

AB 624 (Coto)
A Community Response to Greenlining

Greenlining Argument	Charitable Community Response
1. The state subsidizes nonprofits, so this is money on which there is a public claim.	This is a semantic slight of hand: "subsidized" used loosely can mean "economic benefit", but that doesn't make it a subsidy. Subsidies -- where you apply for and receive government funds -- are different from tax exemptions and deductions, where the money remains <i>yours</i> , and though there may be a public benefit, such as with churches, art galleries, homeownership, childcare, health clinics, and 401Ks, that doesn't make it public money.
2. In order to be a qualified charity, you have to serve the "entire public good" and benefit "all society"	Though Greenlining has been quite disparaging about gifts to universities and the symphony (which last we checked also were part of the entire public good), in fact the government doesn't make this distinction. Tax exemption is not conditioned on a particular public policy agenda. We don't have two tiers of charity, or some being more equal than others. The power of American philanthropy is that individuals and organizations, not politicians, exercise the freedom of choice to give their resources wherever they think they are most needed.
3. This bill simply requests more transparency, and nearly all non-profit organizations regularly provide diversity data to funders.	There is no evidence to back the claim that "nearly all" non-profits regularly provide diversity data; this is a manufactured assertion that is very much at odds with observed reality.
4. Minorities are shortchanged, getting only 10% of funding.	"Only 10%" is arrived at by deliberately excluding anything that is everyone-serving -- education, hospitals, family services, shelters, drug programs, etc. It also ignores that philanthropy tries to be a stopgap - so that if there is already a large amount of transfer payments and other public funding, foundations are probably taking that into account and looking for area where there are fewer resources available. The reality is, every group that receives charitable funding would like to have more funding, and can think of many good things they could do with extra revenue.
5. AB 624 is the right solution to improving diversity in organizational control and increasing funding to minority communities	AB 624 will have perverse and unintended consequences, creating substantial disincentives for CA foundations to focus on domestic charity or perhaps to even incorporate in CA at all.
6. AB 624 will "make foundations stronger"	To the contrary, it will have serious adverse consequences for California philanthropy: First, it will retard assistance to minority communities, and possibly to much domestic grantmaking, as attorneys advise foundations to switch to grant areas where AB 624 does not apply, thereby avoiding not only intrusive reporting requirements and burdensome costs for their grantees, but also the risk of being a Greenlining target. Even more dire long term, CA will create an unprecedented claim that heretofore private charitable funds are public, as that is the only justification for requiring this reporting; potential donors will know that the foundations they establish, if they do it in CA, can be hijacked by an assemblyman with a mission. If the goal is minimizing the number of new foundations established in CA, AB 624 is the way to go.