Many Voices Opposing AB 624

"Given the importance of philanthropy to the state, a change of such significance should not be initiated without a thorough understanding of our basic system of philanthropy and its many purposes. It should certainly not be done by a new reporting requirement looking at only one aspect of philanthropy."

Larry Horton, Senior Associate Vice President, Director of Government and Community Relations, Stanford University, June 13, 2008

"Simply put, this legislation would do nothing to improve the lives of disadvantaged populations in California or elsewhere in the world."

Paul Brest, President, The William and Flora Hewlett Foundation, January 16, 2008

"AB 624…would require a specific sub-set of donors to gather and report information not necessarily related to their charitable purposes. It would, in effect, divert funds from those purposes. And it would have a similar effect on the grantees of those donors. These grantees would be required to provide the donor with diversity data, even if the gathering of such data was not relevant to their charitable purposes."

Florence Green, Executive Director, California Association of Nonprofits, May 6, 2008

"Rather than allowing nonprofit agencies to focus their time and energy on core programs such as providing health services to low-income children or reducing gang violence, this type of legislation will make these groups focus their limited resources on additional administrative and reporting requirements. Finally, the bill utilizes a 'one-size-fits-all approach' that does not properly account for the unique mission and funding priorities of each foundation in California."

Robert Ross, M.D., President and CEO, The California Endowment, January 24, 2008

"Though well-intentioned, the state-mandated collection of data listed in this legislation is both burdensome to accurately collect and would be onerous to the efforts of grantee organizations (our nonprofit partners) in serving their clients. These requirements could divert critical charitable resources away from community programs to bureaucratic recordkeeping and collection."

Steve Gunderson, President and CEO, Council on Foundations, February 1, 2008

"Philanthropy is defined as voluntary, private giving to advance the public good. In order for the state of California to provide an environment that is conducive to philanthropy and that promotes philanthropy, there needs to be a regulatory framework that does not impinge upon the ability of foundations to work in keeping with donor intent and their individual missions. This legislation, if passed, would have the opposite effect."

Gary Yates, President and CEO, The California Wellness Foundation, February 7, 2008

"With all of the challenges before our state, from balancing the budget to improving public education, expenditure of our elected officials' attention and resources on this so-called diversity bill is misguided at best.

Jeffrey A. Farber, CEO, Koret Foundation, February 22, 2008

"This legislation creates an environment where gender, race, and sexual orientation may become superior factors in funding decisions as foundations seek to satisfy this proposed standard for a 'good' foundation. As we seek to meet people's needs, public policy should encourage us to do it in a way that is most appropriate for the needy in our community, not in a way that helps our foundation supporters satisfy a meaningless standard created in Sacramento."

Senior Chaplain Mindi Russell, Executive Director, Law Enforcement Chaplaincy – Sacramento, March 4, 2008

"While perhaps well-intentioned, Assembly Bill 624 is irrelevant, onerous and violates the privacy of those who dedicate their lives to helping disadvantaged people regardless of race or ethnicity."

Linda Love, Board Member, California Consumers United, March 7, 2008

"…[G]iven the financial strain continuously felt by non-profit organizations (including AICCU's members) to fulfill their missions, especially in light of the pending state budget crisis, AB 624 increases costs when much of the information that is mandated in this bill is either already available (through services like *Guidewire*) or too costly to justify its compilation. While we appreciate the intent of AB 624, it is unnecessarily intrusive on many levels, creating burdens out of proportion to any hoped-for benefit that might result."

Robert E. Oakes, Vice President, External Relations & Research, Association of Independent California Colleges and Universities, March 13, 2008

"The best way to strengthen support for traditionally underserved communities at this vital time is to facilitate and welcome additional charitable activity in California – not create unnecessary barriers such as Assembly Bill 624."

The Nonprofit & Unincorporated Organizations Committee of the Business Law Section of the State Bar of California, March 27, 2008

"…this may negatively impact the ability of worthy beneficiaries in California to obtain grants from whatever foundation the bill would cover. Even if a foundation

could lawfully assemble the required information, potential grantees might fail to receive aid due to their unwillingness or inability to provide and verity required data."

The Nonprofit & Unincorporated Organizations Committee of the Business Law Section of the State Bar of California, March 27, 2008

"AB 624 serves to divide people and organizations who historically have worked well together. We recognize the value in collaborative problem-solving among the public, nonprofit and philanthropic sectors. By working together, we can do more to help these nonprofit organizations that will ultimately help our diverse communities."

Foundation Coalition, May 5, 2008

"This legislation would result in a grant making environment where race, gender and ethnicity govern foundation funding decisions and become more important than the overarching philanthropic goal itself. As a result, the bill, if enacted, is likely to adversely impact the efforts of California charitable foundations in making, as well as the ability of worthy beneficiaries in receiving such grants."

Marti Fisher, Policy Advocate, California Chamber of Commerce, May 5, 2008

"If it enacts AB 624 into law, California would signal a desire to interfere with the charitable decisions of foundation, and many donors will take their money and giving elsewhere. New donors don't have to incorporate or operate their foundation in California. Other state would welcome $23 billion in new philanthropic capital. And donors don't have to give their money to charity at all; they could spend their money on themselves or pass it onto their children."

