

Foundation Leaders Divided on Legislation Supportive of Field-building Efforts

In recent years, the field of philanthropy has been the subject of a number of research studies, reports on “best practices,” and at least two state-level legislative initiatives. In July 2010, the Foundation Center surveyed members of its Grantmaker Leadership Panel to gauge the reaction of foundation leaders to such developments. Completed surveys were received from 73 of 228 current Panel members, for a response rate of 32 percent. (See sidebar for more details on the Panel.)

Opinions on Legislative Initiatives Regarding Foundation Diversity

Since 2008, at least two attempts have been made to pass state-level legislation regarding the public disclosure of foundation practices related to diversity. One, in California, that would have required large foundations to publicly disclose information about the diversity of their staffs, boards, and grantmaking practices, failed to become law. The other initiative, in Florida, which prohibits the state from collecting such information from foundations, was passed in June of this year.

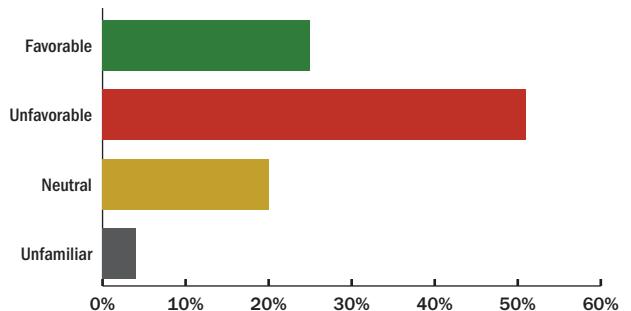
Foundation leaders, on balance, tend to have unfavorable opinions of both the California and Florida legislative initiatives.

- ◆ A slight majority of foundation leaders (51 percent) disapproved of the proposed California legislation. Overall, twice as many foundation leaders had an “unfavorable” opinion as had a “favorable” opinion (51 percent vs. 25 percent). The remaining 24 percent were either “neutral” (20 percent) or “unfamiliar” (4 percent) with this legislation.
- ◆ Concerning the just-passed Florida legislation, almost three times as many foundation leaders had an unfavorable opinion as had a favorable opinion (42 percent vs. 15 percent). About a quarter (26 percent) were neutral, while 16 percent were unfamiliar with the legislation.

Grantmaker Leadership Panel

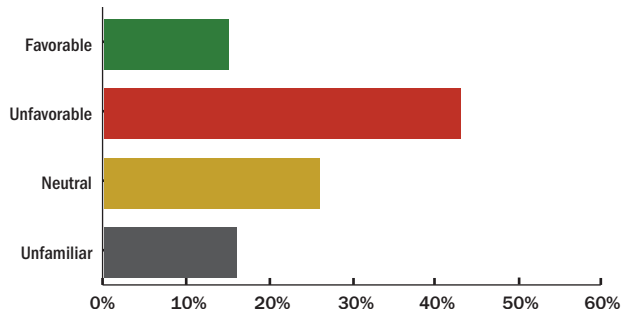
The Foundation Center’s Grantmaker Leadership Panel draws upon the expertise of chief executives at leading U.S. private and public foundations on critical issues of interest to the sector. The Panel serves to facilitate the rapid exchange of information among foundation leaders and with the broader sector to further important conversations in the field. Currently 228 foundation leaders participate, providing a regionally representative sample of the largest 400 independent and 200 community foundations in the country. Panel members hold assets totaling over \$100 billion and make grants totaling more than \$7 billion annually.

Opinions of Foundation Leaders on California Assembly Bill #624 (2008)



Source: The Foundation Center, September 2010. Figures based on the responses of 73 members of the Foundation Center’s Grantmaker Leadership Panel.

Opinions of Foundation Leaders on Florida Assembly Bill #998 (2010)



Source: The Foundation Center, September 2010. Figures based on the responses of 73 members of the Foundation Center’s Grantmaker Leadership Panel.

ABOUT CALIFORNIA ASSEMBLY BILL 624 (2008) AND FLORIDA ASSEMBLY BILL 998 (2010)

California Assembly Bill 624—This bill was introduced in January 2008 by California assemblyman Joe Coto (D-San Jose), with backing from the Berkeley-based Greenlining Institute, in response to a 2006 Greenlining study which found that only 3.6 percent of grant dollars from the nation's top 24 private foundations went to minority-led nonprofits—defined as those whose staff and board was at least 50 percent non-white. The legislation would have required large public, private, and corporate foundations in the state (those with assets of more than \$250 million) to post the ethnic, racial, and gender composition of their staffs and boards to the web. The bill was dropped in late 2008, when a coalition of 10 California foundations committed to providing a comprehensive set of grantmaking activities intended to serve minority populations in the state. The full text of AB 624 is available at bayareanewsgroup.com/multimedia/mn/news/AB624.pdf.

