

—EDITED TRANSCRIPT—



HUDSON INSTITUTE'S
BRADLEY CENTER
FOR PHILANTHROPY AND CIVIC RENEWAL
presents

Mandating Multicultural Munificence?

Monday, April 7, 2008 ▪ 12:00 to 2:00 p.m.

Hudson Institute ▪ Betsy and Walter Stern Conference Center ▪ 1015 15th Street, NW ▪ Suite 600

Early in 2008, the California State Assembly approved AB 624, legislation that would require private foundations larger than \$250 million in assets to gather and disclose substantial ethnic and gender data relating to their governance and grantmaking.

As the bill summary notes, the information to be collected would “include, but not be limited to, the following: the racial and gender composition of the board of directors or trustees, the number of grants awarded to specified organizations serving ethnic minority communities, and the percentage of grant dollars awarded to specified organizations where 50% or more of the board members are ethnic minorities. The bill would require these private foundations to disclose this information via its Internet Web site, if available, and to include this information in its annual report, as specified.”

Is AB 624 a good idea? Or is the pursuit of diversity in philanthropy something that rather should be left to voluntary initiatives by foundations and their associations? On April 7, these and other questions were addressed by a panel of experts including **JOHN GAMBOA** of the Greenlining Institute in California, which did the research behind AB 624 (see <http://greenlining.org/sections/view/philanthropy>); **RENÉE BRANCH**, director of diversity and inclusive practices at the Council on Foundations; **HEATHER RICHARDSON HIGGINS**, president of the Randolph Foundation in New York City; and **PABLO EISENBERG**, Georgetown University scholar and advocate for philanthropic change. The Bradley Center's own **WILLIAM SCHAMBRA** moderated the discussion.

PROGRAM and PANEL

12:00 p.m. Welcome by Hudson Institute's **WILLIAM SCHAMBRA**
12:10 Panel discussion
Panelists: **JOHN GAMBOA**, Greenlining Institute
RENÉE BRANCH, Council on Foundations
PABLO EISENBERG, Georgetown University
HEATHER RICHARDSON HIGGINS, Randolph Foundation
1:10 Question-and-answer session
2:00 Adjournment

THIS TRANSCRIPT WAS PREPARED FROM AN AUDIO RECORDING and edited by Krista Shaffer. To request further information on this event or the Bradley Center, please contact Hudson Institute at (202) 974-2424 or send an e-mail to Krista Shaffer at Krista@hudson.org.

HUDSON INSTITUTE

1015 15th Street, N.W.
Suite 600
Washington, DC 20005

202.974.2400
202.974.2410 Fax
<http://pcr.hudson.org>

Panel Biographies

Renée B. Branch serves as director of diversity and inclusive practices for the Council on Foundations. In this role, she works with leaders and organizations across the philanthropic sector to advance diversity and inclusiveness as a tool of effectiveness. Branch has fifteen years of senior-level experience in management, public administration, and development. She came to the Council from Washington State University in Vancouver, Washington, where she served as the diversity faculty fellow and as an adjunct professor of public administration. Prior to joining Washington State University Vancouver, Branch enjoyed a successful fifteen-year career in fundraising and institutional advancement.

Pablo Eisenberg is currently a senior fellow at the Georgetown Public Policy Institute. Prior to his coming to Georgetown in January 1999, he served for twenty-three years as executive director of the Center for Community Change, a national technical assistance and advocacy organization working with low-income and minority organizations and constituencies throughout the country. Eisenberg has also served as a foreign service officer with the U.S. Information Agency; director of Pennsylvania Operations for the Office of Economic Opportunity (OEO) in Washington, DC; deputy director for field operations at the National Urban Coalition; and as a freelance consultant for a variety of nonprofit organizations and foundations. Eisenberg has published many articles and chapters of books and has been a regular columnist for *The Chronicle of Philanthropy* for the past seventeen years. His book, *Challenges for Nonprofits and Philanthropy: The Courage to Change*, was published by the New England Press and Tufts University in December 2004.

John C. Gamboa, the executive director of the Greenlining Institute, has managerial experience in academia, the private and non-profit sectors. He was executive director of the Latino Issues Forum, communications manager, University of California at Berkeley, executive director of Project Participar, a citizenship program, and marketing and advertising manager at Pacific Bell. As executive director for the Greenlining Institute, Gamboa focuses on public policy issues that promote economic development in urban and low-income areas, and on developing minority youth into future community leaders. He has been active in combating redlining and in providing a voice for the poor and underserved in insurance, banking, utilities, and telecommunications issues.

Heather Richardson Higgins is the president and director of The Randolph Foundation, which acts as a venture capital provider in the non-profit community, funding original projects and creating and growing new organizations focused on encouraging the attitudes and values necessary to free and democratic societies. Additionally Higgins serves on the Executive Committee of the Hoover Institution, as well as being chairman of the Independent Women's Forum. In the for-profit world, she serves as a director of certain of the UBS family of mutual funds. Before moving to the non-profit sector in 1991, Higgins worked on Wall Street for several firms, concluding with portfolio manager and vice president at U.S. Trust. Prior to working in finance she was an editorial writer for *The Wall Street Journal* and an assistant editor at *The Public Interest*. Higgins has been a frequent political commentator, not only continuing to write for the *Wall Street Journal* and elsewhere, but appearing on such shows as *Hardball*, *Politically Incorrect*, *CNN & Co.*, *Crossfire*, *Equal Time*, and *Good Morning America*.

Proceedings

WILLIAM SCHAMBRA: Good afternoon! I'm Bill Schambra, director of the Bradley Center for Philanthropy and Civic Renewal here at Hudson Institute. Krista Shaffer and I welcome you to today's panel, entitled "Mandating Multicultural Munificence?"

But first, a note about next month's panel. Bill Damon, one of the nation's leading specialists on adolescence and director of the Center on Adolescence at Stanford University, has just written a book entitled *The Path to Purpose: Helping Our Children Find Their Calling in Life*. (Free Press, April 2008). As the Free Press put it, "He makes the case for the primary importance of purpose in raising and educating today's youth by compelling us to look at how kids are developing today and why so many of them end up stalled in their educational and intellectual maturation." On May 15, we'll have a discussion about his book in the context of national service, looking at national service as a promising path to purpose for young people today.*

Now for today's panel. Five years ago, Handy Lindsey, Jr., then president of the Field Foundation in Chicago, accepted the James Joseph Award from the Association of Black Foundation Executives (ABFE). In his lecture that day, he reviewed the progress of African Americans within the ranks of philanthropy going back to the moment at the 1971 annual meeting of the Council on Foundations when eight African American leaders stood up and demanded the inclusion of blacks on the slate of board nominations. Since then, he noted, progress has been made. But, he insisted, "[w]hen we look at the pace of progress of African Americans in this field, despite three decades of deliberate effort, wide-ranging initiatives, regular pronouncements and advocacy we see the inconvenient truth: our field does not look the way it should. However intended, our practices result in exclusion."

If indeed the field of philanthropy has witnessed three decades of voluntary effort and inclusion, and if all of that voluntary effort has not resulted in substantial progress, then is it time to bring legislation to bear on the issue? That's one way to view the panel topic before us today, "Mandating Multicultural Munificence?" Our conversation will take as its starting point a bill passed several months ago by the California State Assembly, AB 624, which would require foundations with a corpus of \$250 million or more to report on the race and gender composition of their grantmaking, including statistics about their own boards and those of their grantees. The discussion will no doubt travel well beyond that particular issue into the larger question of the role of philanthropy in reflecting and promoting diversity, equality, and liberty within the American republic.

To move us into that wide-ranging conversation, we have a distinguished panel of discussants whom I will now introduce in order of their appearance this afternoon. First, we welcome John Gamboa, executive director of the Greenlining Institute in Oakland, California, which did much

* Past Bradley Center panels on national service include "Service in the Storm," held on September 20, 2006, about national service in the aftermath of Hurricane Katrina; "Leaders for Every Sector: National Service as a Strategy for Leadership and Workforce Development," held on September 18, 2007; and "The AmeriCorps Role in Education Reform," held on February 13, 2008. The transcripts of all three events can be found on the Bradley Center web page at <http://pcr.hudson.org>.

of the research behind AB 624; then, we will hear from Renee Branch, director of Diversity and Inclusive Practices at the Council on Foundations; next, Pablo Eisenberg, senior fellow at the Georgetown Public Policy Institute; and finally, Heather Higgins, president and director of the Randolph Foundation in New York City.

So, John?

JOHN GAMBOA: First of all, Bill, you should take it back; you told me when you called me up and invited me to come and speak to you today that you wouldn't be the normal liberal audience that I'm usually asked to speak in front of. And so I started thinking in the back of my mind, I wonder if they're going to be very, very mean. And so I was a little apprehensive to come and speak to you today. But now I look at you and you don't look so mean. (Laughter.) Anyway, I hope you're not really mean to me.

That is to say, I *was* a little more encouraged until I saw the title of today's event. I can't even say what it is. "Mandating Multicultural Munificence?" When I saw the title I knew I was really back into real trouble, because the issue I'm talking about has no mandates at all. Many people have asked me, "You work for a nonprofit. Your source of income, like most nonprofits, comes from foundations. What in the world got into you to take on the foundation world?" And now that I've seen the reaction from the foundation world, my answer is that it had to be a moment of insanity. (Laughter.) Greenlining has taken on many public policy issues; some of them were good issues, while some of them, in retrospect, were maybe not so good. But none of them ever had the violent reaction that we have had from this particular issue around AB 624.

