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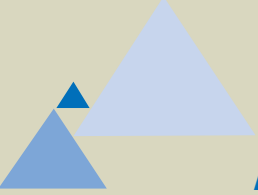
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CRITICAL ISSUES FORUM

Measuring What We Value

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Measuring What We Value

PRE CRITICAL ISSUES FORUM VOLUME 1

CONTENTS

Foreword1
~Gara LaMarche

Beyond AB 624: Reframing for the Long View2
~Lori Villarosa

Foundation Discussion Starters3

Understanding AB 6244
~Rick Cohen

With Foundations as Partners, Communities of Color Can Share Creative Visions 10
~David Cournoyer

Fund Racial Justice Strategies, Not Just Diversity12
~Rinku Sen

Can Counting Really Make the Difference? 14
~Makani Themba-Nixon

Data Collection is an Important Tool for Building a More Vibrant Nonprofit Sector 16
~Arturo Vargas

LGBTQ Funding and Racial Equity Funding: Can We Talk? 18
~Karen Zelmeyer

Our Dis-ease with Race21
~Eva Paterson

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Foreword

The debate inside and outside California about AB 624, the state bill that would mandate the collection and posting by foundations of data about their grantmaking to communities of color, presents a clash between well-intentioned but misdirected intervention by government and

defensive reactions from the philanthropic sector. The net result, whatever happens to the legislation - which seems unlikely to pass in its current form, anyway - is that mistrust between the two sectors could widen. There is danger that the debate will distract attention from the most profound issues of race and power that the bill is trying to address.

There is an important value in the independence of foundations from government interference in their mission that ought to make the sponsors of AB 624 think twice about even so apparently benign an intervention as requiring data collection. I am highly sympathetic to the goal of increasing philanthropic investment in communities of color, and to the closely related, but not identical goal of increasing the diversity of foundation staffs and boards and those of their grantees. Obviously, foundations and nonprofits have no exemption from civil rights laws. But if a progressive legislature can require foundations to publish data on race and ethnicity, a conservative one can bar a grantmaker - like the Ford Foundation, which has done this for years, or the Arcus Foundation, which asks its grantees for proof of gay rights employment practices - from doing so. Race and ethnicity are vitally important, but an argument can be made that a foundation's carbon footprint, or services to the old or the young, are also fit subjects for legislation. This is a slippery slope, and philanthropic pluralism and independence are not trifling concerns.

So I understand why a number of my fellow philanthropic leaders have raised their voices against the legislation. But I also think that foundation leaders should be careful not to over-argue our case. It's especially important in a time when the foundation field is increasingly preoccupied with "metrics," outcomes and impacts, grantee accountability and the like, that we not exempt ourselves - and of all issues, the continuing barriers of race - from measurement. Without measurement, you have no idea how much you have accomplished or how far you have to go.

The question of what is measured is crucial, of course, and here we could use a much more robust discussion than the AB 624 debate has so far afforded. Whether Black, Latino, Asian and Native American people are around the table when foundation strategies are set and grant allocations determined is certainly a leading indicator. We are in a moment when a Black man who has

spoken honestly and clearly about race is a strong contender for the presidency. Fortune 500 companies and the military now readily recognize and celebrate the strength that diverse teams bring to achievement of mission. It would be strange indeed for foundations, which ought to be in the vanguard of social progress, to resist this connection.

Strategic Awareness of Race is Critical

In addition to internal foundation diversity, there are other leading indicators as well. Surely one, the target of AB 624, is the diversity of organizations in which foundations make investments. Foundation decisionmaking is more strategic and well informed when the table is more reflective of our increasingly multiracial and multiethnic society. For the same reason, so too are grantees' strategies likely to hit the mark when the communities most affected have a strong say and when the multiplicity of their views and perspectives is reflected - not just in who's "served," but in who's doing the "serving."

Each of these factors is interdependent, but the most critical one is often the one least discussed: do foundations' strategies, and those of their grantees, take account of the continuing significance of race in America? To the extent they do not, they will be much less effective. I'll close with a powerful example. Several funding partners, including my foundation, Atlantic Philanthropies, backed the Coalition for Comprehensive Immigration Reform quite heavily. But the campaign lost badly in 2007 when the federal immigration reform measure it supported failed to pass through Congress. The coalition did many things right, and the loss was attributable to numerous factors, many beyond their control. But the coalition members all agree that what they failed to predict was the way racism - simple, hateful stereotypes about Black and Brown people - spewed over talk radio, overwhelmed the debate and doomed the bill. Waging a "good government" campaign that pretended race was not a factor turned out to be a flawed strategy. They won't make that mistake in the next round.

This volume of essays from PRE turns a spotlight on important issues sometimes missed in the overwrought AB 624 debate. We should take advantage of the proposed legislation to elevate the discourse beyond the pros and cons of the bill's proposed mandatory reporting requirements to focus on what philanthropy - and indeed the entire nonprofit sector - should be doing and asking not simply about commitments to diversity, but about advancing the cause of racial and ethnic justice.

*Gara LaMarche
April 15, 2008*

Gara LaMarche, a long-time human and civil rights advocate, is president and CEO of The Atlantic Philanthropies (www.atlanticphilanthropies.org). Before joining Atlantic, LaMarche served as vice president and director of U.S. Programs for the Open Society Institute.

Beyond AB 624: Reframing for the Long View

by Lori Villarosa



Like many of our colleagues who have long advocated for philanthropy to increase giving around a range of racial and social justice issues, we at the Philanthropic Initiative for Racial Equity (PRE) have been unclear as to whether a legislative battle over data collection is a fight we really want. Nonetheless, the debate is here and centered around California Assembly Bill 624 (AB 624), which calls for large California foundations to report on racial/ethnic composition of their staffing, governance and grantmaking.

But regardless of the direct impact of legislation, there is now both an opportunity, and increasingly, a need, to surface critical issues about what is and isn't valued by philanthropy - and how that is defined, determined and measured.

To date, the legislation, proposed this year in California, has attracted few vocal proponents. Its opponents have been greater both in number and intensity.

Although known primarily for its work on issues of banking and other corporate responsibility concerns, the California-based Greenlining Institute authored the bill following studies it released in 2005 and 2006 on foundation grantmaking to minority-led organizations. Surprisingly, Greenlining Institute Director John Gamboa, a key figure behind the measure, declared at a Washington forum, "I don't care if this bill passes,"¹ saying that even without a new law, foundations won't be able to ignore the issues raised by AB 624.

While this may be true, the bill's varied opponents have been so vociferous that their anti-AB 624 messages could easily endanger principles some of them have previously supported. Their fight could very well be turning back the clock.

Rather than prompting a meaningful discourse, the debate has engendered problematic allies of philanthropists who sincerely value racial and ethnic diversity (as evidenced by their grantmaking and past statements) and conservatives who have gone to great lengths to stop efforts to remedy discrimination. Furthermore, these uncomfortable bedfellows have been loud and highly visible in linking their opposition to this bill to

attacks on affirmative action and other efforts to roll back social progress on racial justice.

Our goal at this stage is to look beyond AB 624, with interest in reframing much of the debate toward meaningful and long-term strategies to increase philanthropic support for racial and social justice.²

Our Contributors

Toward that end, we have invited seven writers - each with each with deep knowledge and long track records in racial and social justice issues as addressed through foundation grantmaking - to share their perspectives on the legislation. We've asked them to consider the issues it raises and doesn't raise and the questions the grantmakers and nonprofits should be addressing long after the fate of this one bill is decided.

Rick Cohen has provided an overview analysis of AB 624. Rinku Sen, Arturo Vargas and Makani Themba-Nixon each discuss the value of community of color-led organizations and the kind of grantmaking strategies and capacity-building that philanthropy should be supporting to advance racial justice.

Karen Zelmeyer, Eva Paterson and David Cournoyer each recognize, from their different vantage points, that good intentions among funders or nonprofit leaders are not enough, and that data can be critical in bringing more alignment between intent and outcome.

We recognize that many nonprofits have been reluctant to weigh in on whether to support the bill in direct opposition to potential or current funders, or even to support some of its underlying premises. Given the understandable reticence of many nonprofits, PRE hopes that this volume provides a space for a frank and sober discussion of the issues. We want to promote a dialogue free of some of the unjustified rancor and exaggerated fears that have been reflected in the AB 624 debates. Many dire assertions and faulty premises can be found in the mainstream and philanthropic press and on the nonprofit websites and blogs largely dominated by foundation trade associations, interest groups and their consultants.

