

Toward Greater Transparency and Accountability:

**An Assessment of The California
Endowment's Funding to Black, Indigenous,
and People of Color-led Organizations**

ACKNOWLEDGEMENT

We would like to acknowledge Social Policy Research Associates (SPR) as the lead partner in putting together this brief for The California Endowment (TCE), as well as acknowledge Center for Outcome Research and Education (CORE) for their support in sharing data and analysis from their evaluation of our Building Healthy Communities initiative.

A NOTE FROM TCE'S CEO

In the aftermath of the George Floyd and Breonna Taylor killings at the hands of law enforcement – and the nationwide outrage that followed – our Board of Directors pledged to intensify our focus on matters of structural racism generally, and anti-Black racism in particular. Among the pledges we made included a 10-year, \$225 million commitment to invest in Black-led organizations engaged in activism and advocacy for social and racial justice.

A second pledge was for The California Endowment (TCE) to assert greater transparency and accountability in assessing our funding of Black-led and BIPOC (Black, Indigenous, and People of Color)-led nonprofits. The report that follows represents a key step in the process of transparency and accountability for our foundation.

The findings of the report speak for themselves, but let me underscore some key points as you review the findings.

From the moment of its inception as a private foundation, TCE was founded upon the principles of access and inclusion, especially for communities who have historically been marginalized or excluded in policy and in practice. This historical disenfranchisement is anchored in structural racism, and has led to disproportionately poorer health outcomes in Black, Indigenous, and other racial and ethnic communities. At TCE, we have spent the lion's share of the last two decades working with and investing in these communities to better understand the root causes of health inequity – and addressing them.

It is for this reason that we have labored to collect racial and ethnic demographic data from grantees for well over a decade, and we still fall short of accurate and complete accounting. Response rates could improve. Questions of voluntary-versus-mandatory reporting continue to vex those among us in philanthropy who endeavor to gain the clearest possible picture of who benefits from foundation grantmaking. In addition, the defining of what is a “Black-led” or “BIPOC” or a “multiracial” grantee organization has proven to be more art than science. We do share our definition in the following report, but variability across the field of philanthropy persists. Progress in our field is underway, but it has been slow.

Secondly, as a private foundation we have more work to do in assuring that our resources are tilting heavily in the direction of communities of color whose health and wellness are directly impacted by structural racism in America. But we are pleased to report that, over the past decade, the percentages and numbers of grants and grant dollars to organizations led by people of color is trending upwards.

Finally, a note about why any of this really matters. This is not simply a “numbers game” for us at The California Endowment. As we endeavor to better track and report funding to Black- and BIPOC-led organizations, there is no right number or percentage to target as a goal – we simply need to continue to do better because the strategy calls for it. This is fundamentally about our mission as a foundation, and the pursuit of a vision for a California where health, well-being, racial justice, and social justice are realized for all. Core to the strategy is what we call People Power: the ability and capacity of those communities directly impacted by inequity, inequality, and injustice to drive and shape structural, systemic, and policy change. It stands to reason, therefore, that increasing our investments in Black-led and BIPOC-led groups will serve impacted communities fighting for health system reforms, transformation in the justice system, equity in public education, and more inclusive community and economic development. We must strengthen our resolve to see to it that the makers of what civil rights icon John Lewis called “Good Trouble” are resourced to win their policy and system battles for social and racial justice.

It is in this spirit that we share our findings, and embark on a path of greater accountability.

We acknowledge the hardworking efforts of Dr. Hanh Cao Yu and Mona Jhavar at The California Endowment, our colleague Traci Endo Inouye and the team at Social Policy Research Associates, and Bill Wright and the team at the Center for Outcomes Research and Education in assembling the data for this report.



