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The Meaning and Impact of Board and Staff Diversity in the Philanthropic Field

Findings from a National Study

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Community Foundations and Progressive Grantmaking Public Charities

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> The philanthropic field is so white and so beneficent in its strategies to fund communities of color.... A feeling that "we should do this and we should help them out" permeates the culture. There are too few strategies around justice or equity. Most of philanthropy is white; it emanates from accumulated wealth, and the opportunity to accumulate wealth has been disproportionately spread. With the history came practices and assumptions about other people.... The culture within philanthropy is the problem. (Foundation CEO commenting on what keeps diverse groups from succeeding in philanthropy.)

Introduction

This chapter deals with two types of public charities: community foundations, and progressive grantmaking public charities. We have grouped them together because as public charities they must both meet the Internal Revenue Service's "public support" test (IRS Code Section 170(b)(1)(A)(V)), showing that they normally receive, on a continual basis, a reliable part of their support from the general public, government, or, a combination (Freeman 1991, p. 10). We believe that the "test" makes these organizations particularly sensitive to increased diversity in the population, and, therefore, more open to diversity initiatives in their organizations. The progressive funds, in addition, would be more inclined to diversify as a matter of ideology. Moreover, the progressive funds are unendowed; raising their grantmaking budgets from year-to-year again makes them especially sensitive to their "markets."

We found that both community foundations and progressive grantmaking public charities were particularly responsive to diversity concerns, if for different reasons. Community foundations indicated that board and staff diversity efforts were promoted by the changing demographics of their home communities. Progressive grantmaking public charities, in contrast, were prompted towards diversity efforts by their progressive ideologies, which usually embrace a concern for disadvantaged populations and social justice. The operational flexibility of community foundations allows them a fair degree of latitude in creating new structures to accommodate diversity. The grantmaking public charities we studied tended not to have similar advantages in terms of operational structure. Their diversity efforts focused instead either on human resources, including internal diversity

training and diversity audits, or on sources of funds, incorporating diverse populations – principally people of color – into their boards and donor pools.

Community Foundations: The Entrepreneurs

> Doing the right thing isn't enough of a reason to undertake a diversity effort. It has to be motivated by business reasons, linked to the bottom line (Paul Verret, president, The Saint Paul Foundation).

Introduction to Foundation Type

One of the fastest growing segments of the foundation field is the nation's 560 community foundations (Renz and Lawrence 2002, p. 6), which are expected to raise funds from a diverse enough pool of funders to meet the IRS's "public support test." Typically, therefore, community foundations have multiple sources of funding, and at the same time, they are grantmakers. In this role, their grantmaking is generally restricted to a local or regional focus. In 2000, giving by community foundations totaled $2.17 billion, accounting for 7.9% of total foundation giving that year (Renz and Lawrence 2002, p. 6). Reflecting their growth in the field, giving by community foundations increased 220% between 1991 and 2001 (Renz and Lawrence 2002, p. 5). The local focus of these institutions and their interest in raising support for their endowments from a range of donors makes them especially sensitive to demographic changes in their focus communities. The foundations we studied, The San Francisco Foundation, The Chicago Community Trust, and the St. Paul Foundation, were motivated in their efforts to diversify their staffs and boards mainly by the increasing diversity of the populations in their home communities.

Study Sample

We interviewed the three CEOs of the sample foundations, two of who are white males and one of who is Latina, and also self-identifies as a lesbian. Also interviewed were three females (an African American, an Asian, and an American Indian) who were on the senior staffs of two of the foundations. As with the other foundations chosen for the study, these foundations were selected based on their success at diversity and for the variety of their geographic location and size. (See the Appendix for more on the case study samples.)

Institutional Culture

The one word that best characterizes the institutional cultures of community foundations is entrepreneurial. As fundraisers they are constantly looking for new ways to be responsive to the needs of their particular geographic areas. Moreover, they are extremely flexible in the kinds of funds and structures they can use to respond to community needs.

Indeed, the title of a 1989 Foundation Center book on community foundations is *An Agile Servant* (Magat 1989). As the next section on Best Practices illustrates, our sample of community foundations used various means to stretch and embrace diversity – creating special diversity funds and even grantee organizations to accommodate diversity.

Best Practices

Examples of this flexibility in accommodating diversity include the Saint Paul Foundation's and the Chicago Community Trust's expansion of their boards of trustees in order to create diverse boards. By undertaking these efforts, these foundations have made a conscious commitment to increasing the internal diversity of their organizations, while preserving existing structures. Provided that an organization's bylaws allow for it, expansion of the board may be one way to incorporate diverse perspectives. As noted among other foundation types, board training then becomes a crucial aspect of successfully incorporating new board members into the existing culture, and presumably affecting that culture in the process.

