

# A.B. 624 (Coto): Foundation Diversity and Transparency Act

## A Community Response to an Organized Assault on Diversity

After decades of complaints from the diverse non-profit community, the Greenlining Institute conducted a study in 2005 of the 50 largest foundations in the country to quantify their giving to minority-led organizations. The report, *Fairness in Philanthropy*, found that minority-led organizations received just 3% of total grant dollars from the nation's largest foundations. Greenlining conducted a similar report in 2006 that found 3.6% of grant dollars going to minority-led organizations. Although Greenlining's methodology differed from previous reports on grant giving to communities of color, the findings were very similar – communities of color were being “short changed” by foundations.

Foundation leaders were repeatedly invited by Greenlining to propose new methodologies for studying grant giving to minority communities. Only 3 foundations agreed to participate in a constructive dialogue. Alarmed by the findings, the Chairs of the California Latino, Black, and Asian/Pacific Islander Legislative Caucuses held hearings to discuss grant-giving to minority communities. Only 3 private foundations accepted the invitation to participate at this historic hearing.

Due to the lack of cooperation and transparency from foundation leaders, Assemblymember Coto introduced A.B. 624, *The Foundation Diversity and Transparency Act*. Proponents of AB 624 argue that the public has the right to know where foundation grants are invested, especially when foundations receive \$40 billion in tax benefits.

Foundation Arguments	Community Response																				
1. <b>Argument:</b> It would impose onerous reporting requirements for foundations.	<b>Response:</b> This is not true. Most foundations already require this data from non-profit organizations and many foundations openly provide their own diversity data.																				
2. <b>Argument:</b> It would impose onerous reporting requirements for small non-profit organizations.	<b>Response:</b> This is not true. Nearly all non-profit organizations regularly provide diversity data to funders. This argument is clear attempt to “divide and conquer” the non-profit community.																				
3. <b>Argument:</b> Foundations should not be regulated by the state and should be left to operate independently as they wish.	<b>Response:</b> AB 624 maintains the independence of foundations while providing the public with greater information on how their tax dollars are being spent.																				
4. <b>Argument:</b> The ethnic makeup of a non-profit board, staff, or beneficiaries should in no way be a measure of whether a non-profit does a good job.	<p><b>Response:</b> We completely agree. Data from our annual foundation study though shows that the foundations which give the most to communities of color are also led by people of color. Conversely, foundations which give the least to communities of color have no diversity in their board or management. For example:</p> <table border="1"> <thead> <tr> <th>Rank in Giving to Minorities</th> <th>Foundation</th> <th>% of Grant Dollars to Minorities</th> <th>Leadership</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>California Endowment</td> <td>19.6</td> <td>Minority</td> </tr> <tr> <td>2</td> <td>California Wellness Foundation</td> <td>13.9</td> <td>Minority</td> </tr> <tr> <td>9</td> <td>Wayne and Gladys Valley Foundation</td> <td>0.36</td> <td>White</td> </tr> <tr> <td>10</td> <td>Gordon and Betty Moore Foundation</td> <td>0.00</td> <td>White</td> </tr> </tbody> </table>	Rank in Giving to Minorities	Foundation	% of Grant Dollars to Minorities	Leadership	1	California Endowment	19.6	Minority	2	California Wellness Foundation	13.9	Minority	9	Wayne and Gladys Valley Foundation	0.36	White	10	Gordon and Betty Moore Foundation	0.00	White
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5. <b>Argument:</b> AB 624 is not needed because the Northern California Grantmakers Association is already producing research on diversity.	<p><b>Response:</b> This is not true. The research that is being produced by the foundations is not transparent. For example:</p> <ol style="list-style-type: none"> <li>1. Foundations have made <u>no commitment</u> to making the data public.</li> <li>2. Only a small fraction of foundations are going to participate in this study.</li> <li>3. Foundation lobbyists have committed to <u>never</u> releasing the data on individual foundation diversity performance. This will protect non-diverse and will obscure the laudable work of diverse foundations.</li> </ol>																				