Robert K. Ross, President & CEO

EXECUTIVE SUMMARY

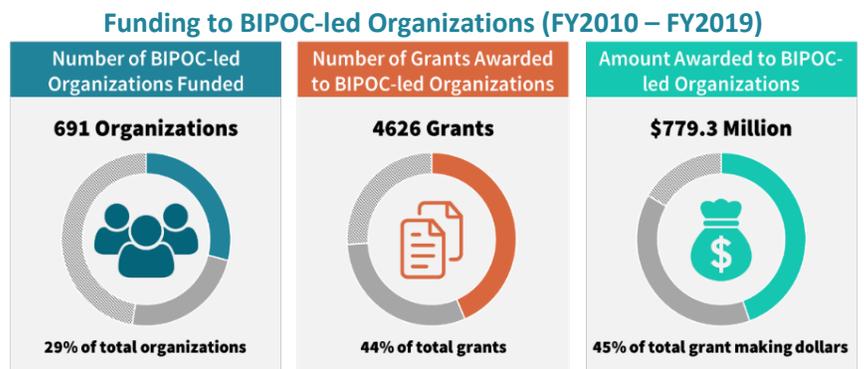
In June 2020, The California Endowment (TCE) issued a [Statement on Race and Racism](#) and identified key action steps to advance racial justice in our role as an active partner and investor in Black communities and communities of color. This brief reports on our specific commitment to improved tracking, reporting, and transparency of TCE funding to BIPOC (Black, Indigenous, and People of Color)-led organizations. While our current data and systems present some limitations to a full public reporting of our grantmaking investments, this brief presents what we know as a means for benchmarking progress going forward.

OUR GRANTMAKING TO DATE

Over the years, TCE has endeavored to hold ourselves accountable to our commitment to diversity, equity, and inclusion through active analysis of and reflection on our investments. While not used in our individual grantmaking decisions, *aggregated* grant data tracking and analysis by racial demographics offer insight into our grantmaking to BIPOC-led organizations, with key findings reported here.

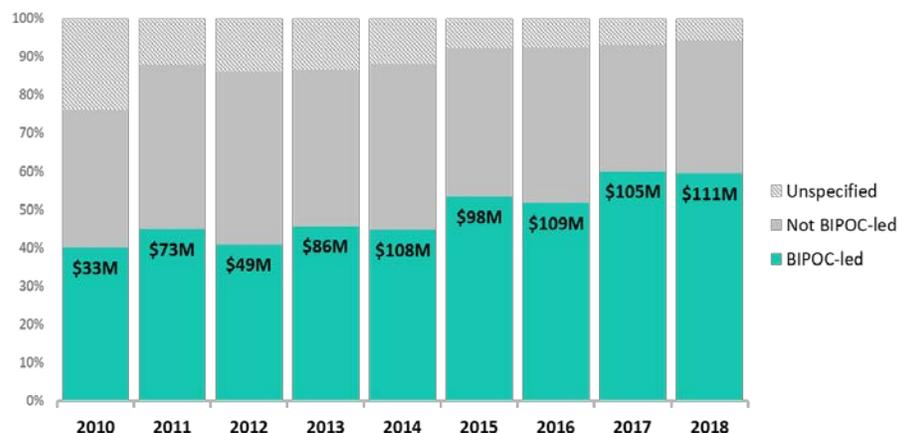
Our Funding to BIPOC (Black, Indigenous, and People of Color)-Led Organizations

Over the last 10 years, TCE has invested nearly \$1.8 billion in the Building Healthy Communities (BHC) initiative, with 10,615 distinct grant awards. The graphic to the right reports on the investments specifically made to BIPOC-led organizations¹ within this initiative, in terms of the number of unique grantee organizations, total number of grants, and total dollars.



A closer look at our funding to BIPOC-led organizations over time in the next graphic demonstrates the consistency with which we have supported BIPOC-led organizations in terms of grant dollars as a percentage of total dollars awarded each year. Percentages fluctuate because total dollars differ from year to year. In the last two years of available data, our funding to BIPOC-led organizations represented approximately 60 percent of the total dollars awarded.

Dollars Invested to BIPOC-led Organizations as a Percent of Total, by Year (FY2010 – FY2018)



¹ From 2010-2018, TCE's Grant Management System asked grantees to self-designate as "minority-led organizations," defined as staff being 50% or more minority and their board 50% or more minority, AND that their mission statement acknowledges that the organization predominantly serves and empowers minority communities. This field is the basis of our reporting on BIPOC-led organizations. Notably, not only are we missing data after this field was discontinued (from 2019 on), during the period between 2010-2018, 74% of grants had this field completed.