To give you a true description of AB 624, what its intent is, you have to see it in context. So I'll give you a little bit of history very, very fast, to try to stay within my fifteen minutes of allotted time. The Greenlining Institute that I run is different than most minority organizations. It's different in that we're the longest running multi-ethnic true rainbow coalition in the country, I believe. We're the largest, anyway. And part of what makes us different is that the "green" that we talk about in Greenlining is the green that lines your pocket. We believe that traditional issues that minorities get into are tremendously important: the issues of immigration, civil rights, affirmative action, and economic justice. But we feel that too many of our community organizations have focused on those particular issues. We were lacking or vacant or not partaking in the other public policy issues affecting our country and our community.

One of those certainly had to do with utilizing the marketplace as an engine for social change. The organizations that make up Greenlining's coalition have stayed together for fifteen years because we quickly came to the philosophy that we have to work together to make the pie bigger for all rather than to get a slice for any one community or one ethnic group. We came to the realization that government programs, however well intended, had made us competitors rather than partners, and that competitiveness was keeping us down. I ran an organization called Latino Issues Forum, which was very successful for quite a few years, but I learned that the gains I was making for Latinos in my community came at the expense of other ethnic groups. So we banded together to work together to make the pie bigger.

And one of the things we realized was, to make change, use the marketplace especially in a capitalist system, and to address the problems government programs had made for us, we needed access to capital. One of the ways to gain access was to use our numbers, to use the increasing population that we represented to influence the market. Let me explain that. What we did was we went to the private sector and told them that the problem we were having was that they look at us as a social problem to be addressed through government social programs rather than through the market. We could create win-win solutions if they would look at us as a viable market. If they produced good products and services that our community needed, they would make a fair profit. Moreover, it would give dignity to our community—because if they wanted to sell to us they would have to hire people who look like us and use our language and media. And if they wanted continue to sell to us, they would need to make contracts with our small businesses, et cetera. And we were tremendously successful. We had hit on something that worked. Using that formula, we've created over \$3 trillion in community investment by financial institutions, utilities, and other regulated and non-regulated organizations in the last fifteen years.

The next thing we said was that if this works here, why can't it work in another place that is void of minorities—that is, in the public policy arena? We are a growing population—especially in California, where I'm from. 80 percent of the growth in California in next ten years will be people who look like me, people of color. Yet we're missing from growth policy making tables. Why is this? we wondered. Why aren't we involved in transportation, water, education, and other growth policy areas? We began to suspect that the reason was because we weren't getting the same investments as the experts in those areas—the mostly white organizations, the environmental organizations, the campaign finance reform organizations.

So we did a quick study of the major foundations to see how much of their investments were being given to minority-led organizations. Organizations led by minorities are critical because it is through their thriving that we are empowered—just as it empowered us when corporations began to look at us as a viable market. When foundations give to organizations that serve our community but are not led by our community, we still encourage that and we like it, but it doesn't empower us to make our own decisions, to grow and to get expertise so that we can contribute in the policy making arena. When we looked at foundation giving, we found that less than 3 percent of the total dollars of the major foundations were going to African-American, Latino and Asian-American-led organizations.

“This can't be right!” we thought. So we wrote to the foundations, and we told them, “This is the way we did our preliminary study. What do you think? Are these numbers right?” We were never prepared for the response from the foundations, which was extremely negative—those who did respond. Most of them tried to ignore us hoping we'd go away. So we said “If these numbers aren't right, tell us what the true numbers are? In this first year we won't print them.”

Foundations' responses can be grouped into three categories. One, they told us that the definition of “minority-led” is not an accurate description. Second, the process was not an academic process of doing a study. And third, the study was not fair to foundations.

They were right about that last point; the way we were doing the study was *not* fair to foundations because it did not measure the impact the foundations were having in our

community. Moreover, when we gave the figures out we didn't say anything about parity. We didn't know how many minority-led organizations or nonprofits there were in the universe of non-profits. Maybe 3 percent was parity. So we wrote back and said, "We are willing to work with you. Let's find the way that we can do this." The response was still negative. "We don't think you should do this. In fact, we know you shouldn't do this," was what we received from those few who responded at all.

We did this study for three years and each year the findings were the same. So we asked, "How can we get the attention of foundations?" This is a serious issue. And we talked to some of our friends in the California legislature and some of our friends in Congress. And right away the chairman of California's Latino Caucus said, "I don't believe these numbers!" and requested a hearing—to which he then invited all of the foundations that we had studied to ask them if the numbers were correct. And he got the same reaction that we did. Of the sixty-something foundations he invited, four showed up. Bad thing to do. Good for us! (Laughter.) Bad for them! (Laughter.) He was insulted. He told us, "You know this is an issue that I'm interested in." And he called the chairman of the African-American Caucus and the chairman of the Asian Caucus. And the three of them said, "Well, if the data that Greenlining is producing is accurate, it's an area that should be addressed. If it's not accurate, we should find out what the actual numbers are."

The foundations, naturally, fought back. This was the response from foundations when AB 624 came out. By the way, AB 624 is not a complex issue. All it says is, foundations should report annually in their own publications the gender and the ethnicity of the organizations they gave to. Just transparency, you know—kind of like all the transparency we like to see in private industry and government. It's not a real complex issue. However, the response from foundations was immediate and very, I felt, reactionary. "You can't do this," they told us. "It's our money. We've got the right to do whatever we want with our money." So we went back and thought about it, and asked ourselves, "Well, are they right? Is it their money? Are we trying to mandate something that?" And as we examined the issue, we found that it's *not* right.

Foundations enjoy \$550 billion to \$700 billion in tax exemptions a year. The number, depending on what expert you talk to, varies. Those tax exemptions are paid by taxpayers, who make up the difference. You and I and every other taxpayer make up the difference. It's not entirely all their money to do as they feel they should do; if we make up the difference, the total public makes up the difference, the total public should enjoy the benefits of the foundations. They were put together to serve the underserved, not to give millions to the America's Cup yacht race, or the opera, or like Bob Reich, the former Secretary of Labor said, 90 percent of the funds go to the organizations that serve the rich.* I don't know if that's true or not. But even if it's only 50 percent, that was not the intent as far as what foundations are supposed to do.

As we got further into this trouble, foundations reminded us that they give charity and support our community. And, yes, they do, and we want them to continue to give charity. But when you give to an organization that simply serves our community (without being led by our community),

* See "Why Charity Doesn't Begin at Home," a blog posting by former Labor Secretary Robert B. Reich on October 3, 2007 on *Robert Reich's Blog*, online at <http://robertreich.blogspot.com/2007/10/why-charity-doesnt-begin-at-home.html>. Last accessed April 11, 2008.

it keeps us disempowered. It might help feed us, but it's no different than that old story about giving people fish or teaching them to fish. When they contribute to a minority-led organization, in contrast, it empowers us; we grow larger; we multiply; and we become a movement. And that's what the problem has been.

Conservative foundations have learned this very well. They fund movements. Several foundations fund programs. In our community they fund *very small* programs. But that's how, for example, the environmental community got started. Environmentalists weren't born knowing about the environment. Someone took a chance and invested in them, and it created the environmental movement. The same thing happened with the campaign finance reform movement and other movements.

We're missing from that. We have not only a right to contribute to policy making to address the problems of our country, we have a responsibility. Heaven knows, we've contributed to those problems, with our growing population! We should have the responsibility and the right to contribute to policy making, and we should have a partial share of those tax dollars that are going to subsidize those foundations to give back to our community.

Thank you.

RENÉE BRANCH: Good afternoon, everyone! The weeks leading up to this discussion today have been for me a personally challenging time. I really tried to work through what it was that I wanted to share with you, recognizing that as an individual I have both a rational side and an emotional side, and realizing, coming to this discussion today, that the concept of diversity, the topic of diversity, and issues surrounding diversity are sometimes complex and sometimes really illicit strong feelings on all sides of the issues from those who talk about it within the context of equity, justice, transparency, and accountability—and I am sure you will continue to hear those themes as the conversation continues today, perhaps also in some of the questions that may come from the audience. Sometimes these conversations even touch on issues of fairness and how individuals are treated, and particularly how disadvantaged communities are served, and then sometimes the conversation goes to the issue of freedom as well. I suspect that much of that will be covered today.

But for me, the personal challenge that I faced was knowing that I would have this opportunity and I would be the only African American woman on this panel discussing diversity and inclusiveness just days after the commemoration of the fortieth year since civil rights icon, activist, humanitarian, and scholar Dr. Martin Luther King, Jr., was assassinated. I knew that that would give me additional time for some personal reflection, and what I decided to do is, I wanted to bring all sides of me to the discussion—the rational, the emotional, the intellectual, all sides of that. So, I hope you will afford me that opportunity today.

I had a chance on the taxi ride over to talk with the gentleman, and it was almost perfect. I don't believe in accidents in the universe, and this gentleman just had a way about him. We had a good conversation and we started to get to some of the issues around society, and I asked him, "What is the solution?" And his exact words—and I asked him if I could quote him—were, "There is not one single thing that is going to turn it around." In the simplicity of that statement, he was

saying so much about what it requires for all of us to be together in our discussions and in our dialogue around solving societal ills, be they around policy or natural disaster or health care. Whatever the pressing societal issue is, we really should look for ways that we can think about working together on it.

