

AB 624 (Coto): *The Foundation Diversity and Transparency Act* A Community Response to an Organized Assault on Diversity

Prepared by the Greenlining Institute

After the California State Assembly easily passed AB 624, *The Foundation Diversity and Transparency Bill*, Conservatives and foundations launched an aggressive campaign in California to kill A.B. 624 (Coto), legislation that would require large foundations to conform to the same transparency standards as corporate America. A.B. 624 would require only 30 foundations in California to disclose diversity data, information that nearly all non-profit organizations already disclose. Below are the arguments against A.B. 624 with a community response.

Conservatives/Foundation Arguments	Community Response
1. Argument: It would impose onerous reporting requirements for foundations.	Fact: This legislation would only apply to very large foundations that have ample resources. Foundation presidents have themselves acknowledged that reporting this data would be easy. Many foundations already require this data from non-profit organizations and many openly provide their own diversity data. For example, The Southern California Grantmakers, one of the bill’s opponents, lists over 60 documents on their website related to diversity, and they frequently cite the diversity of their own board of directors.
2. Argument: It would impose onerous reporting requirements for small non-profit organizations.	Fact: Nearly all non-profit organizations regularly provide diversity data to funders. Greenlining is currently compiling a partial list on organizations that already provide diversity data to foundations. This argument is clear attempt to “divide and conquer” the non-profit community.
3. Argument: Foundations should not be regulated by the state and should be left to operate independently as they wish.	Fact: AB 624 maintains the independence of foundations and simply requests diversity data in return for billions in tax subsidies. AB 624 is not a mandate that requires foundations to give more grants to communities of color. AB 624 simply requests more transparency.
4. Argument: The ethnic makeup of a non-profit board, staff, or beneficiaries should in no way be a measure of whether a non-profit does a good job.	Fact: AB 624 does not create measuring mechanisms for good diversity or bad diversity. By collecting and disclosing ethnic data, foundations and community leaders can have an honest dialogue on how to best serve communities of color. By continuing to hide diversity data, many foundations will continue to adopt the status quo and will never alter their funding practices to better reflect the changing demographic realities.
5. Argument: AB 624 is not needed because the Northern California Grantmakers is already producing researching on diversity.	Fact: Community groups applaud these efforts but there are concerns. Foundations celebrated when their own research found that California’s 50 largest foundations gave 20% of their grants to communities of color. What the researchers didn’t disclose was that by removing just 4 foundations from the sample, that figure drops well below 10% (Over 60% of Californians come from ethnic backgrounds). Furthermore, the study’s researchers admit there will probably only be a 20%-25% response rate from foundations in California. There is also no commitment to continue diversity efforts for a long-term period. The research process also lacks transparency by not disclosing foundation diversity data on an individual basis. This protects foundations that continuously ignore diverse communities, and punishes progressive foundations that adequately serve communities of color.
6. Argument: The bill could serve as an impediment to philanthropy in the state.	Fact: Diversity data will make foundations stronger by providing them with critical information needed to evaluate their effectiveness and impact in California. Many foundations recognize the value of collecting diversity data and already collect it through their applications. In fact, many foundations indirectly funded the successful opponents of Ward Connerly’s Proposition 54, a proposed initiative that would have prohibited the use of race and ethnic data in California.
7. Argument: What if my organization serves sea otters? Am I supposed to ask sea otters for their race and ethnicity?	Fact: When humans are not being served by grants, foundations can write n/a for not applicable. Organizations serving wildlife should still report the diversity of their board and staff.