Our Funding to Racial and Ethnic Communities

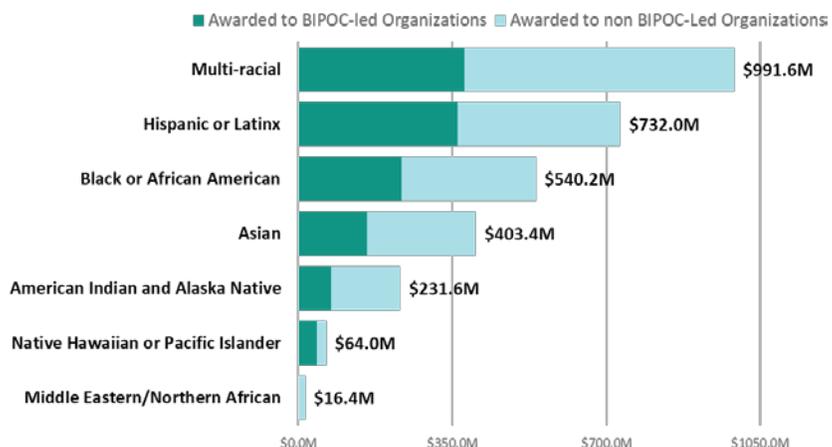
As shown in the graphic to the right, over the past 10 years, substantial portions of our total \$1.8 billion of funding have been dedicated to communities of color throughout the state. As illustrated, a significant proportion of those awards went to BIPOC-led organizations.

Our Recent Support to Black-Led, Power-Building Organizations

To gain insight specifically into our funding for Black-led organizations, program managers documented our investments in Black-led organizations

(in this case defined by the race of the Executive Director, CEO or equivalent) that are part of the power building ecosystem. While this data gathering was informal in nature, as shown as in the graphic below TCE has dedicated at least an estimated 14 percent of total grantmaking dollars, or \$23.2 million, to 103 unique Black-led organizations in 2020; 38 percent of these are directly engaged in power-building strategies across the state.

Amount of Investments by Race & Ethnicity (FY2010 – FY2019)



Current Funding to Black-led Organizations Engaged in Power Building (2020)



OUR PLANS GOING FORWARD

While this data is illuminating, TCE fully recognizes that elements of our existing systems need strengthening to address missing data and to allow a full reporting of our investments in Black- and BIPOC-led organizations. Toward that end, we intend to clarify definitions of leadership and BIPOC-led organizations, as well as actively invest in building internal systems for improved data capture, analysis, and reporting across all of our investments. Our hope is that – in partnership with both our grantees and philanthropic colleagues – we gain a comprehensive understanding of how dollars are being invested, and ultimately use data to more nimbly see patterns, interrogate bias, and raise questions when movement in a new direction may be needed. Publicly reporting our core funding trends, at a minimum, by race and ethnicity, gender, sexual orientation, and disability at more regular intervals will also allow us to examine whether our grantmaking aligns with current community priorities and promote a level of transparency about our investments to which we strive.

INTRODUCTION

Our commitment to improve tracking, reporting, and transparency of The California Endowment's funding to Black, Indigenous, and People of Color (BIPOC)-led organizations

The California Endowment's (TCE) long-standing commitment to California's diverse communities has positioned us for this moment. As clearly laid out in our Diversity, Equity and Inclusion (DEI) vision statement, TCE believes that "diversity, equity, and inclusion are essential to organizational effectiveness..., and that program strategies and services are enhanced when organizations are reflective of communities being served." Since our founding, we have been dedicated to eliminating the health outcome disparities that are the physical manifestation of the oppression and exclusion facing many marginalized communities.

The stark racial inequities laid bare by the COVID-19 pandemic and ongoing police brutality coupled with the justice uprisings, however, underscore that more must be done to achieve meaningful systemic change.

In June 2020, TCE issued a [Statement on Race and Racism](#) and identified key action steps to advance racial justice in our role as an active partner and investor in Black communities and communities of color. This brief reports on our commitment to improved tracking, reporting, and transparency of TCE's funding to BIPOC (Black, Indigenous, and People of Color)-led organizations. While our current data and systems present some limitations to a full public reporting of our grantmaking investments, this brief presents what we know as a means for benchmarking doing better going forward.

“We are witnessing the most significant and transformative moment in social change across our nation in the past 50 years. At The California Endowment, we will and are taking this as a moment of deep, purposeful and serious reflection about who we are and the work we must do... We stand with our community partners, and recognize that as a foundation we can and must to more to advance racial justice.”

