's about the future society that philanthropic institutions and the field itself can have a hand in creating.

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Brief Reactions from Field Leaders and Observers:

Ronna Brown, President, New York Regional Association of Grantmakers

NYRAG affirms that the most important outcome of this national dialogue is the philanthropic sector's increased attention and commitment to issues of diversity, inclusiveness, and capacity-building initiatives.

The New York Regional Association of Grantmakers has long been committed to increasing diversity and inclusiveness in our sector, and has demonstrated this commitment through projects, programs, policies and committees. We are currently undertaking our own research on the ethnic and racial make-up of foundations and nonprofit organizations in New York City, among other issues, as part of a project that we initiated last fall.

Regional associations nationwide can use this moment, and our unique place in the sector, as an opportunity to work together and to inform ourselves, build on each others' work, and deliver our shared knowledge to our members, whose missions and structures represent a cross-section of the nation's thousands of foundations and funders. Our goal is to increase the diversity in our sector and, consequently, strengthen our impact and effectiveness.

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Aaron Dorfman, Executive Director, National Committee for Responsive Philanthropy (NCRP)

I'm optimistic that the compromise solution on AB 624 will have real benefit for lower income communities, communities of color and the general public. The proof will be in the pudding, but it seems like they crafted a good solution. Moving forward, it will be important for foundations to engage nonprofits led by and serving minority communities as they design their initiative(s). It will be counterproductive if the input of the affected organizations isn't included in the program design.

Interestingly, the compromise agreement has no provisions about diversity disclosures or goals for the staff or trustees of foundations— it only addresses the funding side of the equation. I hope that element of this valuable debate isn't lost in the coming months. Diversifying foundations at the staff and trustee levels is important for improving effectiveness. At the same time, it must also be contextualized in the moral frames of inclusiveness and racial justice.

I agree wholeheartedly with the closing paragraph of Dr. Ross' blog post: "Lesson to organized philanthropy around the nation: on matters of advancing equity and opportunity in underserved communities, don't sit and wait. Lead."

I would add a corollary.

Lesson to elected officials and nonprofits: on matters of advancing equity and opportunity in underserved communities, keep pushing organized philanthropy to do more. It works.

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Carol S. Larson, President and Chief Executive Officer, The David and Lucile Packard Foundation

Last year, our Foundation joined The California Endowment and hundreds of foundations throughout the country to oppose AB 624. As Dr. Ross points out, we were concerned about this overreaching legislation for many reasons. But through the course of our conversations about the legislation, two areas for special attention have become clear.

First, it is vitally important that we increase our support to effective, diverse organizations so that we can secure quality ideas and bring about greater change. But it is equally important we do so by respecting the vibrancy, diversity and independence of our foundations' individual histories and founding principles. For more than 25 years, The Packard Foundation (<http://www.packard.org/categoryDetails.aspx?RootCatID=2&CategoryID=260>) has initiated and supported organizational capacity and leadership development for nonprofit organizations and emerging leaders across the globe. However, as a private, family foundation, we believe that the focus of our grantmaking should be determined by our Board of Trustees. Likewise, our sector must have the freedom to focus their resources in the places and issue areas our boards and staff prioritize, where we have the strongest relationships and knowledge of the impact our grant dollars will have.

Second, good data is critically important if we are to be truly intentional about the improvement of diversity. We do not have enough information about how many of our dollars specifically serve the needs of diverse communities. Many foundations, including our own, do not collect diversity data about grantees. But we know that the work we do to protect our environment, strengthen our schools and public health systems, invest in the arts and sciences, and nurture emerging scientists positively impacts all of our communities—especially those that are most in need.

In California, we are intentionally focusing resources on the collection of good data about our grantees and the communities they serve. This will be an ongoing effort requiring rigorous analysis in order to give us the best information we can get. But any data collection effort must also be shaped in part by the nonprofit organizations that we support. A quality data repository should be voluntarily developed by nonprofits, run by nonprofits, and be useful to nonprofits, including but not limited to foundations. This data should be available for analysis and comment by highly competent and objective researchers.

We still have a lot of work to do on this issue. It is my hope that as we improve our efforts to better serve our grantees, we can do so with the dedication, thoughtfulness and innovation that have been the earmarks of our sector for so long.

