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Philanthropy and Its Enemies

Activists want to redistribute foundation wealth based on racial quotas.

By [NAOMI SCHAEFER RILEY](#)

Nonprofit leaders are reeling from the recent news that President Barack Obama's proposed budget would limit tax deductions on charitable contributions from wealthy Americans. But now the philanthropic world has something else to worry about. Today the National Committee for Responsive Philanthropy (NCRP), a research and advocacy group, will release a report offering "benchmarks to assess foundation performance." Its real aim is to push philanthropic organizations into ignoring donor intent and instead giving grants based on political considerations.

The committee is part of a rising tide of politicians and activists who are working to change the face of American philanthropy -- and not for the better.

The report, titled "Criteria for Philanthropy at its Best," advises foundations to "provide at least 50 percent of grant dollars to benefit lower-income communities, communities of color, and other marginalized groups, broadly defined." The committee looked at 809 of the largest foundations in the country, whose combined three-year grants totaled almost \$15 billion, and concluded that the majority of foundations are "eschewing the needs of the most vulnerable in our society" by neglecting "marginalized groups."

Two years ago, an advocacy group in San Francisco called Greenlining began releasing similar reports. Greenlining's aim then was to pass legislation in California mandating that foundations report to the public the percentage of their dollars given to "minority-led" organizations and the percentage of their boards and staffs made up by racial and ethnic minorities. The legislation was dropped when several foundations promised to donate money to causes Greenlining favored.

Now Greenlining has put out reports in Florida, Pennsylvania and New York trying to shame foundations into distributing grants differently, as well as pressure them into recruiting more "diverse" board and staff members. The NCRP report picks up on this theme to suggest that foundation boards and staffs should include people with a "diversity of perspectives."

Earlier this year, the Council on Foundations, an umbrella organization for philanthropies, released a study called "Diversity and Inclusion: Lessons from the Field," in which the leaders of several foundations touted new steps they were taking to "embed diversity and inclusive practices" into their organizations. The head of the W.K. Kellogg Foundation, for example, wrote that his organization decided to "strive to be an anti-racist institution." Representatives of the Jessie Smith Noyes Foundation offered a head count of their board. The original donor, Charles Noyes, had chosen "family, friends and business associates as board members, all white with similar life experiences," they said, but now the foundation's board is 41% people of color and 71% female. The California Endowment bragged that it is giving money to Hispanics in Philanthropy and Funders for Lesbian and Gay Issues.

Does any of this have anything to do with effective giving? The National Committee for Responsive Philanthropy begins its report with the premise that a grant maker "best serves the public good by contributing to a strong participatory democracy that engages all communities."

Really? What about the foundations founded to save whales or cure heart disease? Do they need to contribute to a participatory democracy? And

who decides if a foundation is giving to a "marginalized" community anyway? The idea, put forward in the report, that giving grants to "large cultural or educational institutions" doesn't benefit minorities is offensive. Black people don't go to museums? Hispanics don't go to college?

Looking at the recipients of some grants doesn't tell you anything about who the real beneficiaries are. The Thomas B. Fordham Foundation is devoted to reforming K-12 education. It gives plenty of grants to white men studying schools. But if these grants lead to real reforms, presumably the biggest winners will be racial minorities, who are most at the mercy of bad public education. Eric Osberg, vice president of Fordham, finds the idea behind the NCRP report "worrisome." He says, "We see ourselves serving all communities by advocating more school choice, higher standards and better teachers in the classroom."

Which brings us to another one of NCRP's recommendations -- that at least 25% of grant dollars be used for "advocacy, organizing and civic engagement to promote equity, opportunity and justice in our society."

This might be a worthy mission, but whose mission is it? Philanthropists give money to foundations with a particular cause in mind. And promoting "justice in our society" may not have anything to do with it. Indeed, foundations that redirect funding to match the NCRP criteria may have to violate donor intent in order to do so.

The best way for a donor to make sure that his money is given for the purposes he wants is to choose people for his board who agree with him. Whether these people are family members, co-religionists or old college buddies, what is important is that they share his philanthropic vision.

This seems to be of little importance to the folks at Greenlining, the Council on Foundations and the NCRP. The committee's report argues that "diverse groups make better decisions and that a minimum of five people are needed for a plurality of perspectives to reflect collective or social preferences." But foundations are not legislatures, and their purpose isn't to reflect the preferences of society as a whole.

This same coalition of groups has argued that because foundations are tax-exempt organizations, they should yield to pressure to serve public interests. But by this logic, the public has a right to tell you what to do with your house because you took a mortgage deduction on your income taxes last year.

If foundations are supposed to align their funding with public preferences, then why should they give grants at all? Why not just direct donor checks to the IRS? Indeed, if every foundation adhered to NCRP's recommendations, the world of philanthropy would look curiously monolithic. The diversity among foundations is not measurable by simplistic racial and gender head counts.

What makes Americans give billions each year is not pressure from activists or government mandates. It is a diversity of interests, freely chosen and passionately pursued.

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