TCE's June 2020 Statement on Race & Racism

OUR GRANTMAKING TO DATE

As an organization, over the years, TCE has endeavored to hold ourselves accountable to our DEI vision statement through active analysis of and reflection on our DEI practice and outcomes. Grant data tracking is a core part of this. While not used in our individual grantmaking decisions, examining *aggregated* funding patterns by race allows us to understand where dollars are deployed across the state, which communities are being served, whether investment changes are needed, and to determine if our strategies, policies, and practices produce systemic biases in our funding allocation decisions.

As will be discussed, this effort is a work-in-progress. We will continue to hone our structures and processes to fully and accurately report on our grantmaking, and hold ourselves accountable to the vision of advancing racial equity through our investments. Our current grants database and reporting system give us some insights into our grantmaking to BIPOC (Black, Indigenous, and People of Color)-led organizations. The findings presented in this first section paint a picture of historical trends over time, as well as offer benchmarks from which we can build upon going forward.

WHAT WE KNOW

In our 2020 Statement on Race and Racism, TCE committed to a full reporting of our investments to BIPOC (Black, Indigenous, and People of Color)-led organizations by October 1. To meet this deadline, rather than burden grantee partners with demographic queries during a time when we know organizations are navigating challenges and needs related to COVID-19, racial justice uprisings, and the upcoming Census and election, we made the decision to report on existing data to share what we know.

Our Record of Supporting Black, Indigenous, and People of Color (BIPOC)-Led Organizations

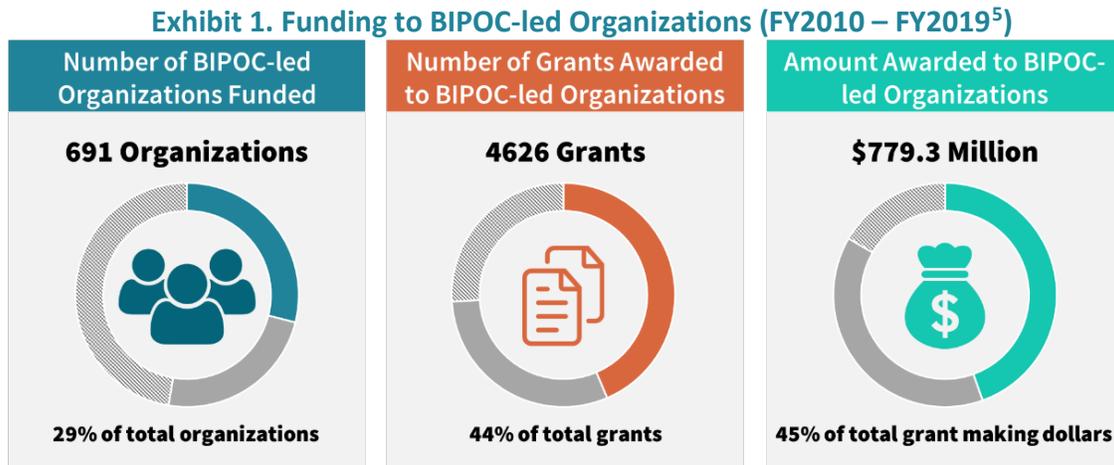
From 2010-2018,² one of the fields captured in TCE's Grant Management System included whether grantees were "minority-led organizations." Using a definition offered by the Greenlining Institute, as part of the application stage, TCE grantees were asked to self-designate as minority-led if 50 percent or more of the staff and board of the organization were of a minority background, AND if their mission statement acknowledges that the organization predominantly serves and empowers minority communities. As part of our Building Healthy Communities (BHC) 10-year evaluation, our evaluation partners from the Center for Outcome Research and Education (CORE) used this field to analyze our investments to BIPOC-led³ organizations over time. Our partners at Social Policy Research Associates (SPR) built upon this dataset to identify some additional findings related to our BIPOC-led funding as they put together this brief.

² As will be discussed more in the next section, this field was discontinued within our grants management system after TCE shifted capture of demographic information about our grantees to GuideStar in 2019. As such, we only have complete data on grants and awards to BIPOC-led organizations through June 2018. As a further challenge, during the period between 2010-2018, 74.04% of grants had this field completed.

³ From here on, TCE has adopted "BIPOC-led" to more clearly describe what we previously referred to as "minority-led."