Adam Meyerson, President, Philanthropy Roundtable, May 19, 2008

STANFORD
UNIVERSITY

LARRY HORTON
Senior Associate Vice President
Director of Government and
Community Relations

June 13, 2008

The Honorable Mark Ridley-Thomas, Chair
Business, Professions, and Economic Development Committee
California State Senate
State Capitol, Room 2053
Sacramento, CA 95814

Re: AB 624 (Coto) – OPPOSE

Dear Senator Ridley-Thomas:

Stanford University opposes AB 624 (Coto), which would require some California foundations to collect and report on the racial and gender composition of their boards and staff, the composition of the boards and staff of their grantees, and the communities served by those grantees.

While the legislation purports to be simply about reporting, statements by those supporting the bill have been quite clear that the ultimate goal is to change the distribution of philanthropy. Given the importance of philanthropy to the state, a change of such significance should not be initiated without a thorough understanding of our basic system of philanthropy and its many purposes. It should certainly not be done by a new reporting requirement looking at only one aspect of philanthropy.

We have been particularly troubled by published statements that have been expressly critical of foundations that have made gifts to Stanford University. For example, a newspaper opinion piece by a supporter of AB 624 criticized a $3 million dollar grant from the Koret Foundation to Stanford in 2006, implying that this was inappropriate philanthropy. Yet this $3 million grant was given specifically to help pay for a new building for Stanford's Institute for Economic Policy Research — a facility that will house public policy educational programs. Without this gift and many like it to colleges and universities throughout the state, we would not have the splendid educational and research facilities that provide so much benefit to our communities in the provision of education and research.

The Stanford family's mission, "to promote the public welfare by exercising an influence on behalf of humanity and civilization" and to prepare students for leadership in today's complex world, is immeasurably benefited by the extraordinary generosity of individual and institutional philanthropy. These financial resources are put to work in a myriad of teaching and research opportunities for Stanford students. These students do in fact represent "the diversity of California": 47% of undergraduates are members of the minority groups specifically identified in AB 624.

It has also been asserted that long-standing tax policy to encourage philanthropy is only intended to assist poor and under-served communities. This is not the case. Qualified tax-exempt non-profit organizations, of all sizes and shapes, are deserving recipients of foundation support whether their missions are about education, medical research, healthcare, the environment, arts and culture, parks and recreation, or caring for our neediest citizens, to mention just a few examples. The implication of AB 624 is that some of these worthy non-profits should be disfavored by foundations based on arbitrary criteria about their leadership and staff.

We urge you to vote against this bill.

Sincerely,

Larry Horton

cc: Assemblyman Joe Coto
Members of the Senate Business, Professions, and Economic Development Committee

Office of the President

January 16, 2008

The Honorable Dave Jones
Assembly District 9
State Capitol, Room 3146
Sacramento, CA 95814

Dear Assemblymember Jones:

RE: AB 624/Coto - Oppose

Thank you very much for the opportunity to address the Judiciary Committee yesterday morning to express the Hewlett Foundation's opposition to Assembly Bill 624/Coto. In brief, I share the concerns of the committee members who expressed doubts about whether this bill was responsive to the real needs of disadvantaged communities.

As I mentioned yesterday, the Hewlett Foundation is the largest private foundation in California, and we work on numerous fronts to improve the lives of disadvantaged people in California and around the world. In fact, we have worked closely with Assemblymember Coto, whom we greatly respect, to serve communities of color throughout California.

Our work in California ranges from broadening community participation in solving the state's environmental problems, especially among communities of color, to serving disadvantaged communities in the areas of education and reproductive health. Although we are headquartered in California, more than half of our grantmaking occurs outside the United States – much of it focused on serving disadvantaged communities in developing countries.

The Hewlett Foundation's fundamental operating principle is to direct our resources to organizations that have the promise of making the greatest difference in achieving these goals. Thus, we do not focus on the racial composition of our grantees, but rather on how to achieve measurable impact in improving the lives of the communities that our grant recipients serve.

As Mr. Laird so aptly pointed out yesterday, when a hospital provides care to indigent children, what matters most is whether the child was helped, regardless of the race or ethnicity of the doctor or nurse providing the care. This bill fails to take into account the complicated nature of creating social change or providing needed services.

California Association of Nonprofits

PROTECTING, STRENGTHENING AN PROMOTING NONPROFITS

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May 6, 2008

Assembly Member Joe Coto
California State Assembly
State Capitol Building
Sacramento, CA 95814

Position: **OPPOSE**

Location: Senate Committee on Business, Professions, & Economic Development

Re: AB 6924 (Coto) Foundations: diversity – As Amended 03/03/08

The CAN Policy Council (CPC) is the independent public policy advisory body of the California Association of Nonprofits (CAN). The California Association of Nonprofits (CAN), a statewide membership organization of over 2,000 diverse nonprofits, is dedicated to protecting, strengthening, and promoting nonprofit organizations in our state. CAN's mission is to expand and strengthen the influence, professionalism and effectiveness of nonprofit organizations in a manner that builds their capacity to accomplish their missions and preserves the idealism and value of nonprofit organizations in California.