Both the Chicago Community Trust and the San Francisco Foundation have created internship programs to bring young people of color onto the foundation's staff. The San Francisco Foundation's Multicultural Fellowship Program pairs each of four fellows with a program officer working in different program areas of the foundation. This mentor relationship allows the fellow to gain an intimate understanding of the workings of a foundation, and to learn about grantmaking from a hands-on perspective. The fellows are integrated directly into the existing work of the organization, rather than placed on a separate track. By institutionalizing and publicizing this form of outreach to diverse communities, the foundation makes an effort to diversify its internal culture. By focusing on professionals who are early in their careers, the Foundation seeks to expand the pool of diverse professionals seeing philanthropy and nonprofit work as a career choice.

The foundations in our sample also seemed ready to create new, sometimes ad hoc, structures and positions to increase or maintain diversity. The Chicago Community Trust, for example, created a Senior Fellowship for a prominent African-American community leader who was rotating off the board in order to keep him involved in the foundation. He now runs a new nonprofit, the Human Relations Foundation of Chicago, created by the Trust to promote religious, racial and ethnic harmony among Chicago's diverse populations.

The Saint Paul Foundation has created three diversity funds directed by ethnic community leaders to address the needs of their communities. These funds also provide a talent pool from which to recruit new staff and board members. The next section, a case study of The Saint Paul Foundation, explores the impact of these efforts on the Foundation's diversity practices.

Case Study: The Saint Paul Foundation

The Saint Paul Foundation's efforts to diversify its board and staff have been extensive. These include a new strategic planning process involving diverse community participants as well as the creation of three ethnic-specific diversity endowment funds. These funds are dedicated to supporting the programs and projects in their specific communities, and are led by ethnic community leaders from their respective groups. Participation in these funds has brought diverse community leaders onto the staff and board of the foundation.

These diversity fund initiatives have two primary sources. First is the arrival in Saint Paul of large numbers of Southeastern Asian refugees, following the fall of South Vietnam in the 1970s. Encouraged by a refugee resettlement effort led by Minnesota's Lutheran churches, the community perceived this new influx as a wake-up call to examine how to respond not only to Saint Paul's new Hmong population, but to its other diverse groups as well. According to the foundation's president, Paul Verret, the foundation was very concerned about not frittering away the lead time it was given to address the new Hmong immigrants, which was estimated at 40 years.

The second impetus for change was a 1992 Ford Foundation grant that encouraged the Saint Paul Foundation to increase board and staff diversity. Part of a larger Ford initiative called "Changing Communities," these grants were designed to help the 20 participating community foundations assess the demographic changes underway in their communities, and to examine how these changes might affect their programs, operations, and fund development activities (Wittstock and Williams 1998). The Saint Paul Foundation used its Ford grant to educate its trustees about the diversity issue, to, among other things, "get the trustees into the community," according to Verret.

The need to change the board and staff slowly emerged from these activities. To address this issue at the board level, the foundation expanded the board's size from 14 to 20 and engaged a consulting firm to search for diverse board candidates to fill the six new slots. According to Verret, the diversity effort has to start with the board because "the staff pays attention to the board." At the staff level, the foundation set some specific goals and percentages concerning its diversity objectives. Then the board became "restless," eager to initiate a diverse grantmaking program. To address this "restlessness" the foundation, in 1996, began a strategic planning process with the creation of a diverse Community Advisory Committee (CAC). The CAC recommended that the foundation concentrate on achieving three outcomes: 1) an anti-racist community; 2) economic development for all segments of the East Metropolitan Area (where Saint Paul is located); and 3) strong families.

Encouraged by these two new developments – the influx of diverse immigrant populations, and the activities inspired by the 1992 Ford grant – the foundation took a

further step toward diversity in 1995 with the creation of four "diversity funds" for Latinos, African Americans, Native Americans, and Asian Americans. Each is directed by a committee of community leaders and raises endowment funds from its respective community. The funds earned from the new endowments then are granted to nonprofit organizations in those communities. The funds also play a role in providing feedback on the foundation's diversity efforts and have developed a pool of diverse leaders from which the foundation has drawn for trustee and staff positions.

According to Paul Verret, "doing the right thing wasn't enough of a reason to undertake a diversity effort. It had to be motivated by business reasons linked to the bottom line. Diversity can lead to the growth in the endowment. It is important for diverse communities to see that business is being done differently before they will contribute to the foundation."

Conclusion

As we expected, community foundations were particularly responsive to diversity concerns. Time and again, the community foundations' chief executives and trustees remarked that the changing demographic composition of their home communities required them to diversify their staff and board to resemble this new demographic reality. The community foundations used various operational strategies to accomplish their diversity goals. Among these were: expanding the board of trustees to add diverse members; creating new nonprofit organizations to employ diverse community leaders; developing internship programs for emerging minority leaders; and establishing diversity funds managed by diverse community leaders. The case study of the Saint Paul Foundation indicates that programming that focuses on diverse communities can go hand in hand with increased staff diversity. Indeed, staff diversity may follow programming, a trend also visible in other foundation types studied in this research project.