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Valerie Lies, President and Chief Executive Officer, Donors Forum (Illinois)

As [Robert Ross of The California Endowment suggests](#), the introduction of AB 624 generated positive and powerful discourse on the critical issue of diversity in the philanthropic community. Ultimately, the authors of AB 624 presented the sector with a challenge and reminder of our obligations to move beyond conversations about diversity to take action to build capacity, develop leaders, and, ultimately, advance racial and ethnic equality. We need to heed Bob's call and lead by moving swiftly to develop a

transparent plan, one that includes specific steps for keeping the public and policy makers informed throughout its development so there can be no doubt about the priority this issue occupies among sector leaders. Collective efforts coupled with intention and transparency are necessary for an undertaking of this magnitude. We may not have liked the means, but we can all agree the end is long overdue.

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Janet Murguia, President and Chief Executive Officer, National Council of La Raza

A Small Step in the Right Direction

The June 23 agreement between the California Legislature's Tri-Caucus Chairs and a group of 10 private foundations based in that state is a positive, but modest step in the right direction. Under the agreement, the foundation group announced a major new effort aimed at increasing the capacity and strengthening the leadership of minority-serving organizations. In return, Assemblymember Joe Coto (D-San Jose) and his colleagues announced that AB 624, legislation that would have required large foundations to track and disclose diversity-related data, would not be considered by the legislature. The bill was inspired largely by research conducted by the Greenlining Institute documenting what many of us already know: private philanthropy has a long way to go before achieving anything remotely resembling equitable treatment of racial and ethnic minorities.

The agreement addresses a real set of issues: many minority organizations have less capacity and less credentialed leadership than their mainstream counterparts. But its impact is likely to be modest since these are hardly the only, or even the most important, barriers that confront minority-serving institutions seeking a level philanthropic playing field.

The agreement assumes that foundation funds currently are distributed based on merit, and the main problem is that minority organizations lack expertise to design good programs or write good proposals. Too often, the real problem is that the highly-credentialed and well-connected foundation decision makers simply lack expertise in and understanding of effective strategies to address issues disproportionately affecting racial and ethnic minorities.

A related issue is the lack of diversity within the foundation community itself. At a time when Latinos constitute about 15% of the U.S. population – and perhaps one-third of Americans who might be classified as “disadvantaged” by commonly-accepted standards – less than 6% of all staff and only about 2% of foundation heads are Hispanic. As long as foundations fail to reflect the communities they serve, it's hard to see how the decisions they make, and the funds they distribute, will fully and accurately reflect their community's needs and interests.

Many thoughtful people opposed AB 624 because of a fear of excessive government intrusion in private philanthropy. While any expansion of governmental power should be subject to scrutiny, the case for intervention here is powerful. Few doubt that Latinos and other minorities continue to experience significant social and economic disadvantages. Most agree that one objective of private philanthropy is to reduce these and other societal inequities. And because donors and grantmakers receive tax and other benefits not enjoyed by private individuals or companies, some degree of government oversight is appropriate.

Reasonable people may disagree about how much regulation is enough, but the current housing foreclosure crisis illustrates the dangers of insufficient intervention. In short, major banks and regulated lenders, spurred in part by the Community Reinvestment Act and the Home Mortgage Disclosure Act – laws governing federal- and state-chartered financial institutions roughly equivalent to what AB 624 would have required of foundations – generally have made steady progress. For example, from the early 1990s through 2002 or so, Latino homeownership rates increased by about 25%, much faster than the overall homeownership rate.

The rise of predatory lending and a host of related risky practices took place largely in the unregulated sectors of the mortgage industry – brokers, unchartered financial institutions, bond rating agencies, and investment banks. The resulting disruption not only devastated the housing and mortgage industries, but has spread to all financial markets. Moreover, it has forced far greater and more intrusive government intervention than anyone thought possible just a few months ago. In that case, the failure to adopt appropriate policies when advocates first called for them more than a decade ago has led to both a financial calamity and massive government intervention.

Similarly, failure to adopt some of AB 624's key provisions focused on uniform collection and dissemination of data may be riskier than maintaining the status quo. Especially in a "majority minority" state, the continuing socio-economic disparities experienced by minorities will inevitably, and adversely, affect the economic and social well-being of all Californians.

To be fair, while I suspect most minority organizations, including NCLR, don't believe the agreement goes far enough, others believe it goes too far. As with any true compromise, all parties had to give up something to get something. We congratulate Assemblymember Coto and his colleagues in the legislature, the Greenlining Institute, and the participating foundations for coming to an agreement on a sensible, if incomplete, response to a serious problem.