The California Association of Nonprofits (CAN) urges a "No" vote on AB 624. The ideas and values that AB 624 has raised deserve an open, well-researched and well-documented statewide discussion – involving foundations, government, nonprofits, and the public – of how California could better address the multitude of issues that impact its diverse communities. Transparency, visibility, and disclosure are very important to assuring that the nonprofit sector operates in the public trust.

To reduce the funding inequity experienced by nonprofits serving diverse populations, we need a far more meaningful policy than AB 624 provides. It is CAN's hope that an informed discussion can take place to determine what kind of policies and practices are really needed to build the capacity of nonprofits that serve diverse communities.

Such a discussion has been going on for over a year and progress is being made. Moving forward with AB 624 at this time will not advance those discussions.

Furthermore, at the core of AB 624 is the proposition that the Legislature should mandate data collection and reporting that is not relevant to the charitable purposes of every organization to which it would apply. As the Nonprofit & Unincorporated Organizations Committee, State Bar of California Business Law Section has pointed out, this proposition flies in the face of established principles of the rights of donors in the voluntary sector.

Under U.S law, the Committee points out, "donors are able to designate the purpose or purposes for which they want their funds to be used. In fact, if the funds are given for a particular purpose, they must be used for that purpose. As long as the purpose is legal, the recipient organization cannot use the funds for another purpose without permission from the court and/or the Attorney General."

AB 624, however, would require a specific sub-set of donors to gather and report information not necessarily related to their charitable purposes. It would, in effect, divert funds from those purposes. And it would have a similar effect on the grantees of those donors. These grantees would be required to provide the donor with diversity data, even if the gathering of such data was not relevant to their charitable purpose.

CAN has long pursued initiatives to improve transparency and public understanding of how nonprofits use their resources. The practices outlined in our "Ensuring Nonprofit Integrity Initiative" recommend that nonprofits have board, staff, and programs reflect the makeup and diversity of their communities.

We encourage the transparency of foundations and nonprofits and support their voluntary work together to build a healthy and prosperous state where the voices and needs of all who live here are equitably heard, respected, and supported. A more detailed discussion of AB 624 from our perspective is included in the following statement.

Thank you for considering our views. Please contact our legislative advocate, Kathryn Lynch, at (916) 443-0202 with any questions.

Respectfully,

Florence L. Green

Florence Green
Executive Director

cc: Curt Augustine, Deputy Legislative Secretary, Governor's Office
Members of the Senate Committee on Business, Professions, & Economic Development
Missy Johnson, Consultant, Senate Committee on Business, Professions, & Economic Development
Amber Throne, Consultant, Senate Committee on Business, Professions, & Economic Development
Kathryn Lynch, Legislative Advocate
California Association of Nonprofits

The California Endowment

January 24, 2008

The Honorable Fabian Nuñez
Speaker of the California State Assembly

VIA E-MAIL

Dear Speaker Nuñez,

1000 North
Alameda Street
Los Angeles
CA 90012
213.928.8800
FAX 213.928.8801
800.449.4149

RE: AB 624

I am writing to request that you oppose AB 624 (Coto), which mandates that foundations collect and disclose diversity-related information associated with grant-making activities and the work of our grantees.

The California Endowment shares Assemblymember Joe Coto's goal of promoting greater diversity within philanthropy and a commitment to addressing the issues facing communities of color. However, while this bill is a well-intentioned effort that aims to promote greater transparency in how foundations do their work, it is a flawed and ill-advised approach that raises significant concerns. Among the provisions outlined in the bill, it requires that foundations gather data on how much funding is provided to nonprofit organizations that are "minority-led," defined as an agency of which 50 percent or more of the Board of Directors and staff are ethnic minorities. This definition is troubling as it leads to the presumption that only organizations that fit the criteria are better qualified and should thus be at a competitive advantage to receive funding. It undervalues those organizations who fail to meet this threshold though they have demonstrated success in serving the needs of minority populations and other underserved communities.

And rather than allowing nonprofit agencies to focus their time and energy on core programs such as providing health services to low-income children or reducing gang violence, this type of legislation will make these groups focus their limited resources on additional administrative and reporting requirements. Finally, the bill utilizes a "one-size-fits-all approach" that does not properly account for the unique mission and funding priorities of each foundation in California. For example, how can a foundation that dedicates funding to improve air quality for all Californians appropriately quantify how much their work benefits ethnic minorities?

Instead, we believe that increased philanthropic responsiveness to equity, diversity and inclusiveness can best be achieved through a series of national and state-level efforts that are already underway. The state's leading grant-maker associations – Northern California Grantmakers, Southern California Grantmakers and San Diego Grantmakers – have launched a project that will not only collect data on the current level and type of investments in communities of color, but will more importantly develop recommendations and an action plan for working in concert with nonprofit organizations to improve our collective efforts in serving the needs of minority populations.