I just had the opportunity last week to spend two days at a conference of chief diversity officers, mostly comprised of chief diversity officers from the corporate sector. We often use the corporate sector and hold them out as sort of the icon—they've got it; they figured it out; they've got this diversity thing together. There were others from that conference who were from the charitable sector—mostly large, national nonprofit organizations. And we talked about a range of issues, including pipeline; making the case for diversity; thinking about business practices; and hiring. And some of the conversation actually went to the question, what exactly is it we mean by “diversity”? I suspect that if we polled those who are in this room, we might come up with a range of different definitions. We heard one of them today. But it was a good conversation, and what it also reinforced for me was the notion that this work is both important and, I would also argue, that no particular sector has done it perfectly—including the philanthropic sector. For many it is still both an evolutionary and revolutionary process. So my accepting this invitation was coupled with a hope and trust that we would not allow this conversation to devolve to the intriguing sound bites, and that we wouldn't lose sight of the spirit of the discussion, which is to talk earnestly about diversity and inclusiveness in the philanthropic sector.

What I mean by inclusiveness is shared decision making. Consequently, I spent a tremendous amount of time both thinking about and consulting with my colleagues at the Council on Foundations, many of whom are here today. I told them that I would give them a “shout out.” (Laughter.) A couple of them threatened to do the “wave”! (Laughter.) I also wrestled with what we could really accomplish in two-hour span of time discussing this complex issue. So, I applaud Hudson Institute for beginning this conversation, and I hope that it does not end today, that we find other ways to think about incorporating diversity and inclusiveness into other kinds of discussions.

The complex nature of this work really is illustrated in part by the fact that these conversations have been going on sometimes for centuries. Aristotle and Plato wrestled with this idea, having different viewpoints on whether it was better to have a homogeneous society or heterogeneous society—and that is in part what we are talking about today. And yet, fast forward, centuries later many of society's institutions including public and private institutions don't reflect diversity in race, class, gender, sexual orientation and identification, disability level, philosophical viewpoint and other forms of human diversity. Some of you in this room have been advocating for diversity in many different forms, and some of your institutions have been at the forefront of this work for decades. We've made progress, yet more progress could be made. This brings me to the legitimate question that some of you may still be thinking about, the proverbial “so what” question. Why does diversity matter?

From the Council on Foundations' position, we have seen demonstrated time and time again that it really is about *effectiveness*. And so when we can get the conversation to that, at least we have a starting point to begin to have real dialogue about why we should even be engaged in these conversations, and then what may follow as a result of that, what sort of actions.

What we know about diversity and inclusion is, it has been shown that when organizations and institutions are more diverse, they are more effective in their outcomes and their impact; inclusiveness matters, as I noted, in shared decision making. So in part, what we are talking about is institutional responsiveness. Yet I realize that philanthropic organizations also aid the process of bringing about real societal change and the advancement of the common good. So in addition to impact and effectiveness, advancing the common good—though it’s often debated and there’s no real agreement on what it means exactly to advance the common good—collectively does occur.

Sometimes in our conversations around diversity and inclusion—and, unfortunately, in our *actions* around diversity and inclusion—because of the complex nature of it, we find that we are talking about very different things. As you heard Mr. Gamboa say, he is interested in and applauds the idea of impact as an important outcome, but his focus is on organizations that are minority led and, particularly, minority serving. And that is an important process; I understand that and I embrace your right to be focused on that. But when the Council on Foundations thinks about this work, it is about impact; it is about effectiveness and where the natural entry points are to really move the needle, if you will, to help to advance the common good.

So whether one decides to fund a grassroots community-based organization or a large institution—it is within the foundation’s right to make that choice for itself—it has to be tied to the advancement of their mission. If their mission is to support certain kinds of causes or institutions, then that is within their right to do so. But it’s divergent. Sometimes these conversations take us into different pathways, and that divergence can sometimes come to a head. What often happens is, we square off; we go into our individual silos and pockets of work; and sometimes we refuse to continue to dialogue.

And so I ask each of you today, in your areas, wherever you are, to think about what the areas of convergence are. Can we at least begin there to have some dialogue around diversity and inclusion? We know that diversity and inclusion does play a significant role in our ability to respond with agility, creativity, and certainty in a most uncertain and increasingly diverse world. And strong institutions matter—all sort of institutions—as does trust.

While the Council on Foundations opposes legislative mandates directing philanthropies’ giving, we are of course committed to transparency and diversity in part as evidenced by now having a position focused on diversity and inclusion, a position that I am fortunate to hold. It’s not a brand new position for the Council; it is newly formed in some ways, but over the last twenty-five years or so, in some shape or form, the Council has had a continued commitment to this work. And when we think about diversity it is in *all* forms, and we hope that it will be reflected in our sector’s leadership, in senior staff, in trustees, in staffing, giving, and business practices. Many foundations are already providing excellent leadership in this area, but we know there is more to be done.

However, knowing that there is more to be done, philanthropy should not be considered either a replacement for or in lieu of the important work and services provided by the government, nor should philanthropy be viewed as a sector that does not have the right to choose where it

provides its support. Providing they are doing so within the context of the spirit of the law, individual foundations and individual philanthropies do have that choice. Philanthropy is a voluntary action; there is a public purpose that goes along with that action, but it is still voluntary.

Context matters. When we look at all of charitable giving, about 76 percent of all giving comes from individuals. So with all due respect to the figure that was quoted earlier, if we are to look at all giving, only about 10 percent of that comes from the philanthropic sector. So if we were to break down that \$40-80 billion tax figure that is often quoted, philanthropy's share of that is about \$5.75 billion—estimated for 2009. So if 76 percent of giving comes from individuals just like you and me, how are we holding those individuals to some standard as well, if they choose to give to one cause over the other? Do we do a good job of educating the public about the kinds of causes that are the most pressing? What are those responsibilities that individuals and philanthropy have? And just as individuals have the right to choose the nonprofits they support, so, too, does philanthropy.

So today I think everyone recognizes that the Council on Foundations is playing an active role, and being here is not to toot the Council's horn or to toot the horn of our two-thousand-plus members but to really begin to engage in broader conversation around the work of diversity and to get into additional conversations in the future about what kind of action we can take.

The Council on Foundations has three major bodies of work that we are focused on with our diversity and inclusion work. First, we focus on developing and creating a broader pipeline of talent at the leadership level and at the CEO level. We want to create a new cadre of leaders that are coming into the sector. We are focused on our own education and tools, and our conferences and resources and materials to support the sector. And we are also focused on media and legislative outreach to help to educate the public and legislators about the work of philanthropy. We do this all against the backdrop of changing time, a time when health disparity are real, when there are a significant number of citizens who are imprisoned, with high dropout rates. All of this matters as we think about diversity and inclusion and grant making effectiveness.

And so some of the terms that have been used thus far around philanthropy's response to Assembly Bill 624 have included "violent." There has been a fight. I would like to say that it has been a spirited discussion, and I think that that is important in having these kinds of conversations. And I realize that it can get a little tricky at times, but it is important that we stay at it, that we continue to have the dialogue, and that we apply the appropriate lenses to these discussions and not paint a broad brush of diversity in philanthropy, philanthropy being portrayed as an institution that just won't move on this area. I would like to beg to differ with that.

And let us be fully aware of the consequences of legislating the voluntary act of giving and what may follow. Today it maybe reporting, but what follows that? Let us just be honest and upfront with where these conversations could go. Instead, I really encourage us to urge policy environments that increase the scope and scale of philanthropy and the environments in which it exists.

Thank you.

PABLO EISENBERG: Bill (Schambra), I'd like to thank you and Krista for convening this session, which is an important one because it gets at the root of a lot of issues of public accountability. I also would like to commend you and the Hudson Institute for being one of the few organizations in the country that is pushing for dialogue around the key issues in philanthropy and nonprofits—you've provided real service to both communities, and I think we owe you a debt of gratitude. This is a belated thank-you; I have been on these panels before and never had the chance to do that.

To the bill at hand: The frenzied reaction by foundation associations and individual foundations to AB 624 reminds me a little of the young teenager who killed both of his parents and then went to court to plead for mercy on the ground that he was an orphan. (Laughter.)

For years, the foundation community has ignored—seriously ignored—the problems of diversity, the paucity of its grantmaking to low-income and minority constituencies, the elite composition of its boards, the public's need for information and public accountability, and the importance of research on issues of diversity and governance. Now that the California legislature is working on legislation—AB 624—foundations are beginning to say that they now understand what they've so long ignored—but they want to be allowed to tackle the problem in their own way, through voluntary action and research. It is much too late for that sort of response.

It's true that AB 624 needs some refinement. It doesn't answer a lot of questions, and it ignores the problem of class, which at least in my view is the major reason for current foundation priorities. However, I strongly believe that it is fundamentally sound in mandating large foundations to disclose publicly information about their governing structures and those of their grantees as well as the extent to which minority and low-income constituencies have been the beneficiaries of their grantmaking.

After all, issues of race and gender have been with us for a long time. They are part of our national concern. They are part of our national agenda. And it is particularly relevant in states like California, where minority constituencies are the growing majority of that state. That is why, years ago, the federal government launched its affirmative action programs, and that is why the Home Mortgage Discloser Act requires private banks to disclose where and in what neighborhoods they provide their loans or do not provide their loans. And I should say, that is why universities and colleges, which receive federal money, are required to provide diversity information about their student bodies and their administration.

And this is also why a growing number of private foundations—Ford Foundation, San Francisco Foundation, and others—have voluntarily provided diversity information about their boards and have asked their grantees to do the same, and why associations of grantmakers in Massachusetts and Western Pennsylvania in their common application forms require applicants to provide diversity information.