Florida Assembly Bill 998—This law, passed in May 2010, prohibits Florida government officials from requiring that foundations publicly disclose the race, religion, gender, income level, sexual orientation, or certain other characteristics of their employees and board members, as well as those of their grant recipients. It also bars government officials from requiring that private foundations appoint board members or award grants based on such characteristics. The legislation was prompted by concern about the efforts of the Florida Minority Community Reinvestment Coalition and other groups to compel grantmakers to disclose information on how diverse their staff and board members are and how much of their money benefits minority and low-income populations. The bill was drafted with help from the Alliance for Charitable Reform, a project of the Washington-based Philanthropy Roundtable. The Florida law can be found at acreform.com/files/pdf/FL_legislation_-_AS_PASSED.pdf.

Because the California and Florida legislative initiatives sought opposite goals, most foundation leaders who disapproved of the California law requiring the disclosure of diversity-related information tended either to favor or have a neutral opinion regarding the Florida law prohibiting mandatory disclosure of such information. Of the 37 foundation leaders who disapproved of California's Assembly Bill 624 (51 percent of all respondents surveyed), 20 held a favorable or neutral opinion regarding Florida's Assembly Bill 998. The president of one community foundation explained that while "I am a strong, active supporter of greater diversity in the field, and of greater attention in philanthropy to issues of social and racial justice, I am hostile to coercive efforts like Greenlining's work." And a private foundation president expressed the concern that "federal intrusion and prescriptive models of giving and places to give will erode the genius and diversity of philanthropy."

Likewise, most of those who disapproved of the Florida law tended to favor or have a neutral opinion regarding the California law. Of the 31 foundation leaders who disapproved of Florida's AB 998 (42 percent of all respondents), 21 held a favorable or neutral opinion regarding California's AB 624. As the president of one private foundation put it, "We expect and demand disclosure of demographic diversity from corporations, so why not philanthropy?"

Just 10 foundation leaders (14 percent of all respondents) disapproved of *both* legislative initiatives, while nine (12 percent) were neutral on both. Said one private foundation president, "While I fully support self-governance and full disclosure as those issues relate to private foundations, I find it difficult to support legislation that requires and/or prohibits the gathering of any sort of information."

Opinions on Recent Field-based Initiatives and Reports

The July 2010 survey also asked foundation leaders to share their opinions about three recent field-wide initiatives—Project Streamline (2007–present), Glasspockets (2010), and the national Diversity in Philanthropy Project (2007–2009)—and two recent reports on philanthropic practice—the report by the National Committee for Responsive Philanthropy (NCRP) on *Criteria for Philanthropy at Its Best* (2009) and *Disrupting Philanthropy* (2010) by Lucy Bernholz, Ed Skloot, and Barry Varela.

For the most part, foundation leaders were not familiar enough with either Project Streamline (66 percent unfamiliar) or Glasspockets (68 percent unfamiliar) to express an opinion about these initiatives. Of those who did have opinions, however, they were uniformly favorable or neutral.

- ◆ *Project Streamline*—Of those who were familiar enough with this initiative to have an opinion (25 of 73 respondents), 72 percent had a favorable opinion while 28 percent were neutral.
- ◆ *Glasspockets*—Of those who were familiar enough with this initiative to have an opinion (23 of 73 respondents), 70 percent had a favorable opinion while 30 percent were neutral.

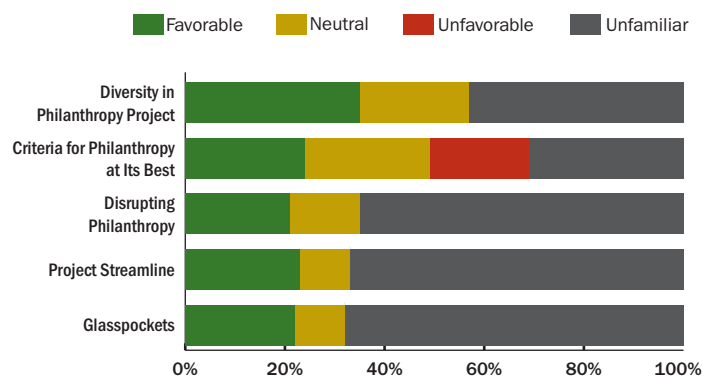
A majority (59 percent) of foundation leaders were familiar with the national Diversity in Philanthropy Project. As with the other two initiatives, the opinions of those familiar with the Project were uniformly favorable or neutral.

- ◆ *Diversity in Philanthropy Project*—Of the 43 (out of 73) respondents who were aware of the Project, 65 percent had a favorable opinion while 35 percent were neutral.