Council on Foundations Opposes California Assembly Bill 624

Calls for Leadership on Diversity, not Legislated Mandates

Date: February 1, 2008

Roy Clason Jr.
Vice President, Strategic Communications
703-879-0671

Council on Foundations
Arlington, Va

The Council on Foundations today announced that it is joining Northern California Grantmakers, Southern California Grantmakers and San Diego Grantmakers in voicing opposition to the passage of California Assembly Bill 624.

While the Council embraces the goals of diversity and inclusive practices across the philanthropic sector, it has serious reservations about the need for legislation and the potential negative impact of this legislation. “We are committed to promoting diversity within philanthropy, transparency in our work, and addressing the needs of our communities,” said Steve Gunderson, president and CEO of the Council. He went on to say that though the legislation is well-intended, it is unnecessary. On behalf of California foundations, the three regional grantmaking associations have already made commitments to conduct independent research, create a nonprofit advisory body to review the research and make recommendations to the philanthropic community, and provide a platform for minority leaders to meet and discuss approaches with foundation leaders.

If enacted, the bill would require philanthropic organizations with assets over $250 million to track and disclose diversity-related data for their boards, staff, nonprofit grantees and clients served through their grantmaking. By asking for individuals' race, ethnicity, gender and sexual orientation, it could violate privacy rights.

“Though well-intended, the state-mandated collection of data listed in this legislation is both burdensome to accurately collect and would be onerous to the efforts of grantee organizations (our nonprofit partners) in serving their clients,” said Gunderson. “These requirements could divert critical charitable resources away from community programs to bureaucratic recordkeeping and collection.”

The California Regional Associations requested that the Council use its leadership role to educate policymakers, foundations and corporate giving programs and the public regarding the impact of this legislation, both in California and throughout the nation.

“While opposing A.B.624, the Council calls upon all of philanthropy to join us in a growing commitment to increase our value for and leadership to the importance of diversity and inclusiveness in all that we do,” Gunderson said.

A Council resolution supporting the California Regional Associations’ opposition to A.B.624 was approved by the public policy committee of the Council on January 29 and by the executive committee of the Council’s board of directors, on behalf of the board, on January 30.

The Council on Foundations is a Washington, DC, area-based nonprofit membership association of more than 2,100 grantmaking foundations and corporations. The assets of Council members total more than $282 billion. As the voice of philanthropy, the Council works to create an environment in which the movement can grow and thrive, and to provide Council members with the products and services they need to do their best work.

The California Wellness Foundation
Grantmaking for a Healthier California

February 7, 2008

The Honorable Ellen M. Corbett
Chair, Senate Judiciary Committee
California State Senate
State Capital, Room 3092
Sacramento, CA 95814

Dear Senator Corbett:

I am writing to ask you to oppose AB624/Coto, which would require that foundations collect and disclose information on race, ethnicity, gender and sexual orientation for their organizations and grantees.

The reporting requirements of AB 624 to collect data about grantees would increase reporting burdens on nonprofits, which could be particularly onerous for smaller, community-based organizations that are often led by people of color. Small nonprofits operating on tight budgets in an increasingly difficult economic climate don't need additional reporting burdens. In addition, organizations that want or need to protect the privacy of their clients (e.g. community clinics, hospitals) may be less likely or even unwilling to meet the reporting requirements. Those who choose not to respond could be put at a disadvantage when seeking foundation funding.

Philanthropy is defined as voluntary, private giving to advance the public good. In order for the state of California to provide an environment that is conducive to philanthropy and that promotes philanthropy, there needs to be a regulatory framework that does not impinge upon the ability of foundations to work in keeping with donor intent and their individual missions. This legislation, if passed, would have the opposite effect.

Other potential consequences of this legislation include: deterring the growth of philanthropy in the state; the inadvertent channeling of resources to better equipped nonprofits that have the ability to track and report such data; and the exclusion and therefore disincentivization of support to communities that don't fall within the parameters but are underserved and in need of philanthropic support (e.g., rural populations that are poor or working poor but mostly Caucasian).

Demographics in California have changed and will continue to do so in the future. Philanthropy in California has recognized these changes and is working to address them. The state's three philanthropic membership organizations (Northern California Grantmakers, Southern California Grantmakers and San Diego Grantmakers) have been working on a comprehensive project to promote diversity in philanthropy. In fact, California is viewed as a leader in the field of organized philanthropy for promoting diversity and inclusion especially at the executive level in foundations. Many of California's largest foundations are led by people of color at the CEO level. These include the Sierra Health Foundation, the Blue Shield Foundation, the James Irvine Foundation, the San Francisco Foundation, the California Endowment, the California Healthcare Foundation, the Silicon Valley Community Foundation, and the California Community Foundation.