The current howls and protests of foundations might lead us to think that AB 624 would be an intervention in grantmaking. It is not. It is simply a discloser bill. People tend to forget there is a

huge difference between mandating grantmaking and mandating disclosure. And it doesn't constitute, in my view, an invasion of privacy. The latter argument might have some currency were foundations purely private organizations. But they are not. They are quasi public institutions that receive billions of dollars in tax subsidies and exemptions every year. We, the taxpayers, therefore are entitled to receive information about these entities, as is the federal government and state governments. That's the notion of public accountability—to provide important information both to foundations that need it and to the public.

The California Bar Association, which opposes AB 624, claims that the bill would not really improve corporate governance—and would probably weaken it. Where did these lawyers go to school? (Laughter.) Surely not where the study of evidence is part of the curriculum. (Laughter.) The evidence that many scholars, researchers, and practitioners have collected to date shows the following.

First, the composition of boards does make a difference for the missions, policies, and practices of their organizations. The perspectives of board members do shape the values and vision of their foundations and their nonprofits. Second, foundations led by minorities, as John (Gamboa) has mentioned, tend to give more money to minority groups than those led by whites. Third, diverse organizations often, if not usually, outperform more homogenous organizations. And fourth, sound data permits organizations to formulate their priorities and their strategies much more effectively than if they did not have that data.

Now opponents of 624 also claim that the collection of information required by the bill would be much too costly and much too great a burden on the large foundations as well as deflecting their resources to the task at hand, which is good grantmaking. There is an attempt, of course, to separate effectiveness from reporting—and that's nonsense. It does seem ironic, at least to me, that so many of these large foundations, that are now currently demanding more and more evaluation, more and more metrics, and more and more impact statements at substantial costs to their grantees and themselves, should oppose the collection of essential data that is important to their grantmaking and to the public interest. These foundations and their grantees, regardless of what the claims are, do have the capacity to provide such information. And, I would add, it is part of their obligation as competent, publicly accountable grantmakers.

Now the California associations and foundations and the Council on Foundations have said the bill is not necessary. Why? They say they have already begun an independent research study about foundation diversity; they are about to appoint if they have not already appointed an advisory body of nonprofits to review the research, which I presume has already been set; and that they will provide a dialogue between minority groups and foundation officials.

Now, that's a good thing, but it is not good enough in this circumstance.

A one-shot research study or research studies, however sound, are not an adequate substitute for an ongoing, comprehensive collection of data, one which would reveal changes over time and provide updated information, not static information, to inform both grantmakers and the public.

I believe a genuine dialogue, between grantmakers, minority and other nonprofit groups, and the general public is long overdue, but it should be a real partnership between not only the current

foundations that are involved and the Greenlining Institute, but other interested parties. It should be inclusive, including a broad participation in the development of the research instruments.

I have to note that the priorities of foundations have not changed perceptibly in the last forty to fifty years. Only a very small percentage of all the money that's given out every year continues to go to organizations representing minorities, low-income people, disabled and other unfortunately deprived constituencies. This is, in my view, a national disgrace staining an otherwise notable record of philanthropy in sustaining our civil society.

I don't believe, and I think John (Gamboa) doesn't believe, that AB 624 will correct this appalling state of affairs, but it will provide foundations and the public, at least in California—and we could talk about whether national legislation would be in order, with a much more accurate picture of diversity within our nonprofit and foundation worlds. Armed with this information as well as their growing sense of the problem, foundations hopefully will begin to take a much more serious view of their responsibility for adequately funding what has now become the majority of Americans.

Thank you. (Applause.)

HEATHER HIGGINS: I have the pleasure today of being “diversity” here—and it's not that I'm a woman, and it's not that I'm the only one who believes in wearing vivid colors! The kind of diversity that I think matters is intellectual diversity, and I am going to take a rather different point of view than the other three panelists who are basically all aligned on the fundamental premises, et cetera. I want to address Mr. Gamboa's arguments not just that he uttered today but that have been—I am sure all of you have been following the various articles that have been written by Mr. Gamboa and his associates and the legislative history of this AB 624—and the various things that have been said in its support and its claims.

I think you can break those claims down into essentially four arguments. The first is a legal claim, that this is in fact public money. The second is a moral claim, that there are virtues to diversity that cannot be denied and that must therefore be further implemented. Third, there is a public benefit—transparency, et cetera—which then leads us to trivialize the cost of implementing this relative to that public benefit—and, anyway, everybody does it. (I always get nervous when anyone says, “Everybody does it.”) The fourth argument is one from guilt: There is insufficient funding; how could we be such reprobates to be so miserly in our giving and so inappropriate in our giving? And then I want to wrap up with consequences after I address each of these four arguments, all of which I believe are incorrect and based very often on semantic sleight of hand.

The first one, the legal justification that this is public money: This takes three forms. The first is that this is a subsidized industry. The second follows an argument which is sort of remarkable; we're going to call it the “Gamboa Test,” which is that in order to be a qualified charity, you have to give to the “entire public good,”* you have to benefit “all society.” And the third is the premise that AB 624 is the correct solution to implementing these issues.

* From “Tax-Supported Foundations Must Reveal Diversity Data,” John Gamboa, *San Jose Mercury News*, February 29, 2008.

Let me take these one at a time. First, the idea that this is subsidized money: We've come to use the word "subsidized" in a very general way meaning "economic benefit." It does not mean that it's a subsidy. There are many different forms of tax policy: there are tax exemptions; there are deductions; and there are actual subsidies. Subsidies are *very* different. Subsidies are things where the government actually has you go through a process where you apply and you receive money *that is the government's money*. Tax exemptions and deductions take money *that is yours*; that is not a defined amount; that may or may not exist depending on whether or not you have revenues, what your expenses are, and whether or not you have earnings. It's not quantified. It's not conditioned on any particular behavior on your part. And it lets you keep those donations—that way donors know that all of the money is actually going to charity; it's not going to go off in tax payments in part. There are different public purposes that are served, and it is not correct to then make the assumption that "subsidized" and "performing at some level a public purpose" therefore equates it with being public money, which is a very different thing.

Now, a lot of people in the philanthropic community, I personally think, have gone along with the public-purpose argument, which has led to the public money argument in some cases—not many—because it's self aggrandizing; it's really kind of fun to think that you're serving the public purpose. But it still doesn't make it public money. Many examples of this exist: libraries, churches, art galleries, homeowners, childcare, health clinics. There are legions of institutions where taxes are either exempt or there are deductions. There are even subsidies through tax-investment vehicles. But that doesn't make the businesses that benefit from these subsidies owned by the city or municipality that has given them the money, nor does it mean that the businesses need to fulfill a public purpose. Our society is complex and sophisticated, and it understands that there are many venues in which the private sector—with a little assistance in the form of tax breaks or other things—can do things well. But it does *not* make it public money. If Mr. Gamboa wants to argue that the fact that it is tax-exempt means that it is public money, then I am wondering what I should be doing as a public taxpayer with his 401(k). (Laughter.)

The second form of this argument, which we'll call the "Gamboa Test" or the "Greenlining Test," is that this is for the entire public good, it's for all society. It is not for the elites or the opera or the symphony. Let us put aside first the contradiction that all the public good, all society, would *include* the opera and the symphony and the elites—unless somehow they are not part of society anymore. Let us also mention that the government doesn't seem to make this distinction. The government seems to think that the opera and the symphony and schools and universities which, John (Gamboa), you regularly target—and John, just so you know, I am not from California; I am not a big foundation; and I haven't given hundreds of millions of dollars to any university that you can zing me for—

JOHN GAMBOA: You should!

HEATHER HIGGINS: —because I know that that's the sort of *modus operandi* here.

The real issue is that tax exemption in our country is not conditioned on complying with a particular public policy agenda. The only obligation in the charitable sector is *to be charitable*. There is no condition that there be an approved kind of charity. We don't have two tiers of

charity. We don't have some charities being "more equal" than others, which is what we're looking at in AB 624.

Now, this argument that this is public money has a long history of being attempted—unsuccessfully. In 1819 a case went before the Supreme Court involving Dartmouth College, represented by Daniel Webster; somebody was claiming that Dartmouth's funding was essentially public money because it was tax-exempt. Justice Story said that there was no public claim on charitable dollars and that it in fact would be dreadful public policy. "If we were to establish such a principle, it would extinguish all future eleemosynary endowments."^{*}

And he's right. Why would you create an endowment if you think it's just going to be absorbed by an avaricious government? That law has been upheld. Tax deductions and exemptions do not mean that you shed your constitutional rights, for example freedom of association, nor does it give carte blanche authority. The test for tax exemption is basically, are you a not-for-profit—not, is there some public test of the goodness which you are fulfilling? Each group pursues in the American system its own best good, and the public interest is served by permitting that wide variety, that vast variety of public interests, purposes, and understandings of what will best address whatever that group sees as the most persistent and greatest problem.

The third form of this argument on the public funding: Even if we stipulate that there's some sort of public claim here, which I do not believe that in any way one can actually stipulate, it does not follow that AB 624 is the right solution. It is a total non sequitur that this solution in any way furthers the public good. In fact, I would argue that it will have perverse unintended consequences which will be pernicious and problematic.

Second argument: The moral claim, the diversity claim. Here I get into dangerous ground because this is not a topic, as you put it; it has become a religion. It is an article of faith. It is the Tower of Babel in reverse, but with a lot of the same languages and hues. You cannot say that there might be some issues with diversity without somebody wanting to accuse you of being a racist or something similar.