Progressive Grantmaking Public Charities

Introduction to Foundation Type

Public charities are 501(c)(3) organizations that derive their funds primarily from public support. As such, this broad category includes many organizations that do not make grants. Within the subset of **grantmaking** public charities, program interests and missions are multivaried. In this section, we focus on those grantmaking public charities that are not generally included or monitored by the foundation field and often are referred to as "alternative" funds. For the most part, these are small, regional entities engaged in grantmaking that addresses economic, political, and social justice issues. Their experiences

reflect a variety of diversity practices encompassing a range of board, staff and/or grantmaking policies.

Among the progressive public charity grantmakers with the best records of diversity (see Table 13 in the Appendix, p. 140), women comprise 38.0% of boards and people of color 12.7%; while at the staff level, people of color are 24.3% of total staff, the highest proportion of all foundation types.

Progressive grantmaking public charities play multiple roles in the community beyond that of grantmaker. Their structure and processes often set an example for larger foundations in their program areas. In addition, their role in seeding fledgling organizations and helping them get on the radar screen of larger foundations has been of great importance to many social justice organizations.

Study Sample

This section is based on 13 interviews at six progressive public charities. Interviewees were four men and nine women. Seven were white, five were black, one Latina. Twelve reported that they are heterosexual, one is gay or lesbian; and one had a disability. The progressive public charities range in size from $1 million to over $100 million in assets and make grants from $1 million to $27 million annually. However, two-thirds have assets of less than $5 million. As a point of comparison, within the field in general, 61% of foundations have less than $1 million in assets, while 2% have over $250 million in assets. (Lawrence, Gluck, and Ganguly 2001, p. 21). The organizations studied are: A Territory Resource, The Boston Women's Fund, The Foundation for the Mid South, The Headwaters Fund, The Jewish Fund for Justice, and the Tides Foundation. Two are located in the Northeast, and one in each of the South, Midwest, West, and Northwest.

Controlling for asset level, the average number of paid staff at the organizations we examined is 6.75. Staff roles at public foundations are considerably more varied than at private institutions. Staff functions incorporate a range of professional expertise including fundraising, marketing, public relations, and financial advising. Only a few operate as program staff. Even in this capacity, their role in the grants process is often not as decision-makers. Rather, advisory committees occupy that function, and the staff prepares dockets. Then, the board votes on grants. Some organizations are completely donor-directed funds so that diverse staff and even board have limited control over the grantmaking direction.

The median board size of public charities is 15.2 (Council on Foundations 1998a, p. 10). The public charities described in this chapter have boards varying from six to 26 trustees; the average size is 16. Interestingly, in the case of public charities, the number of board members does not correlate to asset size. Indeed, those charities with smaller assets tend to have larger boards than organizations with greater financial resources.

Diversity Practices

Each of the organizations identifies as progressive and all are primarily engaged in social and economic justice activities. Funding is directed to disadvantaged communities and all are advocates of systemic social changes directed toward alleviating the root causes of poverty. These foundations are actively engaged in dialogues around class, gender, and race whether as part of board or staff composition or in the context of region of operation and issues funded. While diversity and inclusiveness feature in each organization's mission and values, either explicitly or implicitly, disability and sexual orientation are not yet included in these definitions.

The grantmaking public charities we studied challenge the traditional norms of who should be involved in grantmaking. Fundamental to these grantmakers is the belief that in determining where money goes, real community change can only take place when those at the level affected are involved in deciding where resources should be allocated. Diversity provides credibility that allows these organizations to reach out to and include the communities they serve. As a result, many of the organizations have incorporated diversity objectives into the mission, vision, and policy statements of their institutions. At the Foundation for the Mid-South, a set of Guiding Assumptions and Founding Objectives embody the foundation's commitment to "inclusiveness across race, class, and gender" as a hallmark of its activities. According to president George Penick, "If we were not diverse, we could not do our work."

The grantmaking public charities in our sample are all engaged in some level of activity to attain and maintain staff diversity. Diversification often has begun with an institutional assessment or audit, which has defined problem areas and identified barriers to advancement. Examinations of this nature generally resulted in increased attention to hiring and promotion of diverse individuals. Having completed these stages, internalizing diversity in the operations and management of individual public charities remains a challenge. Interviewees consistently stressed the need to reach diversity goals that go beyond tokenism and number counting to address overall institutional culture. Those efforts that have become institutionalized have taken time. Two of the diversity efforts in the organizations interviewed took ten years.