The California Wellness Foundation is one of California's largest private foundations and a major funder of nonprofit organizations providing both health services in communities of color and working to build the capacity of community members to engage in the political process to improve the health of their communities. Given the diversity of California's population, the Foundation seeks to engage individuals on its board and staff who are representative of that diversity and is committed to incorporating the values of pluralism and inclusiveness into every aspect of its work. We also seek to fund organizations that embrace those values in their mission and activities. However, we strongly agree with the three California regional associations (that represent hundreds of foundations in this state), the Nonprofit and Unincorporated Organizations Committee of the State Bar of California, the Council on Foundations, the Philanthropy Roundtable and many others, that efforts to promote inclusion and diversity in philanthropic work should be voluntary, not mandated through legislation like AB 624.

I respectfully request your vote against AB624 when it comes before the Senate Judiciary Committee.

Sincerely,

Gary L. Yates
President and Chief Executive Officer
THE CALIFORNIA WELLNESS FOUNDATION

GLY/cb

The California Endowment

In addition to this project, I am chairing a national Advisory Board on Diversity in Philanthropy. This 35-member group includes trustees and executives from a broad range of foundations, and we have raised nearly $1 million to advance three projects to: 1) improve data collection on diversity nationally and regionally; 2) establish a clearinghouse of best and promising practices on diversity in philanthropy; and 3) develop a voluntary compact among foundation leaders committed to excellence on this front. The national Council on Foundations has indicated their support of this effort, and recently established an executive leadership position in their national office to move diversity forward.

Since our inception, The California Endowment has embraced diversity as one of our core values. We firmly believe that California's rich diversity is one of its greatest assets, and we strive to reflect our commitment to diversity in both our grant making and board/staff composition. For example, during the time period of FY 2006 (March 1, 2005, to February 28, 2006), The Endowment awarded 1362 grants, and approximately 92 percent of these grants supported projects that target the health needs of specific racial or multi-ethnic communities across California. In recent years, The Endowment has invested in excess of $50 million in California to address racial and ethnic disparities in health care. Furthermore, we believe that we can best serve the people of California if we embody the diversity of the state within our organization. Our Board of Directors and staff purposefully reflects a cross-section of California's people and communities, and are diverse in ethnicity, gender, sexual-orientation, community-based experience, and geography.

The state's philanthropic sector is fundamentally committed to allocating its resources in a way that improves the quality of life for all Californians through a focus on diverse issues, ranging from health, education, arts and the environment, to assisting urban or rural communities, and addressing the needs of specific population groups such as the elderly, immigrants, children, low- income groups and ethnic minorities.

In light of the actions being taken by myself and others within the Foundation community, I respectfully request that you give the philanthropic sector in California the opportunity to move forward on the actions described above to better serve the diverse interests and people of this state. We welcome the possibility of working with policymakers in this regard in a manner that does not require legislative mandates.

Thank you for your consideration.

Sincerely,

ROBERT K. ROSS, M.D.
President & Chief Executive Officer
The California Endowment

If enacted into law, the bill's focus on diversity only in California would give a distorted picture of our grantmaking. For example, how would our work to reduce poverty in sub-Saharan Africa be treated by this bill? Or our commitment to reducing climate change, which disproportionately impacts vulnerable communities?

Moreover, the bill directs foundations to report on the organizations that "serve" minority communities. This section is particularly vague. For example, how would the authors suggest that foundations' efforts to improve public education be characterized?

Finally, the bill places yet another burden on nonprofit organizations, many of which remain understaffed and overworked, to meet yet another reporting requirement.

Simply put, this legislation would do nothing to improve the lives of disadvantaged populations in California or elsewhere in the world.

As I mentioned at the start of my testimony, my professional life began as a civil rights lawyer, and the Hewlett Foundation's commitment to social justice was one of its traditions that made the position as its president so attractive. The breadth and depth of that commitment has continued to grow over the years.

I look forward to the opportunity to work together to solve the problems facing California's diverse communities. I thank you for your interest and engagement on these issues.

Please feel free to contact me if you would like to follow up to yesterday's hearing.

Sincerely,

Paul Brest

KORET

February 22, 2008

The Hon. Ellen Corbett
California State Senate
Via FAX (916) 327-2433

Dear Senator Corbett,

We urge you to vote 'no' on AB624.

Koret Foundation
Koret Fund
33 New Montgomery
Suite 1090
San Francisco, CA
94105-4526

TEL 415 882 7740
FAX 415 882 7775

As a private foundation, Koret seeks to maximize our impact in achieving the philanthropic goals developed by our board of directors. We look for nonprofit partners who will be most effective at carrying out these initiatives. In assessing success, we do not ask for a breakdown of organizational leadership, clientele, or contractors by race, gender, or sexual orientation. Nor do we see an appropriate role for government to probe the so-called diversity of foundations awarding grants in the state. Instead, we believe that philanthropic impact is the appropriate measure of performance in the nonprofit sector.

The prospective law requires foundations with assets greater than $250 million to report the ethnic composition of the nonprofit organizations they support as well as their own. Passage of the bill would mean that nonprofits large and small would have to direct precious resources toward this data collection. **In our view, nonprofit resources are far better spent on direct services than probing personal matters.**

With all of the challenges before our state, from balancing the budget to improving public education, expenditure of our elected officials' attention and resources on this so-called diversity bill is misguided at best. Moreover, the bill seems to infer that some charities are more worthy than others. To place this judgment in the hands of government is outrageous. Our resources are the product of hard work by two industrious immigrants to America, and wise investment by a board of directors. **The assessment of how best to advance the public good with these hard-earned dollars appropriately resides with those charged by the benefactors to carry out their ideals.**

We strongly urge you to vote 'no' on AB624, which in the end would hinder the work of the nonprofit sector by diverting attention from mission-critical activities to matters of bookkeeping that convey very little about intent, effectiveness and impact.