Part of the reason for this is that the definitions are so slippery. There are basically two different kinds of diversity. The first is a factual one and a descriptive one. It says that we are a diverse society, racially, ethnically, in terms of a whole range of attributes. It speaks to facts, but more importantly it speaks to our aspirations. In that understanding, diversity is not a process; it is a marker of the success of the extent to which we have been able to be a colorblind society, because we know that if you look out at the range of boards that exist out there in corporate America or in philanthropic America, and they're all white and they're all male, somehow merit is not being brought into play. If we are in fact—the word is "colorblind" that we use as a marker for this aspirational goal that Martin Luther King so brilliantly articulated; that we are judged not by the color of our skin, but by our merit, intellect, our experience, our viewpoints, the information that we bring to the table, none of which race is a marker for or determinant of—if we are in fact colorblind, then you would wind up seeing a vast array of different sexes and different ethnicities across the board over time—and not in fixed quantities but in varying quantities depending on individual talents, inclinations, interests, et cetera. That is an idea that is

^{*} Trustees of Dartmouth College v. Woodward, 17 U.S. 518 (1819).

hugely popular in our society, has huge public support, and it accords with the American ideals of individual rights and equality of treatment.

But there is a second definition, and that second definition is an ideology that aims at restructuring society, seeing proportional outcomes in every aspect and area of the culture. It is numbers for numbers' sake; it assumes that there ought to be some fixed proportion that you ought to see. It ignores individual aspirations and inclinations and the differences you will find there.

Another way of explaining this is there is “macrodiversity” and “microdiversity.” Macrodiversity is the entire landscape, what you see across the society. Let's take, for example, restaurants: I love restaurants. I don't know about you, but I like a wide variety of restaurants. I like Chinese restaurants, Italian restaurants, Japanese restaurants, Thai restaurants, Indian restaurants, French restaurants—well, not so much French restaurants; too much cream. (Laughter.) But there's a wide range of restaurants that I frequent and really like. Now, what if somebody were to say that all restaurants had to have pasta and spring rolls and sushi and steak and chocolate mousse—all to show that they represented the diversity of choices that are out there? You'd have a mess. What you want to have is a lot of restaurants that are catering to their markets; some have multiple things on the menu and some specialize. What makes the culture diverse is to have a wide variety of choices that anyone can go to and that anyone can frequent.

Similarly, art galleries. What if someone were to say that all art galleries must be representative of all of the forms of art that have ever existed: You have to have your Grecian sculptures. You need to have your African tribal masks. You need to have Impressionists. You need to have Post-modern sculptures. It wouldn't work! What works in art is to have a variety of institutions—small, large, some show you the wide scope, some are very tailored. *That* is diversity on a macro level, but it understands that in the micro sphere you have a variety of options and different ways of expressing these different forms of diversity.

It is a mistake to try to achieve macrodiversity by micromanaging the micro sector. There will be diversity in the micro sector *where it is appropriate*. For example, one of the arguments I would make is that the universities need to be much more diverse—not based on ethnicity but based on intellect, based on philosophy, based on different points of view. That's what universities are supposed to be for. In order for diversity to work—go back to the first definition—it has to be voluntary, not in any way coerced. The first diversity is a good thing. It is an excellent thing. The problem is that the first definition is used to justify the second, and the second is pernicious, because where we get impatient for results, where we pursue cheap grace of trying to push through an outcome without understanding that it has to be earned, the results you get are the opposite.

Personal experience: I have sat on boards as the only woman where I know in the back of my head that half the guys there who do not want to pay attention to me dismiss me because in their heads they can say, “She's just here because she's a woman.” That undercuts everything that I have ever tried to accomplish. It doesn't matter how good my arguments are, they can dismiss me because they think that that's why I am there. There is a reason that 75,000 African American children have chosen to go to historically black colleges and universities, while only 7,000 to

8,000 choose to go to the University of California system. There are many reasons, but I suspect one of them is that they know that in those institutions they will be valued for themselves, and they don't need to worry that anyone will look at them and claim that they're only there because the school had a quota to fill. That is the experience of a Clarence Thomas at Yale, or a Michelle Obama at Princeton. Their value as an individual was undercut because a system existed around them—even if it had nothing to do with why they got into that institution. It totally deprived them of their abilities. It denies them—those who are qualified—the credit for their accomplishments that they deserve, and it embarrasses and embitters those who are promoted beyond what they are prepared for. It is a pernicious system.

Greenlining itself has said in various articles that the ethnic makeup of a board has no connection to the performance or institutional effectiveness of an institution, but they still want to create government pressure for minority representation for no real reason other than numbers for numbers' sake. That is precisely one of the things that is degrading about AB 624. In the name of the first kind of diversity, they want to create the second, coerced kind. AB 624 would undermine the achievements, role, and importance of minority board and staff. It makes it difficult for those individuals to contribute without being judged as the “minority viewpoint” against what somebody else thinks the “minority viewpoint” ought to be. And even if they are hired purely for their talents, their experience, their insights, their knowledge, the assumptions will be—and they will know that other people view them with the assumption—that it's to satisfy some externally imposed goal. This runs the real risk of increasing racial division in the foundation world, which we do not presently have, and having a corresponding decrease of effectiveness.

Third argument: There's some public benefit—because the costs are trivial of transparency, and it's transparency only. Please. The case for transparency—otherwise known as voyeurism—is very often followed with, “and we will hold you accountable.” Okay, it's technically right that there's nothing in *this* bill that explicitly requires quotas or affirmative action or giving to preferred groups, but the writing is clearly on the wall and you've got to have the IQ of a houseplant not to see it. This bill does not want to know *all* the ethnicities of your staff. Remember, in the last census, I believe there were 126 different racial and ethnicity groups. This bill only cares about seven, most of which happen to have committees in the state legislature. I wonder why those seven were picked.

And it doesn't want to know about all your grant areas—oh, no—just this one rarified one. This gives us a clue.

Both regarding the research done to date and in this proposed bill, Greenlining doesn't just want a general sense; they want to know *organization by organization*. They want you to have to name names, and they're counting—because we're talking about future pressure, more expansive bills, and requirements if you don't meet these unspecified, deliberately amorphous goals. The costs here are not trivial; they are huge.

That leads us into our fourth argument that is raised—that minorities are shortchanged; that we've failed to provide significant support; that only 10 percent of dollars go to minorities. Well, the first problem with this is definitions. “Shortchanged”—what does that mean? Who defines

what “significant support” is? “Only 10 percent”? Well, it’s only 10 percent if you don’t count universities, you don’t count schools, you don’t count K-12 education efforts, you don’t count hospitals, you don’t count the wide variety of different things that don’t specifically label as just minority involvement, but do things that actually do benefit everyone *including* minority communities. And it also doesn’t include that we have a system in our country now where there is substantial support that comes from the government. Foundations take this into account. If there’s substantial support coming in the forms of transfer payments and other things, that takes the need off of philanthropies to spend their dollars there and instead they might spend it someplace where there is less other funds coming in. Those things also enter the calculation.

But the second thing is: I don’t know how many of you in this room are from the foundation world or from the grant recipient community. I suspect that most of you are from one or the other. And I have to say, as somebody who has sat on both sides of the table on this one, I have yet to meet any constituency that doesn’t think they’re not getting enough money. (Laughter.) Have you? I have yet to see the grant recipient group or area that says, “No no, no no, you’re funding us enough. We can’t take any more money. We feel over-appreciated.” This test of “we think we need more money” is not exactly a compelling one, because everybody thinks they could use more money, and in fact, everyone could use more money.

But what I really want to admire here is this bold, new approach to fundraising. I read an article about you, John (Gamboa), where you were quoted, I think back in 1998—you have a really interesting history, where I have never seen a group that manages to have the groups that they are attacking be the groups that they are funding with such perfect confluence. It’s really sort of remarkable. And in the last couple of years, apparently your funding has gone down and you haven’t been so, you know, persuasive in getting people on a voluntary basis to accept your argument about where they ought to be funding. So now we’re looking at a piece of legislation which would bring about the naming of targets that you would then get to go after; it would specify whom to fund, a minority group doing minority funding—in other words, your group; and it would lead to a perfect opportunity for shakedowns. As you said, you haven’t yet found the price at which you could be bought, but you could be—but we’re talking about rental here, right? So we have a stunningly self-serving piece of legislation in which Greenlining gets to be the prosecutor, gets to be the judge, and gets to be the victim that gets the benefits. And I can understand why you would be so enthusiastic about this legislation, because it means you don’t have to mark it off as lobbying; you can treat all your efforts here as a fundraising expense. It’s really sort of stunning.

Let’s talk about conclusions, because there’s some effort to say that if the bill were amended, maybe it would pass. It’s actually, if you read it, still an unbelievably terrible bill. It is ambiguous—no terms are defined in it, although my favorite is where it says, “gender composition, which shall also include the number and percentage that are male and female.” Only in California would you have to tell people that “gender composition” includes the number who are male and female! (Laughter.) It is intrusive—privacy rights do exist, except I guess when people who feel they’re entitled want to intrude on them—and unconstitutional. And even if you could fix this bill, it sets a terrible precedent. Not only does it create the groundwork for coming back to expand it—they say in the legislative history of this bill that they are looking at age and disability next, and presumably there will be other groups after that, anyone who’s got

political clout who wants to be counted as a group—but it's a setup for step two, which is a requirement that foundations don't do sufficient work, and there will be other government management of charitable funds.

There are four serious problems, four serious, bad precedents that this bill would set. First, it creates an unprecedented claim that the charitable funds are public, because that is the only justification for requiring selective reporting. If this bill passes, then they are going to be able to go back and say that these really must be public funds because there's this reporting of it.