As a frame for the contributions of the seven authors, we suggest the following summary observations:

This is not a new discussion. Some people in this debate have been raising issues of philanthropic diversity and inclusiveness as if such calls were new. But these concerns, in fact, have been acknowledged in philanthropic circles for at least three decades.

Formal advocacy for greater representation of minorities and women from within the philanthropic sector has been occurring since 1971 when the Association of Black Foundation Executives (ABFE) was founded in protest of the lack of any African-Americans on the slate for board of the Council on Foundations.³

In the following years, other identity-based affinity groups have emerged and grown significantly in numbers, capacity, influence and outreach. The groups have continually struggled to collect the data on the composition of foundation staff, boards and grantmaking. Despite the difficulties of getting the data, the groups repeatedly manage to issue reports aiming to measure progress. As recently as 2007, Asian Americans and Pacific Islanders in Philanthropy issued a report showing that the numbers are still significantly lagging.

“There is a critical lack of financial and infrastructure support for AAPI-led institutions, which in turn impacts AAPI communities' ability to speak and act for themselves and to participate fully in the democratic process,” the report said.

Formal statements even among very mainstream philanthropic organizations have acknowledged the need for diversity and inclusiveness for nearly two decades. The San Francisco Foundation's Policy on Diversity was approved by its Board of Trustees in 1990.⁴ The same year, the New York Regional Association of Grantmakers, representing a broad range of New York foundations including a large number of private, family and corporate grantmakers of many political persuasions, adopted a Policy on Diversity and Inclusiveness.⁵ For the past decade, the Z. Smith Reynolds Foundation based in Greensboro, North Carolina, has upheld a Statement on Inclusiveness⁶ that lets prospective grantseekers know that the foundation “reserves the right to decline proposals from organizations the board and staff of which do not reflect the diversity of the community in which they work.”

This is just a very small sampling of philanthropic organizations who have made diversity, inclusiveness, or more specific antiracist and racial justice statements, with admittedly varying degrees of concrete action to meet those sentiments.

Still, progress over more than three decades remains too slow.

Data alone is not sufficient to create change, but transparent data on grantmaking is necessary for both baseline and progress toward social and racial justice. It is particularly ironic that anti-AB 624 statements have argued against the value of data as applied to their own efforts while at the same time referenced inequities that they are already seeking to address. These very inequities would be unproven had others not gathered and reported the same types of data the foundations and their allies oppose.

In some ways it has been unfortunate that the call for the legislation has come at the same time that more foundations have been not only gathering data on the racial, ethnic, gender, and, in some cases, LGBT status of grantees' boards and staff, but moving to integrate the

Beyond AB 624

continued from page 3

numbers with more in-depth questions, recognizing that both are necessary for making progress.

In fact, numerous foundations have expressed surprise and a commitment to improve their performance, after examining racial/ethnic grantmaking data for the first time and seeing that they had been funding proportionately fewer people of color-led organizations than their intent. Most have recognized it as a valuable opportunity to examine what changes they may want to make in their own process or externally to address the disparity.

Growing numbers of foundations are also recognizing that simply asking the question and getting quantitative benchmarks can strengthen the nonprofit sector's commitment to diversity and equity by providing important signals to organizations that may be offering valuable services, but may not be adequately reflecting or reaching the breadth of their community.

Explicit language is critical to shared understanding and strategy. Language of diversity and effectiveness is so overused that we are losing sight of the underlying issue - increasing the voices of people of color and lesbian, gay, bisexual and transgender people in broad policy debates, and not just at the table of philanthropy. The overarching goal is to enable these formerly marginalized communities to influence far greater resources than those available from the philanthropic community. Whether one believes legislation is the way to achieve this or not, the ability to strategize collectively toward a common goal is weakened as vague and politically palatable terms of “diversity” and “effectiveness” are

Continued on page 20

Understanding AB 624

by Rick Cohen



If one California state legislator has his way, his state may soon compel some foundations to let the public know the extent to which their work touches people of color, gender minorities and low-income communities.

State Assemblyman Joe Coto has proposed a bill, known by its legislative number AB 624,¹ which has energized foundations to come out swinging against the notion of compulsory reporting by foundations on the diversity of their own makeup and of their grantmaking. The lessons learned from this still unfolding legislative battle might be useful in a future dialogue on the question of promoting more racial/ethnic equity in organized philanthropy.

The legislation challenges foundations to their core. Whom do foundations serve? How will philanthropy address racial and social inequities? Whether or not it passes into law, AB 624, warts and all, raises important issues that foundations have often addressed through largely unproductive expressions of caring commitment to diversity.

Foundation Support for Racial Equity Lags

There is little debate that racial/ethnic minorities have not garnered significant proportions of foundation grantmaking. The Applied Research Center's 2004 *Short Changed* report described the increasing gap between the growth of overall U.S. foundation giving and the proportion targeted to racial/ethnic minorities, noting that among "organizations that promote justice and equity for immigrants and established communities of color...funding streams for many such organizations have been reduced to a trickle in recent years."² Within philanthropy, racial/ethnic affinity groups of foundations have for decades decried shortfalls in grantmaking to their constituencies, generating data such as in a recent report from Asian Americans Pacific Islanders in Philanthropy (AAPIP) underscoring the disparity between an AAPI population that accounts for 4.5 percent of the U.S. population but only 0.4 percent of foundation grantmaking.³

In 2005, the Berkeley-based Greenlining Institute generated a diversity report card of sorts on foundations, *Fairness in Philanthropy*, examining the 2002 grantmaking of 49 foundations to minority-led organizations, defined as groups "whose staff is 50 percent or more minority; whose board of directors is 50 percent or more minority; and whose mission statement and charitable programs aim to predominantly serve and empower minority communities or populations."⁴ The institute followed up the next year with a second study, *Investing in a Diverse Democracy*,⁵ with an eye toward responding to foundation and other criticisms of Greenlining's research methodology.⁶

The Greenlining Institute has a 15-year history of efforts to increase investment in low-income and minority neighborhoods. Nationally known for its challenges to banks' redlining practices, Greenlining has crafted community reinvestment agreements with major financial institutions such as Wachovia and Merrill Lynch. It has similarly challenged other corporations and government agencies on their attentiveness to racial/ethnic diversity, generating "diversity scorecards" on bank boards, the University of California medical school faculty and the partners of California's 20 largest law firms.

Greenlining's follow-up report concluded that a sample of "national independent foundations" gave only 14.7 percent of their 2004 grant dollars and 7.7 percent of their total grants to minority-led organizations in 2004. California foundations awarded 4 percent of grant dollars and 11.7 percent of total grants (led by the California Endowment's 19.6 percent and 22.5 percent).⁷ Some funders in the Greenlining sample, such as the Gordon and Moore Foundation, were said to have made no grants to minority-led organizations, and overall totals would have been greatly reduced were it not for the \$535 million grant of the Bill and Melinda Gates Foundation to the United Negro College Fund.⁸

The 2005 report, meanwhile, caught the attention of Assemblyman Coto. Under his leadership, the state's Black,

Latino, and Asian/Pacific Islander legislative caucuses convened a hearing on the topic with testimony from officers of four California foundations.⁹ Subsequently, Coto introduced the legislation calling for mandatory racial/ethnic reporting on foundation grants, much to the consternation of the California and national foundation sectors, which have been stridently opposed to the measure.

As currently drafted, AB 624 applies only to California-based foundations, including private, corporate and so-called “public operating foundations” (which may or may not include community foundations) with assets over \$250 million. At this writing, the legislation has passed the California House but remains under consideration by the Senate.

There is wide agreement that there are major concerns about philanthropic attention and commitment to racial equity in grantmaking and operations. But the growing debate is whether AB 624 is a workable approach that helps the sector make progress toward increased racial equity or whether it sidetracks philanthropy into unproductive data collection and administrative requirements.