Yours sincerely,

Jeff Farber

Jeffrey A. Farber, CEO

LAW ENFORCEMENT CHAPLAINCY - SACRAMENTO
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Sacramento, CA 95827
(916) 857-1801 / Fax (916) 857-1805
Email: admin@sacchaplains.com
www.sacchaplains.com

March 4, 2008

The Honorable Senator Darrell Steinberg
State Capital
Room 4035
Sacramento, CA 95814

Dear Senator Steinberg,

Please stop AB 624. While this misguided legislation claims to enhance charitable activities, it will actually compromise California's social safety net generally, and possibly, impact the good work the Law Enforcement Chaplaincy – Sacramento and other non-profits are performing.

First, the timing of this bill is flawed. As California enters a time of economic uncertainty, now is not the time for a theoretical debate over whether the composition of a charity's board means the charity is good or bad. Now is the time for the Senate to help charities focus every scarce dollar on making a difference in the lives of any Californian who is suffering, regardless of that person's gender, race, or sexual orientation and regardless of whether the grantor foundation has enough "good" diversity. This bill is poised to burden the entire non-profit community with new requirements that can only be satisfied by redirecting resources away from the poor and towards compliance professionals –like lawyers and accountants, who are not needy.

Secondly, this bill fails to acknowledge the diversity of California's needy as it attempts to create a one size fits all standard. The needs meet through organizations such as the Law Enforcement Chaplaincy - Sacramento are reflective of the diversity of our community. California charities need to focus on meeting the needs of the less fortunate where they are at in their local community.

Currently, grantee charities are evaluated by foundations for ongoing support based on our positive impact in the community. This legislation creates an environment where gender, race and sexual orientation may become superior factors in funding decisions as foundations seek to satisfy this proposed standard for a "good" foundation. As we seek to meet people's needs, public policy should encourage us to do it in a way that is most appropriate for the needy in our community, not in a way that helps our foundation supporters satisfy a meaningless standard created in Sacramento.

Finally, this proposal fails to consider the most foundational element of any charity. Has it been charitable? Are needy people and hurting neighborhoods better off because of its activities? With this bill, it is entirely possible for a foundation to appear to be "good" but not make any real difference in the welfare of others.

Thank you so much for your consideration.

Sincerely,

Senior Chaplain Mindi Russell
Executive Director

Protecting Consumers in the California Marketplace

CALIFORNIA CONSUMERS UNITED

March 7, 2008

The Honorable Darrell Steinberg
California State Senate
State Capitol
Room 4035
Sacramento, California 95814

Dear Senator Steinberg:

California Consumers United was created to serve as an advocate for consumers and to protect, inform and educate consumers.

As a non-profit consumer protection coalition, California Consumers United advocate for sound legislation and strong regulations that safeguard all California consumers against unfair business and marketplace predatory practices.

California Consumers United recognizes that our success in advocating for policy issues statewide is attributed to the unique diversity of the consumers we represent. The fact is that without comprehending, accounting for, and celebrating that diversity, a non-profit organization in California will fail its mission statement and the individuals it advocates and protects.

While perhaps well-intentioned, Assembly Bill 624 is irrelevant, onerous and violates the privacy of those who dedicate their lives to helping disadvantaged people regardless of race or ethnicity.

We respectfully seek your opposition to Assembly Bill 624 when it is heard in the Senate Judiciary Committee later this month. Thank you for your attention to this important matter.

Sincerely,

Linda Love
Board Member

980 9th Street, 16th Floor, Sacramento, CA 95819

AICCU
Association of Independent California Colleges and Universities

1100 Eleventh Street
Suite 10, Lower Level
Sacramento, CA 95814
Phone: 916-446-7626
Fax: 916-446-7948
Web: aiccu.edu

March 13, 2008

The Honorable Joe Coto
Member
California State Assembly
State Capitol, Room 2013
Sacramento, CA 95814

Re: AB 624 Foundations: Diversity – ***OPPOSE***

Dear Assembly Member Coto:

On behalf of the 76 not-for-profit colleges and universities in California accredited by WASC (Western Association of Schools and Colleges), I am writing to inform you that the Association of Independent California Colleges and Universities (AICCU) Executive Committee met today and unanimously voted to oppose AB 624.

AB 624 requires all foundations – private, corporate, or public operating – with assets in excess of $250 million to file a series of reports on board composition as well as the number and percentage of grants to organizations with members of minority groups on their boards or staff. While this bill does not apply to all not-for-profits, the reporting requirements could easily be expanded. Furthermore, given the financial strain continuously felt by non-profit organizations (including AICCU's members) to fulfill their missions, especially in light of the pending state budget crisis, AB 624 increases costs when much of the information that is mandated in this bill is either already available (through services like *Guidewire*) or too costly to justify its compilation. While we appreciate the intent of AB 624, it is unnecessarily intrusive on many levels, creating burdens out of proportion to any hoped-for benefit that might result.