Secondly, it poses a specter not only of the diversion of funds to certain things just to keep the government off people's—foundations'—backs, but of extortion, of attempts at public shaming and public embarrassment, and even potentially the loss of exemption of completely legal and properly run charities, not for violating public policy or breaking laws, but for failure to follow certain favored policies and funding strategies.

Third: I think it will *retard* assistance to minorities. Philanthropies, for any of you who know them, are risk averse. Their lawyers will tell them, “You don't want to be in this area, because if you're not in this area, you don't have to do this reporting, and Gamboa's not going to be going after you trying to embarrass you in the newspapers, so shift to other areas where it's not applicable.” Sea otters will benefit. (Laughter.) International funding will benefit. Minority communities are going to suffer.

Fourth: Justice Story was right. If it starts being public policy that money that people still thought was private, that was given and being used in accordance with the intent of the donor, is now public, and some assemblyman can decide that he wants it and he's going to direct it toward his pet cause, people aren't going to keep setting up foundations. It's that simple. If you want to move foundations out of California, if you want to make this national and move them out of the United States, that will be the result.

I think it's a shame that this misguided effort, however well intended, is diverting substantial charitable resources in the attempts to defend these vital principles of freedom, private property, the capacity to make individual decisions, what makes philanthropy effective. The principles and consequences are huge. The proponents believe that the most important measure of racial inequality is the proportion of foundations giving to minority-owned nonprofits. You don't need to accept this definition, but you can pursue it if you want. But others can pursue other, and in my view, more substantive and effective approaches. That is the beauty of American philanthropy—the universe of foundations as a whole taking a variety of approaches to racial and social inequality. That approach of American philanthropy would be fatally compromised by AB 624, this proposal, or any other proposal that coerces us into accepting any particular approach to any social problem or pathology. That is why foundations of every size and every political perspective are actively opposed, no matter that this bill is cloaked as merely a reporting requirement. They understand that it is a profoundly bad idea for government to start stepping in and influencing a preferred, particular agenda for private foundations.

Thank you.

WILLIAM SCHAMBRA: Before we go to the audience, is there any point of disagreement here among the panelists? (Laughter.) Mr. Gamboa?

JOHN GAMBOA: Let me clarify one thing. I'm going to give the Gamboa response to the Higgins response to the Gamboa philosophy or policy. After listening to this, I'm almost ready to shoot myself. If you listen to this, this bill is going to be the end of freedom in this country.

I would like to make one thing clear. I don't know where you got your numbers from, Ms. Higgins, but Greenlining's income has actually been increasing 20 percent a year. And actually, our money doesn't come from foundations. If folks wonder why we have the courage to go after foundations, that's why. We don't go after foundation money because we don't want foundations to tell us and limit us to what issues we can go after, like going after foundations. Most of our money comes from the lawsuits that we take on. Private industry. The fees from winning those particular cases.

I'm not going to address all of the issues that Ms. Higgins raised, but do you remember that I told you there was a violent reaction to our bill? That proves it! But no one has refuted that in California, African Americans are receiving one tenth of one percent of the total giving in that state from foundations. I don't think increasing that is going to end freedom, or infringes on anybody's privacy.

HEATHER HIGGINS: Where do you get that data?

JOHN GAMBOA: From the foundations themselves. In fact, each year we do a report, and I'll send it to anybody who wants it. We do a report on the foundations' giving. And each year we send the numbers to the foundations and we ask them, "Tell us if those numbers are right or wrong." If you tell us those numbers are wrong, we will print your numbers without question. Only one foundation took us up on it and said we were off. There were three more grants made to minority-led organizations. Three years in a row.

HEATHER HIGGINS: Is this the report that said that only 3 percent of funding went to minorities?

JOHN GAMBOA: Yes, 3.7 percent, yes. And if the numbers are wrong—and I admit they could be wrong; we're doing the best we can—we have asked the foundations every year to help us put together that particular report. The first year, one foundation came. The second year, four foundations came. And this year, twelve foundations came. Little by little, we're creating a dialogue. But not one foundation has said the methodology that we have used is wrong, and not one foundation has said that the definition of "minority-led" that we use is wrong. Not one. And yet we're open to that. In fact, I'm on my way to the Ford Foundation tomorrow to say, "Here's your numbers. Tell us if they're right or wrong." And, in fact, their reaction is always, "Well, we don't know if the numbers are right or wrong. We don't want to discuss that. We want to tell you that we don't think you should be doing this because it's going to end the world," like Ms. Higgins says. It doesn't end the world. HMDA, the Home Mortgage Disclosure Act that required banks to provide annually the ethnicity of the mortgagee, of the person they are giving the loan to, has created a tremendous increase in minority home lending in this country. In California, it

has increased lending to the minority community, which, in turn, by the way, made banks much more profitable—600 percent. And it's only disclosure; it's not mandating anything.

Can I say one more thing? By the way, no one should be afraid of sun—this is just a sunshine bill. Only if you're a vampire, a germ, or someone tremendously discriminating should you be afraid of sunshine.

RENÉE BRANCH: Okay! I said this would be a spirited conversation. A couple of pieces of information. I think we can all agree that there's not great data out there around these issues, from a variety of different places. We know a lot about the nonprofit sector, but even in Mr. Gamboa's own words, we don't even have good data to suggest—the nonprofit sector hasn't provided data that says exactly how many nonprofit organizations are minority-led or minority-serving, based on the rubric that Greenlining has determined. So that, in and of itself, let's put that aside.

But we know that there are a bunch of nonprofits out there. In 2006, it was estimated that there were about a million nonprofit organizations. What does that tell us? Do we know how many of them are effective? How can we dig into that number? There are studies that are going on right now in the state of California, and I haven't yet seen those results, but I suspect that they would tell a different story. But again, as I noted earlier, sometimes when we're in these discussions, we're talking about different things. We're talking about apples and oranges, and we're trying to compare the two and have a conversation about diversity and inclusion.

And again, all of this is voluntary. There are no specific suggestions on behalf of the Council on Foundations to our members that they must fund things differently. What we are focused on is impact and effectiveness in all of their grantmaking, whatever it is they decide to fund. And there are growing demands for philanthropy to be all things to all people. Just a little bit ago, we received some requests to be more focused on disaster response, to help our members see the value in that sort of funding. We've also received requests to encourage our members to fund in more rural parts of the country. Where does it end? Where do foundations have the authority and the right to fund the kinds of causes that they wish to fund and to engage in the work of diversity and inclusion in the way that makes the most sense for them, if at all?

PABLO EISENBERG: Well, it's so hard—there's not equal time for answering Heather's fifty-four points!

HEATHER HIGGINS: And I cut them back!

PABLO EISENBERG: You did a good job. A couple of things: One, this notion that somehow our country has evolved voluntarily into notions of justice and equity is not based on historical fact. It's been the fact that we've had a federal government and state governments demanding gender equality, racial equality, affirmative action, and more information about what's happening. That's been a primary cause of the progress of minority constituencies, women, disabled, and others in our country. It hasn't been a voluntary movement. In fact, we'd probably still be in the mild Stone Age if we had not had intervention requiring progress on social and economic justice.

Second of all, you know, no one is saying—and I don't think the argument has been made—that foundations should just fund social and economic justice issues. Bob Reich was wrong when he stated that, and he's a good friend. No one is mandating that a foundation not give to universities or museums or Salvation Army posts.

What is the fact is that, in the aggregate, the figures are alarming. If you look at all foundation giving, very little money goes to what academic researchers have called “social change organizations,” which include people of color, low income, disabled, women and children at risk, gay/lesbian, et cetera, et cetera—the majority of the population. That so little should go to those constituencies, I think there's something wrong with that—particularly since foundation money, in a large sense, is money that, a lot of it, could have gone to the federal government to meet social needs. I know that you and others don't particularly like the federal government meeting social and economic needs of low-income people, but nevertheless, there is a responsibility for the taxpayer to, in fact, see that there is a little more social and economic justice in philanthropy.

If you look at the composition of boards, it's interesting that no foundations have really come up and funded a thorough, comprehensive study of the composition of foundation boards. And I would include “class” in that; as I said class is probably even more than race and gender a more important determinant these days of priorities of foundations. No one's come up with that.

Foundations repeatedly, historically, have stood fast against more information, more data. They opposed the Tax Reform Act of 1969, which in my view saved the foundations from their demise, such a rotten reputation and record they had. They opposed more information on the scandals, then the topic of hearings before the Senate Finance Committee. There's always been opposition to more data, to more information, to more reporting. Well, that's, I think, a serious issue of accountability. So, I think we have to look in perspective at that.

And as I said, to infer that a disclosure bill automatically will become something more, a mandate on to whom to give, what to give, is unjustified. This is a disclosure bill. You could argue, as I would, that there are some things, a lot of things, wrong with it. There could be clearer definitions. You could cut out minority contractors—very hard to determine. You could toughen definitions. But the public has a right to know on these crucial, national issues of importance.

WILLIAM SCHAMBRA: Heather, what's wrong with a sunshine bill?

HEATHER HIGGINS: Well, first off, is the Rob Reich who wrote the report at Stanford the same as Bob Reich who is—it's a different Reich, right?

PABLO EISENBERG: This was the former labor secretary who said that.

HEATHER HIGGINS: Okay, but there's also a report that comes out of this guy at Stanford, right?*

* Robert Reich, “A Failure of Philanthropy: American charity shortchanges the poor, and public policy is partly to blame,” *Stanford Social Innovation Review*, Winter 2005, pp. 24-33. Reich spoke on this topic on a Bradley Center

PABLO EISENBERG: Yes.