Several diverse staff at institutions studied indicated that they were attracted to their jobs by the presence of diverse leadership at the top. In many respects, interviewees attest, leaders create the institution's culture. Commitment by the leadership is central to the success of any diversity effort. One program officer summed it up simply: "We were lucky. We had a senior guy that was willing to listen."

Good intentions aside, opening up dialogue among people of diverse identities requires sensitivity, and outside consultants can provide assistance with diversity efforts.

Interviewees stressed the importance of working with professionals trained in interpersonal communication and organizational development. Apart from their particular expertise, another form of assistance that consultants can offer is to raise sensitive issues with senior management or the board in a relatively neutral context.

A practice adopted at some of the institutions studied is the use of joint staff-management committees. Generally these appear to be successful. Participants agree that while they tend to be somewhat unwieldy and extremely time-consuming, ultimately the effort is worthwhile. Defining the decision-makers, however, is key to their success. One senior staff person clarified:

> We've talked through some really knotty issues with management-staff committees. You can't totally cede control of the thing. That's the trick. Committees are good, but they are advisory. In other words, you're not making policy at that level but you're talking through the issues and trying to come up with proposals that everybody has consensus on.

One factor persistently underscored by interviewees is that with diversity efforts, there is no right way. According to one senior manager involved in a multi-year effort, "My experience is you have to keep working at diversity, it could slip into something else very easily."

In handling multicultural workplaces, interviewees stressed the need to be sensitive about training in terms of "learning, appreciating, and recognizing the little things that people might say or do that they don't mean to." In all of the awareness about personal and political consciousness, attention to people with disabilities is rare. One participant summed it up thus: "Disability is the thing people are totally oblivious to." Disability manifests itself in small ways, according to a staff member with a disability. For example, if there is a break in a meeting, people suggest taking a walk. "Not many people see me as disabled.... As I get older, there are certain things I can't do, sit cross-legged on the floor for instance." Disability, according to the interviewee,

> is not seen a political in the same way as, let's say, racism and sexism. There is a feeling that its bad to discriminate against people with disabilities, and I think people are supportive of Americans With Disabilities Act, but I don't think its on the radar screen.

Ageism is another issue not generally tackled in workplaces. With ageism and disability, explained our interviewee:

> We're still at the consciously not discriminating stage, as opposed to affirmative action.... For sexual orientation, culture or gender, we ask "how do we change the culture to make it more friendly", but with age, disability, we always care about **not** discriminating but it never has translated into positive action.

Particularly at organizations where the board is not diverse, conducting grantmaking by program or advisory committee enables the foundation to operationalize its commitment to diversity. Most of the public charities surveyed (with the exception of one where funding is primarily donor-directed) operate with a grants committee structure in which board members and/or grantees actively participate in funding decisions. The role of program staff and the amount of discretion accorded to them vary according to institution. At some institutions, staff makes recommendations generally endorsed by the board; at others, the entire grants process, from reviewing proposals to conducting site visits, is the responsibility of the board or a subcommittee thereof. The practice of utilizing advisory committees as mechanisms for changing the power dynamics by assigning certain tasks to a sub-committee of the board is common. Diversity, to the extent possible, is a central feature of these bodies, as these organizations have consciously looked to such committees as ways of enabling multicultural constituencies to participate in decision-making and governance.

The following sections look at different instances of these and other diversity practices undertaken by the progressive public charities we studied. Some of these organizations make an effort to diversify their donor base to include diverse communities. Others incorporate diversity into their boards of directors. Yet others seek to make explicit the unspoken role of wealth and status in shaping institutional culture. Finally, some organizations that have addressed diversity in numbers seek to take the next step and refashion institutional culture with diversity in mind.

Diversifying Donors

Two of the organizations in the study, A Territory Resource and the Tides Foundation, have consciously moved away from reliance on wealthy, white donors as primary sources of funds. Changing demographics necessitate reaching out to and developing relationships with diverse communities. In many cases, these are communities that have different giving traditions and philosophies; philanthropy is not part of their language.

Diversity is holistic at A Territory Resource (ATR), where it is seen as part of an entire organizational culture based on diversity of missions, goals, and programming. This ideal affects governance, staff, and membership (donor) base. ATR supports progressive, community-based organizations in Idaho, Montana, Oregon, Washington, and Wyoming. Over its 22-year history, ATR has funded a wide range of activist organizations working in communities of color. Ten years ago, believing it was important to reflect the diversity of society in its own organization, ATR began to examine its internal diversity. According to former executive director Carol Pencke, the process was undertaken as part of an effort to model the organization on a kind of society ATR was working to create.