Geographic Conundrum

What’s more, the bill is caught in a geographic no-man’s land: focused on grantmaking to racial/ethnic communities and organizations, but potentially excluding major categories of grantmakers (community foundations) in the state; examining grantmaking by large California-based foundations, including those whose giving is national rather than state-focused, but not necessarily by national foundations making grants in California; and excluding the racial/ethnic dimensions of international grantmaking, no less relevant to questions of racial justice than foundations’ in-state and out-of-state grantmaking. The legislation exempts community foundations with more than \$25 million in assets.

Nonetheless, for legislation concerned substantially with foundation *grantmaking* to racial/ethnic minorities, the exclusions of community foundations and the inclusion of large-asset operating foundations that make few grants leaves out many large foundations making grants to California organizations. Even with the very large foundation sector in the state, seventeen of the top 50 (and three of the top ten) grantmakers to California nonprofits are not located in California, notably the Bill and Melinda Gates Foundation

(Washington state), the Annenberg Foundation (Pennsylvania), the Ford Foundation (New York) and the Robert Wood Johnson Foundation (New Jersey), among others.¹⁰ Many of the large private and corporate foundations that would likely be mandated to comply with the statute operate nationally rather than simply within the state, so that a particular foundation might make substantial grants to minority-led organizations outside of the state and almost none in the state.

Mandated Foundation Reporting

The scope of AB 624 has been whittled down in its journey through the California legislature, but as of March 2008, the bill still called for reporting on the number of grants and percentage of grant dollars awarded to:

- ▶ organizations serving ethnic minority communities and lesbian, gay, bisexual, and transgender communities;
- ▶ organizations where 50 percent or more of the board members or staff are ethnic minorities or are lesbian, gay, bisexual, or transgender, and
- ▶ predominantly low-income communities.

The bill also wants foundations to report on the number and percentage breakdowns of their own board and staff race and gender. Covered foundations would be required to post the reports on their Internet websites and include them in their published annual reports under the label “diversity.”

Foundations in California and nationally have reacted sharply to these reporting requirements, suggesting that the data collection would be costly and burdensome, redirecting funds that could have gone to these population groups to pay for the administrative tasks of compliance with the

Opponents have said that this reporting requirement represents an improper invasion of government regulation over private funds, forgetting that foundation assets are tax-exempt dollars.

legislation. Others have said that this reporting requirement represents an improper invasion of government regulation over private funds, forgetting that foundation assets are tax-exempt dollars, entrusted by the public to foundations’ stewardship and distribution for the public’s benefit. Still others hint darkly that the enactment of AB 624 will spur foundations to pack up and move out of California in search of a foundation-friendly version of Delaware’s negligible corporate reporting and oversight.

The AB 624 opposition sounds a recurrent theme that the legislation’s required reporting would be an invasion of the

Continued on page 6

Understanding AB 624

Continued from page 5

privacy of grantmakers and grant recipients. In practice, however, many foundations routinely require grant applicants to report on their racial/ethnic composition. It is not difficult to find grant application formats that indirectly or directly ask

applicants to report on their board/staff

diversity. For example, the “common grant application” format used by Grantmakers of Western Pennsylvania specifically asks

applicants to list officers and directors for their “diversity spread (age, gender, race),”¹¹ and the common grant application form used by Associated Grant Makers, the regional association in Massachusetts, includes a “diversity data form” spreadsheet for classifying board members, management staff, support staff and volunteers as Asian, Black, Latino(a), white, or other.¹²

In truth, foundations have resisted nearly every reporting effort as burdensome, unnecessary, and costly, from the requirements of the Tax Act of 1969 through the development and mandate for public disclosure of the Form 99PF. Foundations furiously fought the prospect of increased reporting and vilified the members of Congress promoting the bolstered regulatory oversight. In retrospect, however, they would have to acknowledge that the 1969 standards resulted in less self-dealing abuse and higher levels of foundation grant distributions.

Parallel to Mortgage Disclosure Measure?

The supporters of AB 624 cite a different legislative precedent for the mandatory reporting requirements of the legislation. This year is the 30th anniversary of the Community Reinvestment Act (CRA). Three decades ago, banks were adamantly opposed to the enactment of CRA, warning of dire consequences for residential lending practices, but today, major banks begrudgingly accept CRA as a positive contribution to banking practices and appropriate governmental oversight. Preceding CRA by a couple of years, the Home Mortgage Disclosure Act (HMDA) provides the statistical basis for making CRA into a potentially useful tool.

Greenlining and Coto cite HMDA, a tool used by Greenlining for much of its successful CRA work, as a “good example” for comparison to the requirements of the California bill,¹³ but is it really?

The Home Mortgage Disclosure Act of 1975 compels banks to provide loan data so that regulators and the public can determine whether financial institutions are meeting the housing credit needs of their communities, generating a “picture of how geographic lending patterns vary depending on the income status and/or racial/ethnic make-up of

neighborhoods.”¹⁴ Advocacy organizations such as Greenlining, ACORN and others use HMDA data to determine if banks have engaged in racial discrimination or neighborhood-based redlining, challenging bank applications for mergers and acquisitions.

The HMDA parallel with AB 624 is tenuous. HMDA is predicated on measuring financial institutions’ provision of credit to the end recipients, minority or low-income families and neighborhoods, based on an analysis that historic redlining practices have harmed racial/ethnic population groups and communities. HMDA does not concern itself with minority-led financial institutions or lending intermediaries. An HMDA corollary to AB 624 would examine bank investment in the less than 200 minority banks counted by federal regulators.¹⁵

While many of the minority banks are committed to reinvesting in their communities, not all are necessarily top-level CRA performers. Overall, the minority banks’ loan denial rates for minorities appear to be not much different than other banks’, suggesting that programs to create and support minority banks and data collection and CRA-type “report cards” per se are insufficient for overcoming built-in biases in the ways banks do business. The fact of being a minority-owned bank does not mean that the lending practices will necessarily be *significantly* more community-oriented than the practices of other banks.

Strategically Funding Minority-Led Nonprofits

However, like minority-led nonprofits, the challenge of minority banks is that for the most part, they are poorly capitalized compared to their mainstream competitors and sometimes compelled to be cautious about risks that larger, better capitalized organizations might be able to absorb. The challenge for foundations is to provide strategically targeted funding that builds the technical, financial and managerial capacities of minority-led nonprofits to strengthen their capacities for advocating for racial/ethnic justice.¹⁶ A strategic approach would ensure that foundations prioritize funding and technical assistance for minority-led organizations, but even

Philanthropy needs a more robust set of measures tied to affirmative strategies for promoting racial equity.

more broadly to ensure that whatever organizations serve minority populations are held accountable to them.

Therein lies the problem of AB 624's emphasis on foundation grantmaking to minority-led organizations. For example, a foundation might make substantial grants to organizations whose governing boards or staff are minority, but the organizations might not actually have much or any program emphasis on serving racial/ethnic minorities. Moreover, grants that go to organizations entirely opposed to the racial/ethnic priorities of the Greenlining Institute and many of the top foundations in California would count in the racial/ethnic column.¹⁷ Perhaps the most powerful example of this would be a grant to African American anti-affirmative action activist Ward Connerly's California-based American Civil Rights Institute (whose slogan is "race has no place in American life or law").¹⁸ Lacking attention to the content of foundation grantmaking, AB 624 would be counting grants to organizations whose missions have little bearing on or whose politics might be adverse to racial/ethnic equity. The same content and strategy questions would apply to conservative or self-dealing organizations. In other words, the racial justice content of the grantmaking or the grant recipient organization is not a relevant factor in the legislation, nor is the recipient's organizational accountability.¹⁹

AB 624 does not offer "good" or "bad" grantmaking benchmarks and does not mandate foundations to make grants to racial/ethnic communities or to minority-led organizations, but the measure implies a value judgment. In foundation grantmaking as well as bank lending, the measure should be not simply which intermediaries receive funding; it should be whether the funding empowers communities to redress institutional and societal inequities. Philanthropy needs a more robust set of measures tied to affirmative strategies for promoting racial equity than what might be generated through the self-reporting called for by the proposed legislation.

The Importance of Metrics

Some philanthropic leaders see AB 624 as a burdensome proposal that would subject foundations to a compulsory accounting of their voluntary contributions to racial equity. They see this as reason enough to oppose the bill. But people who hold this view may be failing to acknowledge that their

campaign against AB 624 is actually doing the bidding of more conservative forces – forces that these same moderate and liberal foundation leaders have opposed in the past.