HEATHER HIGGINS: First, going back to John's point, there's a report that STATS (The Statistical Assessment Service, an affiliate of the George Mason University) did that I think is on everybody's chair; it actually goes through the data in the study, and you can all read that at your leisure.* Basically, the problem is that by defining what counts as a grant going to benefit somebody in the minority community so unbelievably narrowly, you basically set up foundations to fail. You can take your data as you want, but you can prove anything with facts and figures depending on how you want to figure them. I think that the definition is not fair, and I don't think that the criteria of "minority-led" is the best way to try and define this.

Secondly, it does not surprise me that foundations have been reluctant to disclose data to an organization that is not known for research so much as it is known for lawsuits and publicity campaigns. I can't blame them, whatever their particular interests are, for worrying about what the information is going to be used for.

I think that if social justice has not been funded enough, then maybe the case has not been adequately made for social justice. It does not mean that things are not being funded that are not worthwhile; it means that maybe other people think that there are other, better ways of approaching some of these issues.

And, in fact, I would disagree with your history of the United States. If you are right that affirmative action was necessary in advancing goals, then prior to affirmative action we ought to have seen that there was no assimilation and improvement in the status of the Irish, of the Italians, of the Jews, of the Chinese, of the Japanese, all of whom came to this country and had a hideous time. I see you shaking your head. They came to this country and they had a hideous time and were vastly discriminated against. But over time they managed to prove that they were capable of playing on a level playing field—without the benefit of affirmative action, without the sense of everybody else feeling that they maybe had a separate set of rules, a separate set of standards, or that the playing field wasn't equal. That, I think, is part of the secret to advancement and not creating tensions and not creating problems.

I think that one of the problems with the diversity industry is that it is not objective about its own aims, objectives, philosophies, et cetera. If they were, the California bar ought to be eager to release the data, for example, on the outcomes for law students who are African American. The initial data looks extremely compelling and challenging to the basic assumptions that this is a good thing for African Americans; if anything, it looks like there are fewer black lawyers than there would have been. And that's because they've been putting kids into schools where, instead of going to the middle-tier law school where the coursework is done a little bit more slowly, where they're at a level with the rest of their peers, they get promoted into a school where they shouldn't be. The dropout rates are vastly higher; the failure rates are vastly higher; the inability

panel entitled "Taking Philanthropy Seriously" on March 22, 2007. A transcript of the discussion can be found on the Bradley Center's web page, <http://pcr.hudson.org>.

* This report can be downloaded from the Bradley Center web page by clicking this link: http://www.hudson.org/files/pdf_upload/STATS_with_Summary_FINAL.pdf

to pass the bar is significantly higher. It is deeply problematic in terms of those own individuals' lives, the costs that they get saddled with, and the actual outcomes that they have. I think that there is serious work that needs to be done in evaluating the premises with which we start if you are genuinely interested in a colorblind society.

JOHN GAMBOA: First of all, to attack Greenlining or to say we're unfair for using publicity and lawsuits—

HEATHER HIGGINS: You're welcome to do that.

JOHN GAMBOA: —reminds me of a story during the Mexican-American War, in the Alamo. A Mexican scout was captured before the major fight, and for fun the defenders of the Alamo said "We're going to have a bullfight," and they buried the Mexican up to his neck in the ground. They had a bull, and they enraged the bull and had him go toward the Mexican to kill him. The first time the Mexican moved his head, and the bull barely missed him and grazed him. The second time, the bull came again and the Mexican moved his head to the side and again it grazed him on the side. And the Mexican said, "Well, I have to do something. I'm not going to survive here." So the last time the bull charged, the Mexican ducked his head as low as he could, and then he reached up and he bit the lowest hanging part of the bull, and the bull was in agony and pain because of the privates that got bitten, and he went to the edge of the wall, and all the people started yelling to the Mexican, "Fight fair, Mexican! Fight fair!" That's what I feel, that this is happening here. Foundations have billions of dollars. They put up \$4 million to defeat our bill, and they tell us we ought to fight fair against them. It's ridiculous.

WILLIAM SCHAMBRA: Are there any questions from the audience?

IKE FIELDS, African American Nonprofit Network: Thank you very much. This is a good use of my time. Typically, you go to these things and they're pretty much babble. You don't really have any difference of opinion, any spirited discussion. Certainly, we've had that in ample supply here this morning.

I'm chairman of the African American Nonprofit Network. We are an organization that connects talented African Americans to opportunities both at the staff and governance level in nonprofit organizations. We founded this organization because of the experience of eleven of us who started this a couple of years ago. We found, and it has been validated by the Urban Institute, that some 82 percent of nonprofit boards have no people of color on them. So, Ms. Higgins, you've made some very eloquent points, but by your argument, and despite the fact that other ethnic groups have moved on in America and have moved up in America, people of color, African Americans, something I know about, have not and would not be participating in any aspect of this society in any kind of realistic way. And that's what created our need to create our own organization to connect talent. This discussion of diversity gets real slippery, but if you talk about talent—and you're talking about the impending turn over of thousands of jobs in the nonprofit sector—somebody has got to put together people who have talent with people who want to serve. And this is what we are doing, and unless other organizations—unless the initiative comes from somewhere to address what voluntarily has not been done, we're going to be in 2050, where we are in 2008.

MAXINE BAKER, African American Nonprofit Network: Good morning. I'm president of the organization of which Ike is chair. I recently retired as president and CEO of the Freddie Mac Foundation, which I ran for a decade. And when your report came out, Mr. Gamboa, about two and half or three years ago, I ran to the staff and I said, "Let's look at the numbers." And it was very helpful in looking at our work, because I would have thought that 50 or 60 or 75 percent of our work was done by minority-led organizations in minority populations, and it wasn't. It was much better than the numbers in your report, but it still wasn't what I thought it was.

I think that whether we agree to the bill or not, it's the issue around diversity and inclusion that is important. I don't want to argue the merits of the law—of a potential law—but about inclusion and, as Renée (Branch) brought up, the question of, are we making sure that minorities are at the table to make decisions about minority communities, which we are serving?

WILLIAM SCHAMBRA: Anyone want to respond to that?

PABLO EISENBERG: Well, I think that's partly at the crux of the problem—that people of color and in old days, women, have not been at the table. And the playing field has not been level. And contrary to what Heather (Higgins) says, that is what happened historically. It's through government that we've seen—whether it's been legislation, whether it's been the Supreme Court, whether it's been affirmative action—an attempt to make the playing field level. And that's the reason why we have had such progress, although not enough in recent years.

Information is crucial to making good decisions and taking action. And without information, it's very difficult for organizations, whether they are progressive, or conservative, or in the middle, to take good action. This is a bill that provides information to funders and the public, alike, to make an assessment. And, indeed, foundations need a lot more information than they have to make decent decisions. Particularly, they need information given the make up of their boards. Their boards are the elite institutions of this country. They're overwhelmingly wealthy or they're peopled by highly paid professionals. There may be more blacks and more women than there used to be, but they do not represent the various classes in this country. Look at a big foundation or even some small foundations and see where the teachers, the preachers, and the union people, and the small business people are; they're no longer there. They're not even beginning to be there. When we have an elitist composition, we need good information even more than if we had a diverse board. And boards, Heather, do make a difference on the policies and programs of those organizations.

HEATHER HIGGINS: Yes, and if you have a board that is giving to medical research, I certainly hope that your board is based on its excellence, not on its racial composition. Because what matters is the experience and talents of those individuals, not necessarily what race anybody is, unless you are going to be a racist.

PABLO EISENBERG: Right, but you have great black doctors. You have great women doctors—

HEATHER HIGGINS: Yes.

PABLO EISENBERG: And you have great Latino doctors and they're all there.

HEATHER HIGGINS: Great—and so include them. But, don't do it just because they're black or they're women. That's insulting.

JOHN GAMBOA: The Californian Endowment, which is the largest health foundation in California, funds lots and lots of medical research, but it has a very diverse board. It's also the best foundation in giving to all communities. So, there is a good relationship. The Irving Foundation is close. The San Francisco Foundation. And if you look at the foundations that have diverse boards, they're able to do both.

HEATHER HIGGINS: This may be an issue that's really a function of your age and your generation. And you're older than I am, John (Gamboa). And you're older than I am, Pablo (Eisenberg). (Laughter) And so maybe what you grew up with influences how you see this. I look at the assimilation and progress of, for example, Asians into our society, who didn't have affirmative action benefits. And I'm thinking that if your thesis is right, then they shouldn't have made advances either. I don't think that's the case. And there maybe something else that is at work here.

I think that another thing that is going on—there was a recent study of Californians, and those who were between the ages of sixteen and twenty-two don't understand what the race issue is about *at all*. To them, it is so unimportant in how they self define and in whom they would marry and whom they date. It is purely—it is less important than what music they listen to. And so I think that this may be an issue that we are hopefully as a country growing out of, that we really can see each other for who we really are, and not based on some superficial, immutable characteristics with which we were born.

PABLO EISENBERG: One quick comment. I came to this country as a French refugee and a Jew in 1939. And I was quickly accepted for one reason: I was white. It makes a huge difference if you're black and coming from a legacy of slavery in this country, with origins in Africa. That makes a difference that is almost unique among populations. And I think we have to take that into account.

JULIE FERREIRA, RESULTS: I work for a grassroots advocacy organization called RESULTS. I am wondering if you could speak, Dr. Eisenberg, as a public policy professor, to institutional barriers that differentially disempowered African Americans, like the Federal Housing Administration following World War II, in creating redlining and prohibiting people of African American descent from accumulating wealth, which led to some of the class differences that you are talking about—just to dispel this notion of an even playing field that Ms. Higgins is talking about.