The effort involved consultants who worked with the board, staff, and membership. The Foundation held focus groups of African Americans, gay men, and other nontraditional

donor constituencies, and emerged with the realization that these groups were important to target and include as philanthropists, a reflection of the region's changing demographics. ATR expanded its definition of membership to make the foundation more democratic and inclusive. Recognized donors are defined as individuals who contribute $1,000 a year or more than 1% of their income to the foundation. The change emanated from ATR's mission, which prioritized working in communities of color, as well as low-income communities, and from a belief that the well-being and success of the organization depends on having people from these communities represented at all levels. Membership has soared almost 50 percent in two years and ATR now has a membership more diverse than at any time in its history.

Another major shift that resulted from ATR's diversity initiative has been a change in the board composition. Formerly, ATR operated with a governance structure that had two boards, an advisory board, which was diverse, and a donor board, which was all white. Along with the expansion of membership, ATR amended the organization bylaws, and combined the donor and advisory committees. As a result the board has become more diverse and inclusive of people with strong ties to communities of color and activist organizations. The next section describes efforts by other organizations to undertake similar board diversification.

Diversifying the Board of Directors: Selection, Training, and Structure

The progressive public charities studied have different reasons for wanting to diversify their boards of directors. In general, because they raise funds from a variety of sources, public charities tend to be more image-conscious than some independent foundations. At one foundation studied, attention to the need for board diversity emanated in part from a perception that the organization was viewed as elitist or paternalistic. This led to a focus on diversity, according to one interviewee, "not just in ethnic terms, but also a class concern.... You can't have diversity without taking into account nonracial, nonethnic aspects." For many interviewees, diversifying as a way to improve the image of an organization in the community raised the question of "tokenism," namely, hiring one member of a particular constituency and expecting that person to represent all diversity. Despite this concern, the situation is a reality in some institutions.

Smaller, less diverse boards reported problems with long tenure and lack of terms. As with many family foundations, at some public charities, historically the board was extended by friends of the founder. Nevertheless, there is evidence that a pattern is emerging at the institutions studied of board selection becoming a more self-conscious process with specified criteria. This process includes modifying different aspects of the overall board recruitment process, including selection, training, and board structure.

In choosing new members, the institutions are aware of the need to advance their strategic programs, which often include outreach to diverse communities. However,

philanthropy often lacks visibility at the neighborhood level, making recruitment of community activists for board positions particularly difficult. Catherine Joseph of the Boston Women's Fund, at the time of her interview the director of programs, initially came to the Foundation as a board member. While a community activist, Joseph recalls knowing nothing about the philanthropic community, or having served on a board before being invited by a friend to join BWF. "I had thought that people who served on boards were other people, not people like myself...people on the rise, on the move. This perception that I had prevented me from looking at that area of serving on boards."

Once diverse board members have been identified, how are they integrated into the institution? Several interviewees reported that for the first time, their organizations were providing an orientation program for new board members, which usually involved distributing materials containing the history of the organization and current programs, budget, and policies. However, having such programs is not necessarily the norm. At one foundation, which operates with a six-committee structure, the CEO comments that training is minimal. "Generally, people coming on the board know something about us, because we decided that it is not the way to go to ask strangers on to the board," the CEO notes. Before joining the board, members would have served on a committee first.

Indeed, grantmaking committees may be separate from the board of directors. At the Boston Women's Fund, an Allocations Committee reviews applicants and makes funding recommendations. In recruiting participants, advertisements are placed in community newspapers and among grantees. Recently, the Fund began paying a stipend to participants as a way to recognize the effort involved in participating and to aid retention.

For some progressive public charities, the challenge of recruiting diverse board members is particularly acute. Religious grantmaking entities raise money from a narrower base than other public foundations – namely their congregations. Religious giving programs such as the Jewish Fund for Justice, Unitarian Universalist Veatch program at Shelter Rock or the Catholic Campaign for Human Development are among the country's prominent funders of grassroots organizing. All operate with boards that reflect the congregational or religious identification of the groups in question. As with many faith-based organizations, the commitment to community organizing is central to the mission of the Jewish Fund for Justice. The Fund has had discussions about creating an advisory committee, but "there was concern on the board about doing this in a tokenistic way...if you go out and recruit people for this role, we need to figure out what it is you want them to do. If you don't do that, then I think it's not authentic," said executive director Marlene Provizer. The challenge is to have a type of engaged advisory structure that would bring in other voices.

"Finding the right combination of skills, talents, and demographics is hard," mused a CEO of one regional organization. Some public charities have attempted to integrate diversity by developing grids for boards that indicate experience and skills as well as gender

and race. ATR, for example, uses a matrix of skills and talents. A board skills questionnaire requests information relating to political skills (including community organizing, membership building, fundraising, anti-racism experience); people skills (time availability, consensus building); and technical skills (including personnel management, legal, grantmaking, organizational development). It also surveys members' constituency experience, race/ethnicity, economic class, and connections to communities. In addition, the foundation looks for skills in program areas that it funds.