Of the two reports asked about in the survey, foundation leaders were twice as likely to have heard of the 2009 NCRP report on *Criteria for Philanthropy at Its Best* (71 percent “awareness”) as they were to have heard about the more recently released monograph by Lucy Bernholz on *Disrupting Philanthropy* (34 percent awareness). The NCRP report generated both positive and negative reactions, while the opinions of those familiar with the Bernholz report were uniformly favorable or neutral.

- ◆ *Philanthropy at Its Best*—Of the 52 (out of 73) respondents who were aware of the report, 37 percent expressed a favorable opinion, 29 percent had an unfavorable opinion, and 35 percent were neutral.
- ◆ *Disrupting Philanthropy*—Of those who were familiar enough with this initiative to have an opinion (25 of 73 respondents), 60 percent had a favorable opinion while 40 percent were neutral.

Opinions on Recent Field-based Initiatives and Reports



Source: The Foundation Center, September 2010. Figures based on the responses of 73 members of the Foundation Center’s Grantmaker Leadership Panel.

RECENT FIELD-BASED INITIATIVES

Diversity in Philanthropy Project (2007–09)

Launched as a three-year initiative in 2007, the Project was a voluntary effort of leading foundation trustees, senior staff, and executives committed to increasing field-wide diversity through open dialogue and strategic action. The work focused on three areas: promoting voluntary diversity and inclusion initiatives; advocating for a national system of data collection, analysis, and accountability; and supporting the advancement, organization, and distribution of knowledge resources. The Project’s final report is available at www.diversityinphilanthropy.org.

Glasspockets (2010)

This initiative was launched in early 2010 by the Foundation Center, in partnership with the Center for Effective Philanthropy, the Communications Network, the Global Philanthropy Forum, Grantmakers for Effective Organizations, and One World Trust. Through the web site, glasspockets.org, it promotes best practices in foundation transparency.

Project Streamline (2007–present)

This initiative is a collaborative effort of both funders and nonprofits working to improve grant application, monitoring, and reporting practices. The project’s partners include the Grants Managers Network, the Association of Fundraising Professionals, the Association of Small Foundations, the Council on Foundations, the Forum of Regional Associations of Grantmakers, the Foundation Center, Grantmakers for Effective Organizations, and the National Council of Nonprofits. In April 2008, the report *Drowning in Paperwork, Distracted from Purpose* was released and a supporting web site, www.projectstreamline.org, was launched.

RECENT REPORTS ON PHILANTHROPIC PRACTICE

Criteria for Philanthropy at Its Best (2009)

The National Committee for Responsive Philanthropy (NCRP), a national watchdog, research, and advocacy organization based in Washington, DC, released its report, *Criteria for Philanthropy at Its Best: Benchmarks to Assess and Enhance Grantmaker Impact*, in March 2009. The criteria are described on the NCRP web site (ncrp.org) as “the first ever set of measurable guidelines foundations and other grantmaking institutions can use to maximize their contributions to society and make a positive difference in the world today. Each criterion is accompanied by benchmarks on hotly contested issues such as payout, general operating support, board composition, compensation, disclosure, mission investing, and support for underserved communities. NCRP also provides a list of foundations that already meet or exceed those benchmarks for which data is available.”

Disrupting Philanthropy (2010)

From the web site of the Center for Strategic Philanthropy and Civil Society (CSPCS) at Duke University: “*Disrupting Philanthropy* (May 2010), written by philanthropy consultant Lucy Bernholz with CSPCS Director Edward Skloot and staff member Barry Varela, examines the immediate and longer-term implications of networked digital technologies for philanthropy. [It] looks at how information networks have affected philanthropic practices: setting goals and formulating strategy, building social capital, measuring progress, measuring outcomes and impact, and accounting for the work. It then offers a glimpse of what is to come: an increase in new blendings of market-based and nonmarket solutions; of networked, often temporary alliances; and of more and better data, more readily available, and at lower cost.”

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- ◆ Strengthen education leadership to improve student achievement
- ◆ Enhance out-of-school learning opportunities
- ◆ Build appreciation and demand for the arts

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Established in 1956 and today supported by close to 550 foundations, the Foundation Center is the nation's leading authority on philanthropy, connecting nonprofits and the grantmakers supporting them to tools they can use and information they can trust. The Center maintains the most comprehensive database on U.S. grantmakers and their grants — a robust, accessible knowledge bank for the sector. It also operates research, education, and training programs designed to advance knowledge of philanthropy at every level. Thousands of people visit the Center's web site each day and are served in its five regional library/learning centers and its network of 450 funding information centers located in public libraries, community foundations, and educational institutions in every U.S. state and beyond. For more information, please visit foundationcenter.org or call (212) 620-4230.

Source for all data:

[The Foundation Center](http://TheFoundationCenter)

For more information about this advisory, contact communications@foundationcenter.org.