PABLO EISENBERG: I'm not clear if I understand the question. Are you saying that there were policies in the federal government, around housing assistance and urban removal and all of those things? That's true, and they were based way back when, and in fact those measures hurt African Americans, low-income people. But those things have been rectified to a large measure by the

federal government, in its policies, although one could question some of the policies in the last seven or eight years. So, there has been progress. But there was a time when the federal government and the courts maintained a system of segregation and discrimination.

HEATHER HIGGINS: Can I speak to that? And I know that my opinion is a minority one. But in fact, that still goes on—but it takes a different form. Generally, communities that have want to protect what they have and make it scarcer. So, for example, you'll find communities using environmental regulations that preclude building additional housing, which drives the cost of housing up and pushes lower-income people out. There are all sorts of things that occur, using the power of government to control and regulate who has access to what benefits. The larger point that I am trying to make is that if you have a group of people who fail to live up to a high set of standards, the remedy for that is to not to get rid of the standards but to enforce those standards and make sure that everybody plays by the same rules—not to then create differential rules, which then create their own new set of problems.

JENISE SNYDER, Philanthropy Roundtable: I'm an HR director for a nonprofit here, and my question is: As a nonprofit, we don't keep racial data of our employees on file and that might play into some of the reports of where foundations give their grants et cetera. If this bill were to pass, because there are California foundations that fund us, I would have to ask all of my staff very, I think, intrusive questions. I don't see them as their race; I don't see them as their gender; I see them as my staff that I support. Personally, I'm a colorblind person. So how does that effect the privacy rules with HR laws for nonprofits?

RENÉE BRANCH: I am not an attorney. I want to say that upfront. But as I understand it, should this bill pass and become law, one then would have to comply with the law or there would be some penalty of sorts. So if the law requires that one provide that information, then one would be within the spirit of the law in providing the information.

JOHN GAMBOA: Most foundations already ask for that information from their grantees. There are some that still don't, but almost everywhere you go they do ask for that information. If you go to get a loan at the bank, they ask. And you can do it voluntarily or not; it is not required for you to do that. You can put "Refuse to acknowledge." How many people are in your staff?

JENISE SNYDER: Twenty.

JOHN GAMBOA: Well, that is going to be a really big burden on you to ask them that. (Laughter.)

JENISE SNYDER: It's not that it's a burden. It's intrusive.

JOHN GAMBOA: Maybe. I think that if the minorities on your staff knew what the purpose was, they would not think that was intrusive.

RENEE BRANCH: I would like to add something context-setting. When we look at at least the Council's members, about 2,200 foundations, 17 percent of foundations are staffed. And among those that are staffed, the medium staff size is two. And so when we talk about the issue of

burden, for some it is, and I don't want to discount what it may mean for a nonprofit with twenty employees. I've worked for small nonprofits of the size of twenty and fewer, and at times it can be difficult. So that was one of our reasons for suggesting that this legislation in its current form could be burdensome on both nonprofits and on foundations. And there is just not good data. I beg to differ that most nonprofits or most foundations request this data. Some do, and some don't, and some request it in very different ways. So, getting back to my earlier point of comparing apples and oranges, it's just not that clear cut. And I don't want anyone to leave with the impression that this is widely collected, or that it's widely assimilated in some way, or well understood once the information is out there.

HEATHER HIGGINS: I'm pretty sure that in California those laws on data collection only apply to companies with over a hundred people, because it is recognized as being burdensome. It's also, personally, to me—I find it very entertaining that you're not supposed to intrude on people's privacy, Article 1, Section 1 of the California Constitution, except when it suits you to intrude on their privacy. You're not supposed to discriminate on the base of race, sex, gender or religion, except when you want to affirmatively discriminate on those bases. And you're supposed to collect all this data, which however you don't share when it doesn't suit the purposes that you want it to; if somebody has a question about whether this is actually working, then the data doesn't get shared.

The other problem is that you really do have to ask. All of my friends from Latin America are just disgusted and appalled when they come to this country because where they're from, they are seen as being of different races, and when they arrive here they are automatically called Latino just because they speak Spanish, and they get lumped together. Or it is readily assumed that a person is, for example, black, as though the one drop of blood rule still applied, when in fact that individual could be a melting pot of different races. You want to get to decide for yourself who you are, and what race you are. We are more and more an integrated, multi-ethnic society that does not easily put people into single boxes. That's the reason that the census now allows people to check off multiple boxes. And that's one of the problems with this bill; there are only seven categories here, and none of them are multi-ethnic. So it's a problem.

WILLIAM SCHAMBRA: We have time for one last question.

JENNIFER ROTHMAN, United Jewish Communities: I was just wondering about a basic question I don't think any of you addressed: Have similar bills been proposed in any other states, and if so, what's the status of these bills?

WILLIAM SCHAMBRA: That's a good question, actually. It's a good one to have as the last question. In other words, what is the future of this? Mr. Gamboa, in your recent *San Francisco Chronicle* op-ed* I noticed that you mentioned that you had been talking to Congressman Rangel (D-NY) about a national effort to require some of this information. Why don't you say a word about what's going on in some of the other states that you've been in?

JOHN GAMBOA: Well, the genie is out, no matter what happens to this bill. By the way, I think this bill will probably be defeated. Almost any time minorities and poor people confront special

* "Foundation Leadership on Diversity Is Missing," April, 2, 2008.

interests with the kind of many that the foundations are putting up, we lose. And I think we will probably lose this one, too. But it's only one little battle in the total war. This is an issue the foundations can't put back yet. Florida is already talking about doing their bill, and New Jersey, and Texas. The staff of Congressman Rangel has looked at it, Congressman Becerra (D-CA), Congresswoman Barbara Lee (D-CA), and others. This is not an issue they are going to be able to keep down. Between you and me, I don't care if this bill passes. Because if the bill doesn't pass, it keeps the issue to the forefront and we will continue to raise this and make this a public issue. If the bill passes, the foundations will say; "You've got your bill now; now what do you want? Go play." So, either way, this issue is never going to be able to put back into the bottle. The foundations are going to have to address this. No matter what, the work that we have done at Greenlining has been successful.

WILLIAM SCHAMBRA: Last comments from everyone else, please?

RENEE BRANCH: I was pleased, Bill (Schambra), that you started this conversation with a quote by Handy Lindsey, who—you may not know—is the husband of our Chief Operating Officer at the Council on Foundations, Kristin Lindsey. She often talks about this work in two frames, which include "perspective deficits" and "working with the converted versus the unconverted." So, in the spirit of moving forward and looking for the places where we converge on diversity and inclusion, what are the points upon which we can agree? What are the points that we can move forward on? How can we stop the process of looking backward? Can we agree on diversity and inclusion generally, broadly speaking, as a good and effective thing for organizations? And how can we look at what perspectives are missing in our conversations and how missing those perspectives may impact the work that we do and impact our outcomes?

WILLIAM SCHAMBRA: Pablo (Eisenberg), any last thoughts? Are you looking forward to more states and perhaps Congress getting involved?

PABLO EISENBERG: I do think that more states and Congress ought to be getting involved, if only asking the questions about diversity, and asking questions about the composition of foundation boards. As I said, there has been no major study, comprehensive study done about that. I think it is an issue that ought to be studied. I think the results would be shocking to a lot of people. And there are also issues of class which have not surfaced very much. And there is also another huge issue that is facing us in the future which I think is a threat to American democracy, the rise of the mega-foundations—like the Gates Foundation, the Waltons' foundation, and others—that are basically run by two family members overseeing a huge amount of money, larger than the budgets of most countries in the world. Is that right? Should there be an answer to that? Is that good for American democracy? I raise that because no one is discussing this issue, and this is coming.

So there are a number of issues, some triggered by this discussion, that bear a tough look at by Congress, state governments, and more importantly, by nonprofits, which are shamefully absent for the discussion because they are scared to death of expressing opinions that might hurt their fundraising capacities—and also by foundations.

RENEE BRANCH: Let us not lose sight in any of these discussions that philanthropy is a good thing, and having had all of these conversations and having been involved with many of them, it is important to say that. We have to lift this sector up and we really encourage environments where philanthropy can grow, where more philanthropists can come into this important work.

JOHN GAMBOA: I agree with Renée. Philanthropy is a good thing, and it should be shared with everyone.

WILLIAM SCHAMBRA: Heather, final comment?

HEATHER HIGGINS: I'm feeling very vindicated, because maybe close to ten years ago now I was on another panel where I was also supposed to just to drop bombs. The panel was on the subject of perpetuity, and I argued strongly against foundations existing in perpetuity. One of the arguments I raised was that over time as they accreted their wealth, other people would want to get their hands on it, and use all sorts of arguments about how they really deserved what belonged to other people. And I am feeling vindicated. (Laughter.) So I really think that this is a very important issue that has extraordinary principles at stake here about freedom and the capacity to make decisions, freedom of association.

It does not at all surprise me that foundations tend to have people who are friends of whoever the donor is, or friends of whoever the chairman is, on their board. That's what most boards are: they are people who share a vision; people whom they have high trust levels with; people they know. There is a reason that you got put on the board, that is because somebody trusted your judgment and thought that you were in sync with whatever the entity was doing. What we really ought to be doing is encouraging an economic prosperity to a point where a wide range of people are creating their foundations, too, and then the face of philanthropy will change.

WILLIAM SCHAMBRA: Very good. Well, let's thank our panelists for a terrific conversation.

(Applause.)