These include conservative nonprofit and philanthropic groups such as the Philanthropy Roundtable and the Alliance for Charitable Reform that have been outspoken in their opposition to AB 624. Some member foundations of these umbrella groups have funded Connerly's organization and have supported Connerly's Racial Privacy Initiative, which spawned the 2003 California ballot measure known as Proposition 54. This proposal would have banned state government from collecting information about race, ethnicity or national origin except in very limited circumstances. Although Proposition 54 failed, the American Civil Rights Institute did succeed in rolling back some aspects of affirmative action in Michigan and Washington as well as in California. Connerly recently announced efforts to place similar rollback voter initiatives on the ballot in Colorado, Arizona, Missouri, Nebraska, and Oklahoma.²⁰

Contradiction on Data Collection

A survey of California foundation program officers and interviews with foundation executives found that three-fourths expressed concern about Proposition 54's implications for foundation strategies, investment priorities and impact measurements.²¹ Even more said that they take race, ethnicity and national origin into account when making grants. The case for philanthropy's collection and dissemination of racial/ethnic

data from grantees has been made repeatedly by leading foundations such as the Annie E. Casey Foundation²², the Ford Foundation and many others. Yet, in an apparent contradiction, many of the California foundations that fought against Proposition 54 now vigorously oppose AB 624. They do not acknowledge that the very data they find useful for grantmaking – and that, by opposing Proposition 54, they have actively defended – can and should be collected from foundations and made available to the public.

Although three California grantmaker associations have promised the California legislature that they will conduct research to find ways of strengthening grant support to minority-led organizations, these assurances feel disingenuous. Rather than engaging the process, recognizing the legitimacy of the concerns behind the California bill and designing a

Continued on page 8

Understanding AB 624

Continued from page 7

muscular approach to metrics for racial/ethnic equity in foundation grantmaking, these associations are buying time.

The Leadership Conference on Civil Rights succinctly expressed the rationale for opposition to Proposition 54 – and why foundations should be aware of the implications of their opposition to AB 624: “Without data collection, [Proposition 54] would damage the state’s ability to address disparities by race and ethnicity in discrimination and hate crimes, health care and disease patterns, and educational resources and academic achievement.”²³

Whatever the shortcomings of AB 624, foundations should not be let off the hook when it comes to determining who benefits from their nearly \$40 billion in annual grantmaking and whether the grantmaking contributes to racial/ethnic equity and social justice. They should be standing up for robust and meaningful data collection to help the sector advance the causes of racial and ethnic equity and justice. Instead of eschewing racial/ethnic metrics, they should support efforts to ensure that philanthropy is held accountable for what it delivers to critical societal needs in return for its control of federally tax-exempt funds.

A Wake-Up Call?

The future of AB 624 is anything but certain. Foundations opposing the bill have placed op-eds in major California and national newspapers and distributed letters to California legislators. It is nearly impossible to find public statements from foundations that favor the measure. As in 2003, when the foundation sector vigorously lobbied Congress against the Charitable Giving Act of 2003, a bill that would have altered the composition of private foundations’ 5 percent minimum “payout” requirement to exclude foundations’ administrative

costs, grantees have been reticent to say much – if anything – that might be perceived by their funders as challenging them on a fundamental precept of philanthropic freedom from oversight and regulation. The anti-AB 624 foundations have hired heavyweight California public policy lobbyists to work the halls in Sacramento to convince the legislature to reject the legislation or send it back to committee for refinement and improvement. If that doesn’t work, the lobbyists could persuade Governor Arnold Schwarzenegger (R) to veto the measure.

The bill seems destined to falter at some level of the policy-making process, at least in the short run. But what then? Will the issues behind AB 624 be buried under an avalanche of consultant studies, foundation pro-diversity declarations and a few strategically placed grants?

In California, Assemblyman Coto might be inclined to revisit the legislation to see if there is a way to reengineer the bill to achieve a more practical, better-targeted approach for determining the extent to which the state’s foundation community is contributing to racial equity. At the federal level, it is conceivable that fellow Californian U. S. Representative Xavier Becerra (D) might push for a philanthropic commitment to racial equity more muscular than the usual foundation testimonials. (Becerra has already expressed concern about the extent to which foundations – and in fact, the charitable sector overall – respond to the needs of racial/ethnic groups and low-income populations.)²⁴ The issues raised by AB 624 are not likely simply to fade away. The foundation sector would be well advised to view AB 624 as a powerful wake-up call.

Rick Cohen is the national correspondent of Nonprofit Quarterly magazine (www.nonprofitquarterly.org). Prior to joining NPQ, he was the executive director of the National Committee for Responsive Philanthropy, a national nonprofit philanthropic watchdog organization. He is a former member of the PRE advisory board.

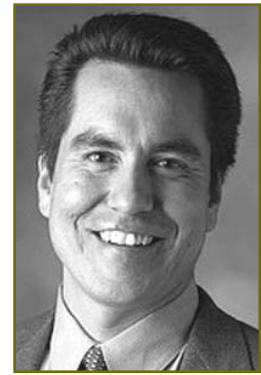
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With Foundations as Partners, Communities of Color Can Share Creative Visions

by David Cournoyer



It's no secret that the United States is growing more racially and ethnically diverse. Don't you remember the breathtaking pictures of literally tens of thousands of people taking to the streets about immigration reform? Did you miss the news about the growing number of states with "majority-minority" populations?

More recently, the headlines have focused on Senator Barack Obama's courageous appeal to Americans to recognize both the progress we have made and the significant racial disparities that still exist. It was an historic call to acknowledge that we are not yet "a more perfect union" fully capitalizing on America's rich diversity, which brings a broad array of knowledge, cultural values and perspectives.

What is philanthropy doing about this? Where's the Obama-like, bold leadership? If the nimble nonprofit sector can't provide aggressive support and commitment to help the U.S. capitalize on its diversity and fully promote the voice of underserved communities, where will it come from? Unfortunately, many of us in the sector who represent communities of color are not setting our expectations very high.

Let's face facts: foundations are not diverse places. In my nonprofit work, I can't tell you how many times that I've been the only person of color in the room. If there were two, or even three, of us, I almost certainly was the only male of color. These kinds of stories are not uncommon. In one state that is about to tip majority-minority, the state's largest foundation has a single person of color among its trustees and senior staff. In my experience with situations like this, diversity - achieving it, appreciating it or investing in it - is simply not a priority.

That isn't to say that only people of color "get" it. Of course, there are also many supportive, informed white

program staff who individually practice effective and strategic philanthropy with communities of color. But all too often the *institutional* support isn't there.

Partnership Counts

More typically, a foundation's lack of diversity can result in flawed grantmaking that imposes one-size-fits-all solutions on communities of color. If philanthropy wants to help America achieve stronger, healthier and sustainable communities of color, it must work in full partnership with these communities - with mutual respect, benefit and accountability. No one partner has all the answers, so partners must respect each other's wisdom, values and priorities. To build trust into this collaboration, each partner must be open, honest and fully transparent. There cannot be trust without transparency.

Ahh, transparency. That's the goal of state legislation in California seeking to mandate reporting on the racial and ethnic makeup of foundation leadership and program officers, vendors, grantees and the constituencies they serve. Not surprisingly, foundations are crying foul; but this may be just the motivation to get them to take diversity and equity more seriously. If cynics believed Sen. Obama's appeal only came after he was trapped in a corner (by connections to his church pastor's strident remarks on racism), then just this kind of cornering might push foundations to take more aggressive action.

Unfortunately, foundations don't have a very good track record on being transparent, even though they're externally accountable for what they do with resources held in the public trust. Foundations don't place a high priority on communicating their basic workings - even at the level of program strategies and funding rationales - much less anything that might smack of bad news or

criticism - such as negative program results or critical stakeholder feedback.

So even if we agree that mandates are not very effective in changing practice or culture, can foundations police themselves in regards to their diversity and programming with communities of color? I just don't see it happening, particularly when there is such aversion to potentially bad news. If one of the concerns is the need to consider diversity within broader organizational contexts, foundations could look to the Center for Effective Philanthropy's survey of foundation staff and grantees regarding responsiveness and effectiveness. It would be easy to add a few questions about race and ethnicity to this survey, but foundation participation is optional and the results are confidential. Few if any foundations voluntarily publicize their own data currently, so do we really think one would share diversity data that might shed unflattering light?