“The Big Picture:” Our Total Funding to BIPOC-Led Organizations

Over the last 10 years, TCE has invested nearly \$1.8 billion in the Building Healthy Communities (BHC) Initiative, with 10,615 distinct grant awards.⁴ Exhibit 1 reports on BHC Initiative investments made to BIPOC-led organizations, in terms of number of unique grantee organizations, total number of grants, and total dollars. The years reported are in TCE fiscal years, which runs from April 1 to March 31.



Our Funding to BIPOC-Led Organizations Over Time

A closer look at our funding to BIPOC-led organizations over time demonstrates the consistency with which we have supported BIPOC-led organizations in terms of grant dollars as a percentage of total dollars given. Percentages fluctuate because total dollars differ from year to year. As shown in Exhibit 2, in the last two years of available data, our funding to BIPOC-led organizations represented approximately 60 percent of the total dollars awarded.

Exhibit 2. Dollars Invested to BIPOC-led Organizations as a Percent of Total, by Year (FY2010 – FY2018)



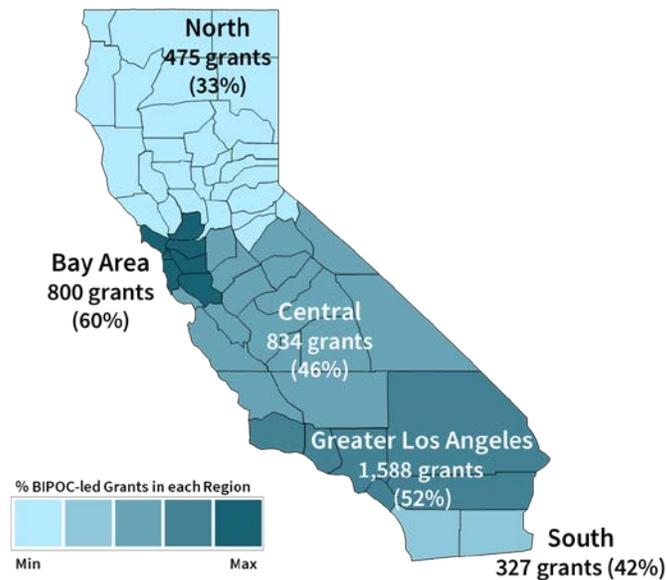
⁴ This includes awards given through the Healthy California, the Healthy Communities, Enterprise, Program Related Investments (PRIs), ACA, Fight Fund, and other investment funds.

⁵ As noted, because TCE’s grant management system stopped collecting data on BIPOC-led organizations in June 2018, all grants awarded after this date and before March 2019 (the end of the fiscal year that bounded the Building Healthy Communities dataset) are designated as “unspecified.” As such, data on BIPOC-led organizations as a percent of total likely represents a slight undercount.

Where are BIPOC-Led Organizations Doing Work?

To get a geographic sense of the scope of our funding to BIPOC-led organizations by region, we examined where these organizations have been doing work over the last decade. Excluding the 1,206 statewide BIPOC-led grants, the remaining 3,420 BIPOC-led grants are distributed throughout the state, with the greatest number of grants in the greater Los Angeles region. Looking at grants awarded to BIPOC-led organizations as a percentage of total grants in the region, Exhibit 3 illustrates the greatest concentration of grants in the Bay Area region, followed by greater Los Angeles and Central regions of the state.

Exhibit 3. Grants Awarded to BIPOC-led Organizations, by Region (FY2010 – FY2019)



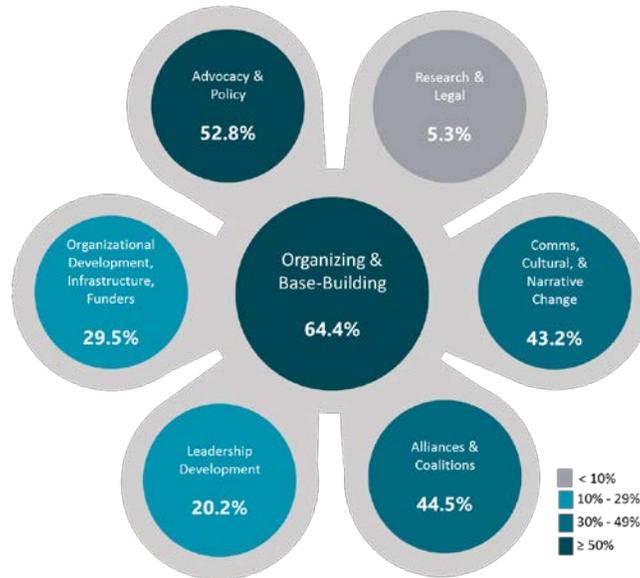
Support of BIPOC-Led Organizations Engaged in Power Building

