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California Assembly Votes to Make Foundations Disclose Key Information on Diversity

By Suzanne Perry

The California Assembly on Tuesday approved legislation to require big foundations to disclose the composition of their boards and employees by race, gender, and sexual orientation, as well as information about the grants and business contracts they award to organizations that help specific minority groups.

The bill, which now goes to the State Senate, was promoted by the Greenlining Institute, a public-policy organization in Berkeley that says foundations are too secretive about their giving and award too few dollars to organizations that are led by African-Americans, Asian-Americans, Hispanics, and members of other minority groups.

But several California and national grant-makers associations are fighting the move, arguing that it would impose onerous reporting requirements on both foundations and their grant recipients and interfere with the traditional right of foundations to make their giving decisions without government pressure.

The legislation, known as AB 624, would require foundations with more than \$250-million in assets to post specific information on the Internet and in their annual reports. In addition to data about their boards and staff members, they would have to disclose:

- The number of grants and percentage of dollars going to organizations

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where at least 50 percent of the board, of staff members, are members of ethnic minorities, or are lesbians, gays, bisexuals, or transgender people.

- A breakdown of the number of grants and percentage of dollars that go to organizations that serve different ethnic groups or sexual orientations, as well as the percentage of contracts awarded to businesses owned by members of those groups.

Before the bill passed, Southern California Grantmakers, San Diego Grantmakers, and Northern California Grantmakers wrote a letter urging the assembly to hold off. They argued that they were taking firm steps to strengthen philanthropic support for minority groups on a voluntary basis, including conducting research on giving by the state's top 50 foundations, creating an advisory body to make recommendations, and consulting minority leaders.

The Philanthropy Roundtable, in Washington, an association of mostly conservative grant makers, has also protested the law.

Persuading foundations to devote more money to specific causes cannot be "mandated by legislative fiat," Adam Meyerson, the group's president, said in a statement. "It instead has to be inspired by persuasion, example, and appeals to the philanthropic imagination of donors."

But Orson Aguilar, associate director of the Greenlining Institute, said the California law is just the first step in the group's plans to get lawmakers involved. "We're definitely going to be putting pressure on Congress and the new [president] to look at this," he said.

One possibility, he said, would be to require foundations to answer questions about diversity issues on their informational tax forms.

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