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Mark Rosenman, Director, Caring to Change, Union Institute & University

The proponents of AB 624 and the ten foundation leaders who crafted the voluntary initiative to strengthen organizations and leadership in underserved communities all share a commendable commitment to diversity. Yet many in philanthropy who say they value diversity are distressed by the agreement and say it should never have been made under pressure. And for me, therein lies the object lesson in this episode: *true diversity must implicate power.*

There are many ways to engage this conversation: First, diversity advocates nationally have long sought needed improvements in the meager distribution of grants that the new initiative will begin to address in California, but the fact is that it took the exercise of power to bring it about. Second, although foundation program staffs have become more diverse, there has not been a concomitant shift in positions of real power in executive leadership or on boards – nor in decision-making outcomes. Third, questions remain about the balance of functional power between government and private boards to define public purposes and agenda when it comes to the allocation of tax-exempt funds and

accountability for their use: if foundations do not lead voluntarily on critical issues, especially in the face of demographic changes, the exercise of power likely will shift more to regulatory authorities.

And, finally, a fourth and telling point: even the voluntary initiative in and of itself is a demonstration of *the power of philanthropy to define the problem*. The solution offered (to strengthen organizations and leadership in underserved communities) casts the problem in supply-side terms – yet another inadequacy on the part of low-income communities of color. The problem definition seemingly fails to address the demand-side – the inability of too many funders to discover, recognize and know how to work with the strengths and assets of alternatives to conventional organizations and dominant patterns of leadership. The initiative’s ten sponsors are committed to confronting and engaging these dynamics; yet they need to initiate programs to help their colleagues do so as well.

I found the direction of AB 624 deeply flawed and opposed it. Even more distressing, however, has been organized philanthropy’s – and, yes, governments’ – failure to adequately address the fundamental inequities, the power imbalances, that make diversity such a necessary and compelling agenda for foundations with regard to both their external grantmaking and their own internal organizational matters.

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Rob Collier, President and Chief Executive Officer, Michigan Council of Foundations

I join Bob Ross in my dislike for visits to the Dentist. Bob is on target as usual, and he and his colleagues are showing philanthropy's ability to be strategic leaders by reaching out to solicit input from nonprofit community leaders in underserved communities. Instead of imposing "our" solution, as we sometimes are inclined to do, this collective response can indeed be collaborative. I look forward to sharing the periodic updates with our members, so we can all benefit from lessons learned.

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Diana Campoamor, President, Hispanics in Philanthropy

AB 624 reminds me of the old adage, "It's not what happens but how you handle it". California funders have a unique opportunity to show their stuff and philanthropy outside the State can do the same by joining them with matching grants. From all the talk I've heard, these three resonate the most:

1. Consider annual ascertainties. Imagine, regional associations, joined by the Foundation Center and affinity groups in philanthropy, could invite nonprofits to once a year townhall meetings with the leadership of foundations. From this input and additional, we develop a state of the region reports. The reports demonstrate transparency, greater effectiveness, and encourage more philanthropy in the State to grow as never before.
2. Invited by funders, nonprofits collaborate on a 5 year masterplan to present to the funders for investment. The process becomes an example of cross racial, ethnic, gender collaboration, rather than a free for all among potentially competing institutions and groups.

3. Think long term, value added. AB 624 is not the issue. How we support the next generation of leaders and organizations is. It CAN be done.

How we handle this is about us in foundations, not them --legislators, grantees, people from another group, or whoever the " them" is.

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Carol A. Goss, President and Chief Executive Officer, The Skillman Foundation, and the 2007 Association of Black Foundation Executives James A. Joseph Lecturer

California's new voluntary plan to strengthen the minority-led nonprofit sector and lift up the issue of diversity, crafted by a coalition of foundation leaders and lawmakers, is an encouraging development and something that the philanthropic sector should pay attention to. Diversity makes our work more effective and far-reaching. It's important that we hear from a broad array of voices – from within our organizations and from the outside – as we do our work.

In Detroit, we have been working hard to change the odds for low-income children through our Good Schools and Good Neighborhoods programs. We clearly need more organizations working on these challenging and critical issues. I'm optimistic that the California project will inspire our field to get more involved in this work. We applaud the efforts of our colleagues and friends in California who made this exciting project possible.

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