For these reasons, AICCU is opposed to AB 624. Please do not hesitate to contact me if I can answer any questions you may have on our position.

Sincerely,

Robert E. Oakes

Robert E. Oakes
Vice President, External Relations & Research

cc: Members, Senate Business, Professions & Economic Development Committee
Members, Senate Judiciary Committee

dart

March 17, 2008

State Senator Darrell Steinberg
State Capitol – Room 4035
Sacramento, California 95814

Dear Senator Steinberg:

On behalf of the Deterding Arts Resource Team (DART), we respectfully ask for you to oppose Assembly Bill 624.

DART is a non-profit 501(c)3 organization founded in 1981 by Deterding Elementary School parents on the principle that art and music education is important to the development of a well-rounded child.

In the early 1980's when budget cuts eliminated many arts and music programs for schools in the San Juan Unified School District, a group of committed parents and dedicated school staff formed a non-profit to ensure that the thriving art and music programs would not discontinue. Twenty-five years later, we still experience a tight budget environment, and DART, with private money, seeks to make sure that music and art remain an important part of our strong academic reputation.

That's why we oppose Assembly Bill 624. Non-profits and charities are part of the community safety net – particularly for local governments – filing in with vital social and educational programs such as providing students with vocal and instrumental music programs or art history lessons or theatrical performance. The importance of DART grows in times of local government funding shortfalls.

The best way to strengthen support for traditionally underserved communities at this vital time is to facilitate and welcome additional charitable activity in California – not create unnecessary barriers such as Assembly Bill 624.

Sincerely,

Mary Jane Boxer

Mary Jane Boxer
President - Deterding Arts Resource Team

deterding arts resource team - a 501(c)3 supporting arts and music education at Deterding Elementary School
6000 Stanley Avenue / Carmichael, CA 95608 / phone & fax 916.880.4053 / www.deterding.org

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STRATEGIC COMMUNICATIONS
FINANCIAL - CORPORATE - PUBLIC AFFAIRS

May 5, 2008

The Honorable Mark Ridley-Thomas, Chair
Senate Business, Professions and Economic
Development Committee
State Capitol
Sacramento, CA 95814

Dear Mr. Chair,

On behalf of the Foundation Coalition, we urge the Senate Business, Professions and Economic Development Committee to **oppose AB 624 (Coto),** which would impose new, intrusive and costly reporting requirements on specified foundations, their grantees and contractors.

Let us begin by putting aside any misapprehensions anyone might have about large California foundations and their commitment to the diversity of our state. Any person or organization who observes the work of these foundations with an unbiased eye cannot escape the conclusion they serve California's disadvantaged and people of color communities with substance, compassion and integrity. Foundations recognize that a brighter future for our state can only be realized if all of our communities are provided with more meaningful opportunities to improve their quality of life. And as one of the most diverse states in the nation, California's fate is in part dependent upon the success or failure of the communities of color who collectively comprise a majority of our population.

Into that context comes AB 624, which is a flawed, misguided and ultimately off-target measure that is purported to enhance grantmaking to minority-led organization. Instead, it impedes the ability of nonprofits to successfully compete for foundation dollars and muddies the grantmaking process.

AB 624 is counter-productive. Foundations and nonprofits agree that many grassroots and community-based nonprofits lack organizational capacity and are, therefore, challenged to successfully pursue grant opportunities. This measure places additional operational burdens on nonprofits whose resources are stretched thin and will further diminish their capacity to seek grant funding.

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AB 624 is off-target. In-depth discussions among foundations, policymakers and other stakeholders have led to the conclusion that there are three systemic issues relative to minority and grassroots philanthropy:

- The lack of capacity for many minority-led organizations and other grassroots community-based organizations to compete for funding from large foundations;
- The need for additional investment in capacity building and leadership development targeted at such organizations and leaders of color; and
- The challenge of access to larger foundations by many minority-led organizations and other grassroots community-based organizations.

None of the provisions of AB 624 address these systemic issues. The bill does not promote capacity-building, leadership development or access. In stark contrast to the bill, the philanthropy community's individual and collective efforts to address these issues, before and since introduction of AB 624, are concrete, substantive and productive.

AB 624 is intrusive. The bill demands that foundations, grantees and contractors violate individual privacy rights by collecting personal information about employees, board members, grantees and contractors. There is no compelling state interest because the collection of this data serves no purpose other than the collection of raw data.

AB 624 is uninformed about the real world of philanthropy and nonprofits. For example:

- Different types of foundations are structured in ways that would be undervalued in the terms of this bill. A family foundation board of directors, for instance, may be limited in diversity because of the legally prescribed composition of the board but still provide substantial funding to people of color interests.
- Many nonprofits effectively serve great numbers of people in disadvantaged and people of color communities even though they do not appear to reflect the diversity of their beneficiaries.