Public charities operate with the necessity to raise funds in order to give them away. Practical considerations put constraints on the selection of board members. The president and senior staff at two institutions conceded that monetary considerations led to a very deliberate choice in the kinds of people invited onto the board. Public charities that do not have an endowment are very conscious of the need for board members to bring in money. By necessity, the priority is for people who have access to influence and money rather than individuals that reflect or serve as a model for the region or areas funded: "We are raising an endowment now and need to look for people to help build it," explained one board chair. For many, there is an expectation that board members give, not out of their own pockets necessarily, but through community connections. One executive director, where board diversity is not an institutional priority, believes that the issue often gets relegated to the bottom of the list. "Frankly, I think there is less excuse for private foundations because they don't have to worry about raising money. We all know that unless there's a sense of urgency and some leadership on the board, [diversifying] is very hard for staff to do."

CEOs interviewed commented on the amount of energy and time required to cultivate diverse individuals that may fit in with the organization's board. One executive director describes a failed attempt during which she almost got board approval for expanding the board or having community representatives participate in an advisory capacity. If at the time, she concedes, she had been able to make the appropriate match, and bring on the person she had in mind, things would have progressed to the next stage. She reflects that in general, "It takes a lot of time to cultivate people, build relationships and develop the things you would like the person to do. When this didn't work out as quickly as I'd hoped, I kind of had to put it aside."

Institutional Culture: Addressing the Issue of Class

One important aspect of foundation institutional culture that can be difficult to address is the role of wealth and status, whether among donors or board members. One interviewee, a board member at an institution that has diversified its staff, expressed a desire to move beyond the current situation, in which givers are white males and the grassroots representatives are all black. This person seeks a more balanced diversity on the board, one that represents "people of wealth of both races and genders as well as community people or grassroots people of both races and genders." The class dynamics are subtle yet evident.

The disparate representation of wealth can create a situation with "an unequal balance in the decision-making process even though everybody has a voice." An African-American board member and one of several high-profile community leaders on the board described the dynamic as follows: "(We) do have an influence but a different kind of influence. In a capitalistic society, green power really counts.... We don't have the voices of the poor on the board, for either blacks or whites."

Wealth and status also manifest themselves in other pragmatic ways. A community member on a board comprised mostly of affluent donors noted, "People who are wealthy can always have someone do for them what needs to be done." Serving on a board is time-consuming and entails a certain outlay of resources for daycare, travel and meals, for example. One member suggested that the board make available a travel stipend to be used on a per-meeting basis.

Class-consciousness is most apparent in the Funding Exchange network (FEX). FEX is a network of fifteen regionally-based community foundations that has established a unique partnership of activists and donors. This approach to philanthropy, based on self-determination and control by community activists, is incorporated into the vision, operating philosophy, decision-making structure and grantee base of members. Decision-making bodies are representative of the communities being served and community leaders participate in governance and grantmaking decisions along with donors. Some FEX funds are all activist-controlled, while others function with a combination of donor/activist interaction.

The FEX has an Affirmative Action (AA) policy specifically developed to "address and remedy the historical discrimination against and exclusion of racial/ethnic minorities, women, lesbians and gay men, the disabled, youth and the aged." Through adoption and implementation of this AA policy, FEX "seeks to reaffirm its commitment to ending racism and discrimination in this conservative political climate." The policy calls for composition of boards of directors that are majority female. At member organizations, boards should reflect the racial composition of the region being served. For example, if a foundation serves a 50% black population, it should have 50% blacks on the board; if a racial group is 10%, the Fund must offer at least one seat to that group in question; and if it is less than 10%, the board should strive to recruit candidates from that group. In addition, the composition must be at least 20% gay men and lesbians. The institution must strive to offer board representation opportunities without regard to age or disability. The national policies recognize that member funds may have specific criteria for financial, technical, or legal expertise. FEX recommends that members establish a policy-making board that is representative of the constituency community. Affirmative action also encompasses vendors and contractors.

Like the other FEX Funds, the Headwaters Fund supports projects and organizations that address the root causes of injustice. Guided by its mission, Headwaters has chosen to address internal diversity. A group that was predominantly white started the Fund. Membership in FEX compelled Headwaters to pay attention to its lack of board diversity. Accordingly, the Fund revised its bylaws to require a majority of the Fund's board to be women, one-third people of color, and 20% gay or lesbian. These requirements are fundamental as an expression of the Fund's mission, and, according to executive director Steve Newcom, part of a political analysis to redistribute power "structurally, not just philosophically." A few years ago, the Fund deliberately decentralized most if its decision-making. Prior to that, all decisions were made or initiated at the board level and did not benefit from dialogue with the staff or outside community members. Now there are 5 – 6 standing committees of the board that include these groups.