It Helps to Put the Cards on the Table

It's difficult to have an honest discussion about diversity - much less equity and justice - when one side won't put all its cards on the table. This is preventing deeper dialogue and urgently needed work to help prepare the nation's future majority for full civic participation and socioeconomic success. It's also keeping us from making valuable connections among the knowledge of so many different peoples, which, in turn, stands in the way of broader learning and generation of new approaches. America must tap this wisdom and experience now, not later!

Within Native America, for example, there are hundreds of different tribes. While there are commonalities, there are also many differences in terms of languages, practices and perspectives. Among communities of color, Natives happen to be unique in terms of political sovereignty. Tribes are like states, with specific rights to govern that have been defined by Congress and federal court rulings. Nonetheless, Natives have much to share in terms of traditional practices and ways of thinking - from consensus-based decisionmaking and governance, holistic

health and wellness approaches, family-centered educational models, sustainable environment practices, and more.

Like many groups working in isolation, Natives frequently don't comprehend the innovation of their own programs relative to what is happening in other fields and communities. With the luxury of their broader view,

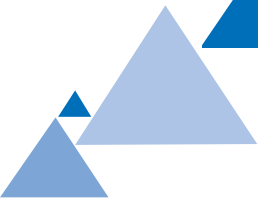
foundations should help make these linkages, leveraging learning and results. Sadly, many program officers see a Native American-focused inquiry and immediately set it aside

Foundations should help make linkages, leveraging learning and results.

as a "boutique" program with a narrow population scope. However, more experienced philanthropists would see considerable promise in investing in strategies that will have not only local impact but also potential application to affect learning and practice in other communities - be they Latino, African American or Caucasian.

It's scary how fast the world is changing in terms of complexity and increasing challenges. Now more than ever, we need creative, collaborative solutions that are based on our best thinking. We need more heads in the room, and these must include representatives of communities of color. Foundations have a critical role to play in making this happen. But it takes time, commitment and action. What we really need are philanthropic leaders who lack ego, acknowledge what they don't know, listen to and appreciate different viewpoints, value collaboration over unilateral action, and seek a common good rather than self-aggrandizement. These are the leaders who will help all our nation's communities fully participate in unleashing new visions that will benefit everyone.

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Fund Racial Justice Strategies, Not Just Diversity

by Rinku Sen

The Applied Research Center (ARC) has studied philanthropy in relation to communities of color through our report, *Short-Changed: Foundation Giving and Communities of Color*, and through a racial equity assessment tool that we have tested with two foundations. In each case, our findings revealed that although the total philanthropic dollars going to communities of color is dismal in itself, we have to go beyond counting diversity data to ensure that such philanthropy is generating racial justice.

It is difficult to count the distribution of philanthropic dollars by race - not all foundations keep such data, and there is no public mandate requiring it. Even with having to qualify some of the data, however, *Short-Changed* found that although people of color make up nearly one-third of the general U.S. population, grants explicitly targeted to benefit them constituted only 7 percent of foundation giving in 2001. Grants to African American organizations in 2000 and 2001 constituted only 1.4 percent of total foundation grants, dropping from a high of 3.8 percent in 1999. The average size of grants to organizations that supported African Americans shrank by nearly 20 percent in that time. Grants to other communities of color showed similar patterns. Giving to Native Americans was at .5 percent, to Asian Americans and Pacific Islanders between .3 and .5 percent, and to Latinos 1.48 percent of large grants. Support for immigrants and refugees was at .7 percent, particularly small given that foreign-born residents comprise more than 11 percent of the population. Further analysis revealed that the expansion of professional staff of color within foundations has not led to the allocation of more philanthropic dollars to communities of color.

From a racial justice perspective, however, the problem extends far beyond the lack of diverse representation among foundation grantees. Most foundations have no common definition of racial justice. *We define racial justice as the proactive reinforcement of policies, practices, attitudes and actions that produce equitable power, opportunities, treatment, impacts and outcomes for all.*

Need More Support for Policy Change

If policies are to work for the benefit of communities of color, those communities must have the power to define, advocate for and then be engaged in their implementation and refinement. Philanthropy lacks adequate data on policy-related grantmaking and race, but anecdotal data indicate that the ratio of policy grants to people of color-led organizations is even smaller than the already dismal proportion of all grants noted above. Much of the funding to communities of color has fueled service provision rather than policy change or other structural interventions in fighting institutionalized racism.

We distinguish racial justice from diversity and from multiculturalism. There can be diversity without equity. A **diversity focus** primarily addresses the symptoms of racism - with the goal of minimizing racial tensions and maximizing people's ability to tolerate difference and get along. A **racial justice focus** primarily addresses the causes of inequality and the solutions and strategies for producing equity. For example, in 1954, the U.S. Supreme Court ordered the integration of all public schools, yet our schools remain highly unequal. Even fully and partially integrated schools, experience racial achievement gaps and other disparities across race.

Likewise, culture is only one aspect of race. Neither a diversity frame nor a cultural frame addresses the question of power. Race is a social construct that stems from differences in power - imbalances and abuses of power underlie racial categories and the mechanisms of racism.

Efforts to promote cultural awareness, sensitivity and inclusiveness are important steps, but ignoring the dynamics of power helps to perpetuate institutional racism. According to this definition, equitable impacts and outcomes across race - a reduction in racial disparities - is the ultimate indicator of success.

Over the last nine months, ARC and the Philanthropic Initiative for Racial Equity have been conducting racial justice assessments with two foundations that have made a commitment to racial equity. In each case, even with foundations that give substantially to communities of color, we found that foundation staff often used implicit rather than explicit language to describe their racial equity commitments and kept data for some but not all grantees. Staff members were hard pressed to make grants to projects with a structural or policy-making component that actually equalized power between people of color and the private and public institutions in which they live and work. Among their grantees, we often found that diversity stood in for direct discussion of institutionalized racism - that is, a group comprised largely of people of color would assume either that everyone had a racial analysis, or assume that diversity in itself was enough to address racism.

Recommendations for Racial Justice Work

For these and other foundations that wish to expand their racial justice work, we recommend the following:

1. Establish an understanding of and then set racial justice criteria for grantees - criteria such as the existence of people of color leadership, structural analysis and a plan for racial equity advocacy.
2. Establish racial justice as an explicit funding category.
3. Invest in capacity-building around racial justice

questions in particular, both in the foundation itself and among grantees.

4. Distinguish individual acts from institutional racism; prioritize systemic change.
5. Support research to identify model initiatives.

Equitable impacts and outcomes across race - a reduction in racial disparities - is the ultimate indicator of success.

Before a foundation selects an intervention, it is helpful to conduct a full analysis of how racism is operating at the micro (internalized or interpersonal) level or macro (institutional or

structural) level. This will inform the strategies that the foundation selects and develops. Because race is such an integral factor in poverty, poor health and limited education, foundations committed to addressing such issues will inevitably find that they need to build the capacity to capture key data.

Focus on Structural Solutions

For systemic change, foundations should focus solutions on institutional and structural causes. Racism within and between institutions requires outcomes that address procedure and policy change and address disparate outcomes. Foundations that choose to deal with structural racism (racist history, culture and systemic inequities) must be willing to expose these historical roots, have an intersectional analysis and be an equal partner in social justice movements.

Legislation mandating that foundations gather data to reveal their funding patterns may be a start, but it may not, in the final analysis, lead to new racial outcomes in poverty, education, housing and health numbers. Foundation giving that encourages societal change at that level will need to look to the kinds of strategies they support, in addition to the color of the communities.

Rinku Sen is the president and executive director of the Applied Research Center and publisher of ColorLines magazine (www.arc.org). Her latest book, Stir It Up: Lessons in Community Organizing (Jossey-Bass) was released in 2003. She is a member of the PRE advisory board.

