



## Working Towards Diversity III:

A progress report on strategies for inclusiveness among  
Minnesota grantmakers

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# Foreword

## Principles for Minnesota Grantmakers

As a member of the Minnesota Council on Foundations, we recognize that we play an important role in our community; that our role is sustained by the public trust and that certain obligations follow from that trust. We are committed to basing our work on principles that reflect those obligations. As a member of the Minnesota Council on Foundations:

1. We deal respectfully with applicants, grantees and donors, as well as those simply seeking information about our programs.
2. We are accessible and respond clearly, promptly and as fairly as possible to requests for information and meetings.
3. We make readily available basic information about our programs, funding priorities and applications requirements.
4. We respect the confidentiality of applicants, grantees and donors and use discretion in communicating with others about specific organizations and individuals.
5. We are thoughtful and purposeful in our grantmaking and periodically review and evaluate our mission, priorities, policies and practices.
- 6. We recognize the increasing cultural diversity of the communities we serve and within the limits of our charter seek to reflect this diversity in our grantmaking and in the membership of our boards and/or among our staffs or advisors.**
7. We adhere to the highest standards of ethical behavior and maintain an appropriate conflict of interest policy for staff and board members.
8. We are aware of and fulfill our fiduciary and legal responsibilities.

**Dear Colleagues and Friends:**

What began with talk about race and ethnicity in the 1980s evolved into discussions of the broader issues of inclusion and diversity at grantmaking institutions into the next decade. In 1991, the Minnesota Council on Foundations embraced furthering the dialogue on diversity and inclusiveness as a fundamental underpinning of the Council's ongoing efforts.

The Council's leadership in examining racism in philanthropy and promoting inclusive practices has increased attention on these issues reverberating to a national level. The ensuing work of the Council and its members, including 1995 and 2000 surveys of our members on diversity practices, has not only helped shape the discourse but also has launched projects like the Diversity Framework and the Diversity Toolkit, which are nationally recognized models for the field.

*Working Towards Diversity III* is the latest chapter of this important work. It provides a snapshot of where we stand today among Minnesota foundations and corporate giving programs vis-à-vis diversity and inclusive practices with suggestions for an outline for future discussion, debate and reflection. The key value of this report is as a living document that engages Council members, our board and others in recommending actions to move the field forward.

Many people are responsible for making this report possible. I want to thank, most of all, our members that completed this far-reaching and time-consuming survey. A special thanks to 20 grantmakers that completed surveys in 1995,

2000 and again this year, enabling us to make interesting comparisons over 10 years. I want to thank members of the 2005 Diversity Task Force, as well as Council staff, for their important contributions in guiding and executing the study and in developing and writing this report. Finally, I want to thank our sponsors for underwriting the study and report production.

We cannot rest on our laurels. There is much to be done as this current report suggests. *Working Towards Diversity III* is rich in information. We hope it serves as the launching point for developing renewed discussions within the philanthropic community, along with ensuing recommendations for action.



William R. King, President  
Minnesota Council on Foundations

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# Executive Summary



The fundamental goal of *Working Towards Diversity III*, as with all Minnesota Council on Foundations research, is to focus the issues and encourage heightened dialogue within the philanthropic community. With this third, five-year benchmark study, we hope to highlight changes in the field as they relate to inclusive practices among Minnesota foundations and corporate giving programs. We recognize that much work remains ahead, and we hope the ensuing dialogue will help move the field forward in its efforts to be inclusive.

As a result of the first diversity survey in 1995, the Council, with guidance from the Race and Diversity Task Force, developed a Diversity Framework (*see p. 10*) to guide grantmakers in discussing diversity issues. It continues to frame the discussion of diversity and inclusive practices around four roles that grantmaking organizations should play in a civil society:

- Grantmakers as funders
- Grantmakers as employers
- Grantmakers as economic entities
- Grantmakers as community citizens

## Report Themes

Three themes emerge from the current survey:

1. **The discourse on diversity and the adoption of inclusive practices within the Minnesota philanthropic community has been elevated to a higher level.** *Working Towards Diversity III* shows that more foundations and corporate giving programs have formal written statements on diversity or inclusive practices compared with five years ago and the impetus for change has shifted to higher-level decision-makers.
2. **“Community” at many levels has taken on greater significance.** Grantmakers as community citizens have made the biggest gains over the past 10 years. Almost 50 percent of Minnesota grantmakers today are engaging in activities that were not on their radar five years ago, including creating funds specifically designed for diverse communities, tailoring materials to nontraditional audiences and participating actively in the debate around community policy issues. Some activities were mentioned unprompted by several respondents for the first time: engaging in a constant dialogue with community leaders, doing a regional and community trend watch and providing training for staff community involvement.
3. **Much remains to be done to achieve inclusivity.** Diversity representation is not an end in itself but a means to inclusiveness. While a majority of grantmakers believe they are doing enough to achieve inclusivity, almost 40 percent of grantmakers believe they are not doing enough. Nearly half of respondents think the field of philanthropy as a whole is not doing enough. Clearly, the discussion about goals, strategies and progress must be continual.
  - The most common challenge cited by those responding to the survey was difficulty in recruiting diverse candidates for board, staff

and advisory committees. Targeting and specific recruitment policies help but grantmakers still report difficulty.

- Several note that an increase in the number of diverse participants does not necessarily change organizational culture. Some suggest that adopting policies without a plan to develop staff understanding and cultural competency impedes success.

## Key Findings

### Statements on Diversity and Inclusive

**Practices:** More foundations and corporate giving programs have formal policy statements than five years ago.

- Forty-two percent of respondents in this year's survey report having written policies in place and 56 percent of those were adopted within the last five years.
- Both previous benchmarks in 1995 and 2000 reported only about 20 percent of respondents had formal statements on diversity and inclusiveness.