From Numbers to Culture

The Tides Foundation, a progressive public charity based in San Francisco, has undergone a lengthy process of addressing internal diversity that is instructive in its evolution from a concern with numbers to a focus on institutional culture. In 1994, a diagnostic evaluation revealed staff concerns around diversity. The process began with an initiative by a committee called the "Employee Group" made up of managers and staff from various levels of the organization, diversified by race, ethnicity, and sexual orientation. The institution responded by welcoming the questions raised by the Group and creating opportunities for dialogue. As a result of the Group's suggestions, Tides reviewed its hiring practices, exploring ways to bring on more people of color and women. This led to recommendations to increase the number of diverse staff, particularly at the management and supervisory level.

The Group was not only interested in numbers; it also addressed how to transform the institution's culture. Focus groups were then held along racial and ethnic groupings and hierarchical lines. These activities led to a "Diversity Audit" and a report by a consulting firm. Two joint management/employment task forces emerged: one to examine institutional policies and procedures, and the other a "Transformation Team" to focus on culture and deeper organizational change. As of this writing, both are in process. The foundation's "Diversity Approach," created during the process, makes an explicit commitment to building a diverse, inclusive and multicultural organization:

> Creating inclusive organizations demands changes in the way we operate and the way we make decisions. The process is an ongoing one, which may, at times, feel uncomfortable. It calls for our willingness and commitment to adapt organizational culture. Gradually, diversity transforms organizations.

The experience at Tides typifies the stages of moving from affirmative action, with a focus on recruitment and retention, to a further examination of organizational culture. As

described by one participant, "What happens is you bring in a critical mass of people of color, then the push for multiculturalism develops some internal life." After that, she explains, the question changes from not just asking who the institution is hiring but also "is the culture welcoming and inclusive?"

Tides' diversity effort was undertaken in the context of transforming a culture and with a definite plan for implementation (complete with specific tasks) and assessment of those efforts. Specific procedures have been put in place, including a requirement in hiring that there be a diverse hiring pool. Another is a priority on internal hires. Primarily, the initiative was undertaken in order to become a more effective organization. The organization made a very conscious decision to diversify despite the fact that there were not much time or resources to spare.

These examples suggest that a variety of approaches to addressing board, staff, and even donor diversity exist among progressive public charities. The next section takes a more in-depth look at how one such organization faces these multiple challenges.

Case Study: The Boston Women's Fund

Founded in 1984, the Boston Women's Fund (BWF) is a community-based foundation operating in the Greater Boston area that has given a total of $1.5 million over sixteen years to social-change initiatives. Diversity is an intrinsic part of the Fund's mission which "[s]eeks to model shared and democratic leadership in creating an organization grounded in respect for diversity, interdependence, autonomy and support for women's visions," according to founder and former executive director Jean Entine. The Fund embodies a commitment to shared leadership, equity, and cultural diversity in all aspects of operations. Women of color are, and will continue to be, a majority of the board and staff. The board of directors is almost 80% women of color. Staff composition is 60% women of color and 40% white women. While this profile has taken some time to reach, in certain respects, the task becomes easier once the first effort is made. Former executive director Jean Entine reflects, "Once you get the first group [of diverse board members] it becomes self-perpetuating because people recommend people."

Reflecting its holistic view of diversity, the Fund has not been content with defining diversity solely in terms of race and ethnicity; its commitment to diversifying the board includes often-neglected aspects such as class and age. The BWF has an endowment policy that honors the contributions of women and men across economic classes. It encourages women to think about themselves "as philanthropists and to be on the giving as well as the receiving end in their relationship with the Fund," says development director Lauren Lee. The 2000 Club endowment represents an unusual approach to endowment fundraising. Unlike most endowment campaigns targeted to a descending pyramid of wealthy supporters, the BWF has created an egalitarian structure enabling people from all walks of life to

contribute to a community institution. The Fund is recruiting 2000 individuals of diverse economic means who will each donate $500, mostly $100 a year for five years. The donors represent a cross-section of society including those from low, moderate, and middle-income groups, as well as those with inherited wealth. Donors are diverse by age, gender, sexual orientation, race, and culture. Cultivating a broad donor base forms part of a deliberate strategy to build a multiracial organization and to increase the diversity of the Fund's individual donor base by expanding the numbers of contributors who are women of color, and women of low, moderate, and middle-income groups.

With respect to the issue of age diversity, over time the Fund has broadened to include representatives of youth in the organization's governance and operations. Initially the Fund was not receiving grant requests from girls' groups, nor were young women involved in the leadership of the organization. The emergence of a donor with a focus on girls enabled the Fund to realize its goals to have young high school and early college girls substantively involved in its work.