Can Counting Really Make the Difference?

by Makani Themba-Nixon



Every organized interest has a love-hate relationship with government regulation. We want clear public monitoring and benchmarks for the other guy. For ourselves, well, we urge more measured approaches like support for self-governance, expansion of voluntary guidelines and the perennial favorite - autonomy - because after all, us good people with good intentions don't need sticks. We are carrot folk who can be good for, er, goodness sake.

The unfortunate truth is that those interests with the most power tend to live more of a carrot life in the world of government intervention and regulation. And those with much less power live firmly under the stick. In fact, it was partially these policy inequities that catalyzed a study and then legislation that sought to connect the dots between the lack of diversity in philanthropy and the limited capacity of traditional marginalized communities (communities of color, sexual minorities and women) to affect change in their interests.

The legislation, now weaving its way through the state Senate, is California's AB 624, which requires foundations with assets of \$250 million or more to disclose diversity data for their organization and to track the diversity of grantees and vendors. The law comes on the heels of decades-long discussion about diversity in philanthropy that dates at least as far back as the 1940s. In 1944, Gunnar Myrdal published his groundbreaking study, *An American Dilemma*. Myrdal leveraged foundation dollars to look at how racism was undermining democracy and access to basic rights in the United States; he recommended changes

in social policy, including funding, necessary to make some headway on this issue.

For years, funders have preferred a carrot approach to their workings regarding social justice. For years, most of us were fine with that. Government was playing a much larger role in supporting direct service infrastructure and community assistance programs. Cities had matching funds and federal revenue sharing. Foundations were supplemental institutions that helped shape public policy, supported advocacy and augmented public funding. Today, even city governments are going to foundations to support projects like code revisions and other programs that should be firmly rooted in the public sphere. Of course, we need better public sector investments. However, with so much at stake, it's no surprise that advocates are seeking to make philanthropy more transparent and accountable.

But will counting diversity lead to fair and equitable funding practice and, subsequently, more equitable infrastructure for social change? AB 624 focuses on foundation diversity as the target for change. Diversity is important. It can help garner access for those traditionally locked out of decisionmaking and, in turn, these new voices can help forge a more representative agenda. Potentially. However, without an articulated change model that sets benchmarks and goals for equity, for minimum levels of advocacy capacity, infrastructure and power in communities, AB 624 could be the Disney version of diversity: the colors change but the basic tune - and power relations - stay the same (*it's a small world after all...*).

The data collection that AB 624 calls for just is not enough. What nonprofits need is vigorous research that tells us how marginalized communities are faring; that can tell us if foundation grants are really making a difference in helping communities to achieve equity and justice. Working together, however, we can forge a vision and reality that can move beyond counting to help us realize concrete change. We need:

▲ **Research that bridges communities and**

context. Funders can leverage their dollars to encourage community-based participatory research models and insist on disaggregation of data

AB 624 could be the Disney version of diversity: the colors change but the basic tune - and power relations - stay the same.

and impact assessments by race, ethnicity, class and gender. Research should also examine and document privilege, institutional behavior, public policy and their impact on equity. This, along with better dissemination, will help increase the amount of research - and policies - that are relevant and address real problems.

▲ **An increase in authentic community input and decisionmaking.**

We can create vehicles for affected communities to have a real say about the investments where they live. The Gulf Coast Funders for Equity (GFCE), for instance, is already bringing this more democratic model into reality. GFCE developed a governance structure that enables local community stakeholders to determine funding and program priorities. Community-based board members - primarily folks of color - receive grants from a separate funding stream so they do not have to choose between participating as funders and receiving support. It is a model that certainly deserves replication.

▲ **Clear benchmarks for equitable social change infrastructure.**

We know what it takes to make

change - strong networks, organizing institutions, communications infrastructure, cultural work that helps people imagine that a better self and a better world is indeed possible. Right now, today we can set short- and long-term benchmarks on the way to the change we seek. We can ensure that every community with a certain set of demographics has a minimum number of paid organizers by 2015; that each community has at least two well funded, fair and

accessible media outlets; that every foundation and every group in our portfolio has access to learning about how various forms of oppression and privilege shape our work - and then can develop and implement

plans to address them.

▲ **Tracking not only of who gets funding but how much and how.**

We know the stories: the program officer who refuses to work with a group because of personal animosity toward its leadership; the national think tank that writes a short concept paper and gets its big, multiyear grant up front; the local community group that has to sit through eight meetings and write a 20-page proposal only to get a 1-year grant that allocates just half of the funds on the front end. The right kind of tracking can help us identify patterns of privilege and access. It can also help us evaluate our reach and impact - if we build these mechanisms into our process.

Some argue that AB 624 is a step in that direction. Yet, one cannot help but wonder what carrots - and sticks - will be necessary to get us beyond measuring to making a difference at scale.

Makani Themba-Nixon is executive director of The Praxis Project, a Washington, DC-based nonprofit organization supporting community-based policy and media advocacy nationwide (www.thepraxisproject.org). She is a member of the PRE advisory board.



Data Collection is an Important Tool for Building a More Vibrant Nonprofit Sector

by Arturo Vargas

Funders have widely agreed that the philanthropy field and its grantmaking are not sufficiently diverse and that more resources can and should be directed to diverse communities, including communities of color. In fact, many foundation leaders point to voluntary actions as the correct alternative to legislative mandates for diversity-related data collection.

We should support the laudable actions and initiatives organized philanthropy is taking to increase its diversity. However, one of the key challenges for such voluntary efforts is how to measure progress. Absent data collection, it will be impossible to demonstrate that the field has become more diverse over time; that grantmaking is reaching more diverse communities than before, and, most important, that such increase in diversity actually is contributing to greater effectiveness.

Data Can Help Point the Way

The Council of Foundations, in launching its diversity initiative, noted that only 5 percent of the leadership of the country's foundations is people of color. Even this figure is misleading because it is based on the voluntary reporting of council members, not on an actual census. Were the data collection comprehensive, the real figure would probably be much lower.

The primary purpose of data reporting on diversity measures, which many foundations already require of their grantees, has been to provide the tools to measure effectiveness in achieving greater diversity. Some in the

nonprofit sector have suggested that data reporting is onerous, burdensome and administratively expensive; nonetheless, many foundations and charities collect data because they recognize the fundamental importance of being able to assess the current situation, diagnose appropriate remedies and measure progress. Nonprofits cannot achieve this without the collection and analysis of data. At a minimum, required data reporting could shed

light on the actual extent of the challenge of achieving a more diverse field and craft.

Many foundations, recognizing the value of data reporting in the

public arena, supported the defeat of Proposition 54 in California several years ago. This ballot measure would have outlawed the use of race and ethnicity as factors in the operation of key public functions such as education, contracting and employment. Foundations appropriately recognized that the use of such data is necessary in order to hold government accountable for ensuring that the public's resources are being distributed in a fair, equitable and efficient manner.

It is thus ironic that foundations would not hold themselves to a similar standard. Indeed, some in the nonprofit sector have suggested that requiring the reporting of racial and ethnic data would place on undue burden on individuals of mixed heritage who would have to choose among their parental lineage or to disclose information that they consider private. Every 10 years, however, this is precisely the information that the federal government requires of every U.S. resident as part of the decennial census. Such

At a minimum, required data reporting could shed light on the actual extent of the challenge of achieving a more diverse field and craft.

data collection is necessary for the enforcement of our most basic civil rights laws; for some in the nonprofit sector to suggest that gathering these data is inappropriate undermines our most fundamental values of social justice.

Strengthen the Civil Sector

While directing more grantmaking to minority-led organizations does not automatically increase racial justice grantmaking, it is an important element in achieving that goal and strengthening the civil sector.

The funding of minority-led organizations is not synonymous with serving underserved communities, but the two are closely related. (Minority-led groups have executive leadership of color, a board majority of color and an orientation of serving a community of color.) Often, minority-led organizations have superior competency and expertise to execute program delivery to communities targeted by philanthropic goals. Unfortunately, these organizations are under-resourced as compared to mainstream organizations, and their underinvestment by philanthropy can undermine the goals of foundations.