The apparent trend is an indication that grantmakers are thinking more about diversity and making an effort to establish a formal structure related to their work in this area.

**Leadership for Change:** In the 2000 study, staff were cited as the strongest force behind formal policy initiation, with governing boards second. Over the last five years, governing boards have been more actively involved in instigating change.

- Sixty-five percent of foundations and corporate giving programs mentioned a key role for board members in change.
- Fifty-three percent of respondents noted the role of staff in encouraging change.

Several respondents suggested that the Council also has provided motivation for policy

changes. They cite the use of the Council's principle on diversity in its Principles for Minnesota Grantmakers, its commitment to work toward eliminating racism in philanthropy and its Diversity Framework.

### Roles within Diversity Framework:

Grantmakers have made gains in all four roles of the Diversity Framework, with the greatest gains coming as community citizens. Diversity work as economic entities is improving but lags behind the other grantmaker roles in level of participation. Nearly half of all grantmakers surveyed are now investing in minority communities and purchasing goods and services from minority vendors.

- Community foundations are more likely to be doing work within all four roles of the Diversity Framework than any other type of grantmaker. In their additional role in fund development, more community foundations have started establishing funds or funding vehicles that hold special interest for targeted diverse donors than five years ago.
- Corporate foundations have made the greatest strides in adding diversity-related activities. Five years ago, most corporate grantmakers had no plans for initiating diversity activities. The most recent survey shows that a good number have launched diversity programs related to funding, employment and community citizenship activities.
- Family foundations, as well as smaller and newer grantmakers, continue to feel more challenged by the issue of diversity than any other type of grantmaker. Limitations of size, resources and staff also cause many to report not having formal diversity policies in place, a lack of diversity program goals and focus, and little diversity in staff and board. Most derive from European American families and many of these foundations have covenants that require family board membership. This situation is unchanged from five years ago.

- Many grantmakers find that commitment to a diversity hiring policy is one successful strategy in advancing inclusive practices and sustaining progress in diversifying the field. Proper training is also needed, not merely to engage diverse staff but to increase the cultural competence of the entire organization.
- As was the case in 2000, grantmakers reported that targeted recruitment of board, staff, advisory committees and consultants was one strategy that works well for them in their diversity efforts. More grantmakers are offering training in this area or providing opportunities for their staff to learn how to build cultural competency.

**Work Force Diversity:** The term work force defines grantmaking boards, staff, advisory committees and consultants. The overall composition of Minnesota's grantmaking work force is predominantly European American. Grantmaking governing boards are predominately men and grantmaking staff are mostly women.

- However, as in 2000, Minnesota grantmaking boards, staff, advisory committees and consultants are proportionately more racially and ethnically diverse than the Minnesota population. The only exception is Asian/Pacific Islanders, a group less represented on grantmaking boards than in the statewide population as a whole.
- Overall, people of color have increased staff representation significantly. People of color among grantmaking staff increased 23 percent from 2000 and 221 percent from 1995. There were a total of 28 staff members of color in 1995, 73 in 2000 and 90 in 2005.
- The number of grantmakers using diversity characteristics in creating a diverse work force has increased in every category, with 22 percent more grantmakers using *race* and 21 percent more using *sexual orientation* in considering a diverse work force. *Education* and *physical ability* also saw gains in usage.

- Compared with the field nationwide, Minnesota grantmaking staff are less diverse. One exception is Native Americans, represented at a higher level than nationally.
- Minnesota grantmaking boards are more diverse than the field nationwide.

## Recommendations

The following recommendations for further actions were suggested by grantmakers completing the 2005 survey:

- Self-assessment tools for foundations and corporate giving programs of all sizes can help move diversity efforts forward.
- Best-practice resources can help foundations and corporate giving programs measure their diversity and inclusive practices against comparable best practices in the field.
- Grantmakers more experienced in this work can provide a model for others and serve as mentors to help those less experienced institute policies and programs.
- Minnesota foundations and corporate giving programs have success stories and program models that should be shared and celebrated.

The Minnesota Council on Foundations conducts research to focus the issues and encourage a heightened dialogue within the philanthropic community. The Council hopes this report will be useful in continuing the discussion.

Several Council projects were identified in the report as important in ongoing diversity work: the Diversity Framework, the Diversity Toolkit and the Council's Web site. The Council needs to continue to provide leadership, specifically to keep these resources in the forefront, using them strategically whenever possible to provide information on diversity and inclusiveness and to promote a climate of inclusivity.

## Contributing Staff

Anne Graham, research and information services coordinator, who labored over information arrayed in tables and charts.

Barb Laun, communications manager, who managed the design and production process and provided proofreading.

Jane Ferguson (Otis), vice president of communications and information services, who drew findings and conclusions and served as principal editor.

Bill King, president, who was available with input, experience and perspective at every step of the research and publication process.

Wai Wong-Lai, research and information services manager, who led and staffed the Diversity Task Force, conducted the survey, analyzed the data and drafted the report.



MINNESOTA COUNCIL  
ON FOUNDATIONS

*a community of grantmakers*

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# About the Minnesota Council on Foundations

Founded in 1969, the Minnesota Council on Foundations is a regional membership association of grantmakers working to improve the health and vitality of our communities. The Council's membership includes family and other private foundations, community and public foundations and corporate foundations and business giving programs. Since 1991, the Council has worked toward two strategic imperatives: 1) Create a climate of inclusivity in philanthropy and 2) Work to recognize, eliminate and prevent racism in philanthropy.

For information on membership, please contact the Council at 612.338.1989.

## Vision

All philanthropic organizations contribute to positive change in the communities they serve.

## Mission

To strengthen and expand philanthropy.

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