Former executive director Jean Entine recalls how working with this donor, the Fund decided not to have a separate pot of money the girls would handle, or a girls' advisory board, but rather to include them in the decision-making body that recommends grants, the Allocations Committee. "The learning part of it was to be all of us working together," Entine remarks. "We did it with a question mark." Staff and board members involved described difficulties with issues around ageism – older people tended to over-talk, over-explain, and the younger people felt marginalized by attempts to bring them in. Young people did not always pull their weight in the beginning. Nevertheless, the experiment tripled the number of girls' groups that applied to the Fund. The young women knew these groups and could weigh in making assessments. "So we got information that was invaluable because the people closest to the program could tell us what was happening."

Even as it diversifies its leadership, BWF must also consider its donor base. From the beginning, BWF had "intense struggles about going after very wealthy people." The Fund's original founders were representatives of multiple constituencies including African-American, Asian-American, white, lesbian and heterosexual women from a mix of inherited wealth and blue-collar communities with educations ranging from high school to PhDs. The Fund was created to support people who were normally marginalized in society. The decision of who to include in the governing board, as described by Jean Entine, was essentially about accountability. According to Entine:

> Having people representative of different neighborhoods and cultures, different socioeconomic classes – its about who you are accountable to. That was a struggle from the beginning; we realized that if we didn't have those people represented in decision-making then we wouldn't be accountable to them.

The decision at the Fund to take money from wealthy people was made only with the proviso that "we were also not going to do it without having structures in place and strategies in place to reach out to others." Despite these advances, the Fund challenges itself to consider diversity anew and to update continually its definition of what counts as a diverse organization. Asked if she was satisfied with the level of diversity on the board, Entine commented:

> If we are talking about one particular color, yes. But for example, if we are looking at who is making up our community and are they represented at the table.... We don't have any Haitians and this is the second largest Haitian community in the U.S. We, as white people think about integrating in terms of whites and people of color. We don't particularize. We need to do that.

Conclusion

The grantmaking public charities studied in this sample are unique, in that they share progressive ideologies that distinguish them from many other public charities, as well as much of the field as a whole. As such, they are interesting to examine as cases of institutions where diversity is explicitly and organically on the agenda. In such a situation, how do diversity efforts fare, and what are some of the ongoing challenges and opportunities these institutions face? Ostensibly, organizations that aspire to tackle issues of race, gender, sexual orientation, disability, class and injustice as part of their mission are predisposed to create more democratic, nonhierarchical structures and governance. These types of institutions tend to attract staff and volunteers with a common political framework, values, and ideology who are drawn to the social mission of the organizations. Unlike many other nonprofit organizations or businesses, therefore, staff and trustees are united by a clear set of cultural, personal and political values. This commonality of outlook may also become an important factor in hiring. Priority is placed on candidates with a commitment to equality and justice and who have personal or institutional experience in these issues affecting disadvantaged communities. The progressive or liberal ideologies of the public charities studied, as embodied in organizational practice, may offer distinct advantages in the effort to diversify board and staff.

However, it is worth reiterating that public charities are dependent on the interests of donors. In the course of our interviews, we probed for information concerning programming and inclusion of specific constituencies, for example, people with disabilities. None of the grantmaking public charities studied in this chapter currently focuses on this population in any significant way, despite their overall interest in diversity and social justice. However, if a donor with an interest in people with disabilities emerged, one CEO stated, the issue would become an institutional priority. So far it has not emerged as an area of donor interest in the organizations participating in the case studies. This omission tempers our overall assessment of the ability of progressive public charities to incorporate diversity. Progressive ideology may provide an initial impetus toward diversity, but this does not

guarantee that a particular organization takes into account all the salient aspects of diversity. Institutions that continually challenge themselves to update and expand their definition of diversity will have more success at reaching out to diverse constituencies, and thus implementing their stated goals of being responsive to community needs.

Conclusion

We grouped community foundations together with progressive grantmaking public charities because both types of institutions have to meet the IRS "public support" test, presumably making them more sensitive to staff and board diversity issues. We generally found this to be the case, particularly among community foundations, which are responding to changes in the demographics of their home communities. The progressive public charities are prompted to staff and board diversity largely by their progressive and liberal ideologies, which contain a strong emphasis on social justice issues. The community foundations seem better able to diversify their operations because of structural flexibility that allows them to add special programs and funds to accomplish their diversity objectives. A similar flexibility does not exist for progressive public charities. Instead, they focus on aligning existing staff and governance practices with a commitment to social justice by conducting internal diversity audits or establishing guidelines for board and donor recruitment that welcome participation from diverse communities. For the grantmaking public charities studied, their progressive ideology is an advantage, as it attracts like-minded applicants, who are often themselves from diverse communities, to staff positions.

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