For example, after the Katrina and Rita hurricane disasters, foundations appropriately responded with haste to fund recovery and relief efforts. Many grants targeted organizations such as the Red Cross with a solid history of such activities. However, in this specific instance, the Red Cross did not have the cultural competency or capacity to reach and serve people who did not speak English and were recent

immigrants. In contrast, the organizations in the region who did serve these communities had

To suggest that gathering these data is inappropriate undermines our most fundamental values of social justice.

to struggle with vastly limited resources. Had foundations funded these smaller nonprofits, key vulnerable populations could have received relief more swiftly and efficiently. Indeed, had foundations invested in these organizations over time, they would have been better positioned to meet the crisis.

The funding of mainstream think tanks to study the needs of communities of color provides another example.

Foundations support these researchers because of their record of producing quality research products. Yet the research groups may lack the in-house expertise about these communities. Often these think tanks resort to reaching out to minority-led organizations to provide the background and expertise to understand the target populations. Funders ask the organizations not to conduct the research themselves, but to provide this service without funding or compensation. If philanthropy were to invest more in the research and policy analysis capacity of minority-led organizations, the information sought by foundations could be more efficiently produced.

Diverse Nonprofit Leadership Needed

In addition, the leadership of the nonprofit sector overall is not well represented by people of color. For instance, I have served as a member of Independent Sector Board of Directors on two occasions. Identifying minority-led organizations to join the organization and people of color to become board members has been a struggle. Often, the under-resourced situation of key organizations has precluded the groups from joining this national organization and from allowing their leadership to engage in activities and events that would introduce them to the national network of nonprofits.

If foundation grantmaking were more diverse, and minority-led organizations received a more equitable share of resources, the goals of foundations to serve communities of need could be more efficiently achieved and the sector could become stronger and more vibrant. Most foundations act as the stewards of private resources for the public good, and receive a public benefit in tax relief to do so. Accordingly, this benefit should come with a greater willingness to demonstrate accountability.

Arturo Vargas is the executive director of the NALEO Educational Fund, the leading nonprofit organization that facilitates full Latino participation in the American political process, from citizenship to public service (www.naleo.org). He is also the board chair of ZeroDivide (formerly the Community Technology Foundation) and chairs the Council on Foundations Committee on Inclusiveness. He is a member of the PRE advisory board.



LGBTQ Funding and Racial Equity Funding: Can We Talk?

by Karen Zelmeyer

Every year, Funders for Lesbian and Gay Issues (FLGI) tracks how many U.S. foundations offer grants to lesbians, gay men, bisexuals, transgender and queer (LGBTQ) issues, measuring total foundations, total giving and total grants to LGBTQ organizations and projects. We gather this data by asking foundations to report who they are funding, the kind of support they are providing and for what issues and populations. We have learned that hundreds of foundations – large and small, public, community, corporate and private – collect data on their grantees as a part of their ongoing work. And while inconsistent taxonomies present numerous problems, the task does not appear to be so onerous as to prevent foundations from doing it.

FLGI is one of several identity-based affinity groups established over the past three decades to address an inequitable distribution of resources that undermines the very heart and soul of what it means to be a democratic society. These groups also challenge the underwhelming representation of people of color, LGBTQ people, people with disabilities and women in leadership positions within foundations and nonprofit organizations.

A Critical Conversation

These are the very concerns the proposed California Assembly Bill 624 (AB 624) aims to address. Whether one agrees that the public policy arena is an appropriate or effective space for redressing inequities and discriminatory practices within philanthropy (I do), or that AB 624 is the right legislation to achieve equity (I do not), we owe the Greenlining Institute our thanks. In raising the issues that prompted the legislation, the institute has ignited a conversation within philanthropy hitherto unheard at the current decibel level. The debate pushes those of us who believe in the value of diversity and equity to articulate our positions with a greater degree of intellectual rigor.

FLGI is under no illusion that, by itself, this information will shift grantmaking or produce greater equity. However, we do

believe that it serves as a critical tool for engaging people in dialogue, strategic thinking and advocacy. Demographic data sets benchmarks, helps identify funding trends, gaps and opportunities, and makes visceral the issues of inequality and under-representation. Yet it is precisely because this information is so important that AB 624 falls short. By requiring that only the largest California foundations report this data (a small group in total), the bill absolves the many small and mid-size foundations that should also be working for greater equity in philanthropy.

Research Prompts a Shift in Mission

I offer my own organization's experience as an example of how data collection can compel institutional equity. FLGI's annual research findings helped spur our board of directors in 2006 to alter our organization's mission and rethink our programming. Year after year, our data revealed that organizations and projects explicitly working with LGBTQ people of color, lesbians, transgender people, and poor and low-income LGBTQ people received mere fractions of the overall giving by U.S. foundations to LGBTQ communities. It seemed that grantmakers supportive of LGBTQ issues mirrored the broader philanthropic trend of devoting few resources to address the confounding inequities within our communities.

So FLGI shifted its direction. To address these funding inequities, our board rewrote the organization's mission to seek "equality and rights for LGBTQ individuals and communities by mobilizing philanthropic resources that advance racial, economic and gender justice." Rooted in our new mission were two premises: the LGBTQ rights movement could not succeed if any segment of our community was left behind, and concurrently that sustainable social change will only occur when LGBTQ issues are contextualized as part of broader movements working for justice. Towards that end, we are committed to strengthening our coalition-building, collaborations and partnerships with others seeking LGBTQ*

racial, gender and economic rights and to learning from those already involved in this work.

We have operationalized our new mission with two new cutting-edge programs. **Common Vision** is a national, multiyear initiative, spearheaded by FLGI and guided by a partnership of 14 national affinity groups. Common Vision convenes grantmakers in various regions of the country to share best practices and best thinking in a collaborative process that will model and document grantmaking that promotes healthy communities with widespread equity. The **LGBTQ Racial Equity Campaign** aims to spark a broad philanthropic conversation about the best ways to repair racial inequities in our communities and across the sector. Its goals are to increase funding support for LGBTQ communities of color and to enhance racial equity practices within LGBTQ foundations. We will mirror this work with racial equity funders, advocating that they recognize and include LGBTQ people of color organizations in their grantmaking.

LGBTQ Funders Racial Equity Report Card

No other project embodies the dimensions of AB 624 more than our LGBTQ Funders Racial Equity Report Card. This report card examines how grantmakers, who have been critical in shaping the priorities of LGBTQ organizations, understand racial equity in their grantmaking, governing documents, policies and practices, demographics, leadership and strategic communications. Our findings suggest that while almost all of these foundations articulate a shared commitment to racial equity, very few of them translate their stated commitment into their grantmaking practices or internal operations.

Most of the foundations reviewed in our report rarely, if ever, offer grants to LGBTQ people of color efforts. Further, the demographic leadership across staffs and boards in these foundations rarely includes people of color and many funders rely on policies and practices that are race-neutral. Fortunately, there are a few notable foundations that have institutionalized inclusive policies and practices and who pave the way to a broader understanding of inequities in our country.

So where is the role for government intervention? And when should philanthropy regulate itself, or volunteer its own solutions? For starters, our report card will distill lessons and tools that could compel foundations to voluntarily change their practices – to move from well-intentioned to intentional. And perhaps the furor over AB 624 will also encourage grantmakers to diversify their grantmaking, as well as their staff and trustees. But history makes us dubious. FLGI’s efforts build on a long history of pushing for voluntary action that has hardly fulfilled the promise of philanthropy to create equity and strengthen our democracy.

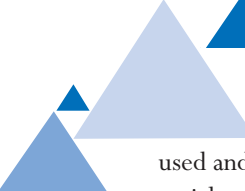
While almost all of foundations articulate a shared commitment to racial equity, very few translate their stated commitment into their grantmaking practices or internal operations.

As argued throughout, the need for measuring foundation financial support for LGBTQ rights is essential: without data on total LGBTQ giving and grants, our ability to track foundation

progress vanishes. In regards to collecting data on the sexual orientation of staff and trustees, many (including some of our dearest allies) have argued that the act of requesting this information violates one's privacy and may inadvertently “out” employees who'd rather not disclose their sexualities. (Is it possible that the institutionalized invisibility of sexual orientation perpetuates a sense of one’s work environment as unsafe and one’s sexuality as something to hide?) Yet diversity reporting is always presented in aggregate numbers. Couldn't a foundation administer an anonymous online questionnaire that preserves privacy and still reports the data? And if data on “sexual orientation” (and “gender identity,” had the bill's authors seen the full diversity of our communities) is not collected, how can we measure whether LGBTQ people participate in philanthropic decision-making? How can we assess whether LGBTQ people of color – often at the furthest margins – are represented?