AB 624 serves to divide people and organizations who historically have worked well together. We recognize the value in collaborative problem-solving among the public, nonprofit and philanthropic sectors. By working together, we can do more to help these nonprofit organizations that will ultimately help our diverse communities.

The members of the Foundation Coalition include all of the following: The Ahmanson Foundation, The James Irvine Foundation, UniHealth Foundation, The Ralph M. Parsons Foundation, The California Endowment, The California Wellness Foundation, The Annenberg Foundation, The William and Flora Hewlett Foundation, The David and Lucile Packard Foundation and Weingart Foundation.

We urge the committee to reject AB 624. We thank you for your favorable consideration.

Sincerely,

Rand Martin

cc: Members, Senate Business, Professions
and Economic Development Committee
The Honorable Joe Coto
Senate Republican Consultant

May 5, 2008

TO: Members of the Senate Committee on Business, Professions and Economic Development

FROM: Marti Fisher, Policy Advocate

SUBJECT: AB 624 (COTO) MANDATORY FOUNDATION EMPLOYEE DEMOGRAPHIC DATA COLLECTION
SCHEDULED FOR HEARING – MAY 12, 2008
OPPOSE

The California Chamber of Commerce is **OPPOSED** to **AB 624 (Coto)**, as amended March 3, 2008, because it would require charitable organizations to provide infrequently available ethnic and gender information and could adversely impact charitable giving in California.

AB 624 requires private, public operating and corporate foundations with assets in excess of $250 million to file a series of reports on board and staff composition as well as the number and percentage of grants to organizations with members of minority groups on their boards and staff, among other specified information. Employees and board members are not required to report their ethnicity under any law which further creates a burden on the foundations to collect the information. Because ethnicity information in many cases would be reported by "guesstimate," the information collected would be unreliable.

Foundations operate on the basis that private giving for the public good. Traditionally, organizations are evaluated by foundations for support based on their mission, their effectiveness and their positive impact in the community and how those elements align with the mission of the foundation. This legislation would result in a grant making environment where race, gender and ethnicity govern foundation funding decisions and become more important than the overarching philanthropic goal itself. As a result, the bill, if enacted, is likely to adversely impact the efforts of California charitable foundations in making, as well as the ability of worthy beneficiaries in receiving such grants.

Furthermore, given the financial strain continuously felt by private, public, and corporate foundations as well as non-profit organizations to fulfill their missions, AB 624 could increase costs when much of the information that is mandated in this bill is either already available or too costly to justify its compilation. While we appreciate the intent of AB 624, it is unnecessarily intrusive on many levels, creating burdens out of proportion to any hoped-for benefit that might result.

For the reasons and other reasons, the California Chamber of Commerce is respectfully **OPPOSED** to **AB 624 (Coto)**.

cc: The Honorable Joe Coto
Moira Topp, Office of the Governor
Amber Throne, Senate Republican Caucus
Missy Johnson, Senate Committee on Business, Professions, and Economic Development
Senate Floor Analysis

MF:fg

PhilanthropyRoundtable

May 19, 2008

The Honorable Don Perata
Senate President Pro Tempore
State Capitol
Room #205
Sacramento, CA 94248-001

Dear Senate President Pro Tempore Perata,

I am writing to oppose AB 624, legislation affecting foundations and nonprofits in the State of California.

The Philanthropy Roundtable is an association of over 550 grantmakers from around the nation. We represent the interests of these foundations and challenge them to better and more effective grantmaking. On behalf of our members, we wish to express three concerns about AB 624:

1) AB 624 would discourage the growth of charitable giving in California. From 2001 to 2005, Californians voluntarily gave $23 billion to foundations. This money is a great asset for California, especially during a time of budget crises. These foundation dollars have helped and will help to fund colleges and universities, hospitals and health clinics, environmental groups, arts institutions, medical and alternative-energy research, parks and recreation, social service organizations for the poor, and numerous other nonprofits for years to come.

If it enacts AB624 into law, California would signal a desire to interfere with the charitable decisions of foundations, and many donors will take their money and giving elsewhere. New donors don't have to incorporate or operate their foundations in California. Other states would welcome $23 billion in new philanthropic capital. And donors don't have to give their money to charity at all; they could spend their money on themselves or pass it onto their children.

2) AB 624 would be an intrusive and unnecessary addition to the transparency and disclosure rules that already apply to foundations. Foundations already have to disclose every grant they make, as well as certain investment and salary information. The

information mandated by AB 624 will be a costly burden on foundations and their nonprofit grantees, and it is not necessary to ensure that foundations are using their assets for genuinely charitable purposes.

3) AB 624 would be an ineffective vehicle for increasing giving that benefits low-income communities. Our experience is that the best way to encourage donors to open up their pocketbooks to help low-income communities is to show them programs that work—that offer effective care and opportunity for the needy. The data required by AB 624 are a distraction from this objective and would drive donors away from both this and other kinds of charitable giving.

On behalf of our members, we appreciate your consideration of our concerns.

Yours sincerely,

Adam Meyerson
President