Karen Zelermyer is the executive director of Funders for Lesbian and Gay Issues (www.lgbtfunders.org). She has also served as the deputy director of the Astraea Lesbian Foundation for Justice.

* Based on our 2006 data, LGBTQ people of color are receiving 9 percent of all LGBTQ specific funding; lesbians receive 5 percent of the pie; and the transgender community receives 2 percent of the dollars.



used and misused by people who are in fact striving for racial and social justice and, on the other hand, by those who are seeking to undermine those goals.

The discourse should be sharpened as foundation boards, staff and nonprofits ask the question both about what should be counted, but more importantly, to what end.

While many have suggested that organizational effectiveness is enhanced when diverse voices are at the table, even the very definition of effectiveness may change as we strive for true transformation. But without more precise language we will continue speaking at cross-purposes. What might begin as palatable masking of the real issues may in the end actually result in a truly weakened agenda.

Beyond the question of racial or ethnic diversity in organizations, we also need to recognize that people of color-founded and -led organizations play a crucial role of providing organizational voice and legitimacy to marginalized populations. The goal of building and supporting people of color-led nonprofits for policy advocacy and community empowerment is different from promotion of diversity as a mechanism for generic organizational effectiveness, a point long recognized by certain foundation affinity groups. For example, with its Funders Collaborative for Strong Latino Communities, Hispanics in Philanthropy specifically supports Latino-led, not simply Latino-serving nonprofits.

One of its clear goals is “to allow the Latino community to find its own solutions to its problems,” logically recognizing that a key to that is empowering and strengthening Latino-led organizations.

Involve Communities in the Debate

In the same vein, communities and the nonprofits that aim to serve them should be involved in finding the solution to greater equity within philanthropy.

Grantmakers should recognize that whether mandated by the state or not, the questions of how much of their grantmaking is directly reaching people of color and LGBT communities is a discussion that they should engage in willingly and in partnership with those nonprofits whose efforts they rely on to carry out the public good.

We are at a moment in which truly bold and accountable philanthropic leadership in support of racial and social justice could and should happen. We look forward to a richer, more collaborative and nuanced discussion, involving broad perspectives and authentic voices in crafting strategies that will count for the long haul.

Lori Villarosa is the PRE executive director (www.racialequity.org). Prior to launching this initiative in 2003, she spent 11 years at the Mott Foundation, where she developed its U.S. Race Relations portfolio. She serves on the board of the Winthrop Rockefeller and Paul J. Aicher Foundations.

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Our Dis-Ease With Race

by Eva Paterson

We are currently involved in a controversy about whether or not foundations should be required to collect data on the race or ethnicity of its grantees. This topic brings to mind Black Power advocate Eldridge Cleaver's famous

admonition that you are either part of the problem or part of the solution. Philanthropy has played both roles.

When one looks at this more closely, the controversy is yet another manifestation of the dis-ease we have with dealing forthrightly with race. It would be safer to duck this issue and to lie low until it blows over, but we at the Equal Justice Society (EJS) after anguished discussion decided we must speak.

Foundations have provided critical support in the advancement of racial justice. In 1922, Charles Garland, a 21-year old Harvard undergrad, established the Garland Fund. One of Garland's goals was to improve the schools that Black children attended. I recently read a moving essay by Alice Walker who describes walking past White schools on her way to underfunded and dilapidated Black schools in Georgia. The brilliance of Black teachers in these segregated schools is legendary in spite of being hobbled by outdated books and few resources. Charles Hamilton Houston, Thurgood Marshall, Jack Greenberg, Constance Baker Motley and other attorneys looked for a strategy that would result in a better education for Black kids. The Garland Fund supported the development of the three-decade strategy that culminated in *Brown v Board of Education*. James Weldon Johnson, Roger Baldwin and Norman Thomas administered the board.

Since that time, foundations and individuals have awarded funds that help other racial justice advocates. The work of the EJS could not move forward without such generosity. We model ourselves on the work of the thinkers and strategists at the Howard University Law School and the NAACP who took on the misguided legal standard, "separate but equal." We grapple with how racial inequality manifests itself in the 21st century. Several insights we have gained shed light on the current controversy. Many of us in the racial justice struggle have fought with Ward Connerly who tried unsuccessfully to ban the collection of racial data in the state of California. We knew that without data, we would not be able to determine if, for example, an employer was hiring people of color. Since most

Americans feel they are free of any overt bias, they do not believe that their hiring practices, etc. would exclude anyone on the basis of their race, ethnicity or country of origin. We are certain that foundations do not intend to exclude people of color from receiving grants. The reality however is that many decisions that appear to be race neutral often adversely impact people of color. The only way one can really be sure is to collect data.

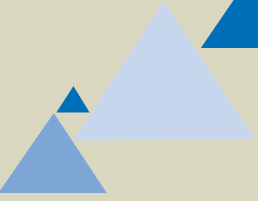
Let me make this more personal. I worked at the San Francisco Lawyers' Committee for Civil Rights for eight years and was the only person of color hired there from 1977-1985. When I asked why, I was told that no "qualified" people of color had applied. The only solution was to implement an affirmative action program that included collecting data on the race and ethnicity of employees. In 1990, I became the committee's executive director and assumed that all would be well because of my heightened sensitivity. A few years later, I was looking at our statistics and noticed to my horror that there were no Latino professionals employed. I was quite embarrassed and remedied the situation as soon as I was able. My point is that I considered myself free from racial bias yet I had not noticed this problem.

I would imagine if foundations looked at the race of its grantees, they would find similar omissions that were not maliciously motivated, that were not intentional. EJS is working mightily to dismantle the intent doctrine currently employed in constitutional litigation. Our rationale is applicable to the case at hand. While few of us intend to exclude people of color, we often do so anyway. We believe that it is the consequences of decisions informed by unconscious biases that are relevant, not the intent. One way to determine the consequences of one's actions is to look at statistical data.

The proposal that foundations collect this data is grounded in how racial inequality operates in 2008. Few of us intend to exclude but many of us do. Looking at such data would help shed light and get more philanthropic resources to nonprofit leaders of color serving communities of color, an admirable goal.

Foundations should not feel threatened by collecting data.

Eva Paterson is the president and a founder of the Equal Justice Society, a national organization dedicated to changing the law through progressive legal theory, public policy and practice (www.equaljusticesociety.org). Previously, she worked at the Lawyers' Committee for Civil Rights for 26 years. She is a member of the PRE advisory board.



Philanthropic Initiative for Racial Equity

The Philanthropic Initiative for Racial Equity (PRE) is a multiyear project intended to build the amount and effectiveness of resources aimed at combating institutional and structural racism in communities through capacity-building, education and convening of grantmakers and grantseekers. We do this primarily through the following strategies:

- ▲ Providing opportunities for grantmakers to learn and strategize about cutting-edge racial equity issues and how they apply to their work within various fields;
- ▲ Increasing grantmakers' understanding of the strengths and weaknesses of different racial equity efforts, and assisting them in assessing their own grantmaking;
- ▲ Engaging in internal assessments of foundations' institutional needs around racial equity and diversity, and coordinating or adapting tools to most effectively meet them;
- ▲ Consulting with cornerstone nonprofits that explicitly address issues of racism to strengthen their capacity, increase coordination and impact; and
- ▲ Assisting local community leaders and funders choose and sustain effective approaches to achieve racial equity, including identifying appropriate indicators of success.

Since its inception in January 2003, PRE has directly engaged hundreds of foundation representatives (including program staff, management, board members and individual donors) in discussions of racial equity and, in particular, how they can advance the mission of achieving racial equity through their own philanthropic institutions. In addition to national convenings, PRE has conducted local and regional events in the Northwest, West, Midwest, Northeast and the Southeast.

PRE is a project of the Tides Center, which strengthens the roots of the social change movement by partnering quality management services with creative programmatic endeavors. PRE is grateful for generous support from the C.S. Mott, W.K. Kellogg, Annie E. Casey, Marguerite Casey and Akonadi Foundations.

Views expressed in this document are those of its authors and should not be attributed to the Tides Center or its funders.

~ **Building Resources to End Racism** ~

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