Recognizing the central role that power and power building plays in community-centered transformation that promotes the health and well-being of communities of color, as part of our 10-year BHC evaluation, our partners at CORE analyzed the degree to which our grantmaking focused on different elements within the power-building ecosystem.^{6,7} As will be reported in a forthcoming issue brief, a total of **\$656 million** in power investments was awarded to BIPOC-led organizations in the last 10 years. This represents approximately 47 percent of the total power investments made during this period. As shown in Exhibit 4 below, over 50 percent of these resources were dedicated to organizing and base building, as well as to policy and advocacy activities.

⁶ The “power flower” framework for understanding California’s power-building ecosystem is defined by USC PERE in collaboration with TCE Health and Justice for All Power-Building Landscape Working Group. See: <https://dornsife.usc.edu/per/pere/power-landscape-assessment/>.

⁷ See the Center for Outcome Research and Education’s (CORE) Issue Brief #2, “Evidence of Power” analysis (2020).

Exhibit 4. Distribution of Power-Building Investments Awarded to BIPOC-led Organizations, by Category* (FY2010 – FY2019)

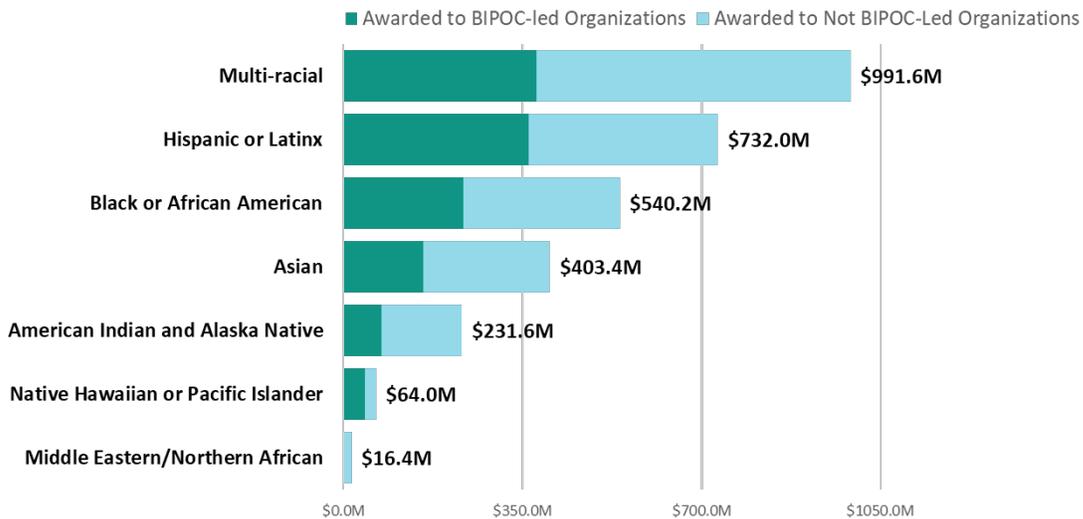


*Note: Grants were often mapped to more than one power-building category; percentages do not sum to 100.

Which Racial and Ethnic Communities were Reached by TCE Investments?

We also analyzed a specific field in our grants management system that indicates the race and ethnicity of the populations that a given grant is primarily funded to serve. This field is coded by TCE program managers and is not mutually exclusive, as grants can be coded to focus on multiple populations. As shown in Exhibit 5, results show broad-based investment in communities of color in the past 10 years, with substantial portions of our total \$1.8 billion of funding dedicated to Hispanic or Latinx (41.8%), Black or African American (30.9%), Asian (23.1%), and Multi-racial (56.7%) populations. Exhibit 5 also illustrates what proportion of those awards went to BIPOC-led organizations.

Exhibit 5. Amount of Investments by Race & Ethnicity (FY2010 – FY2019)*



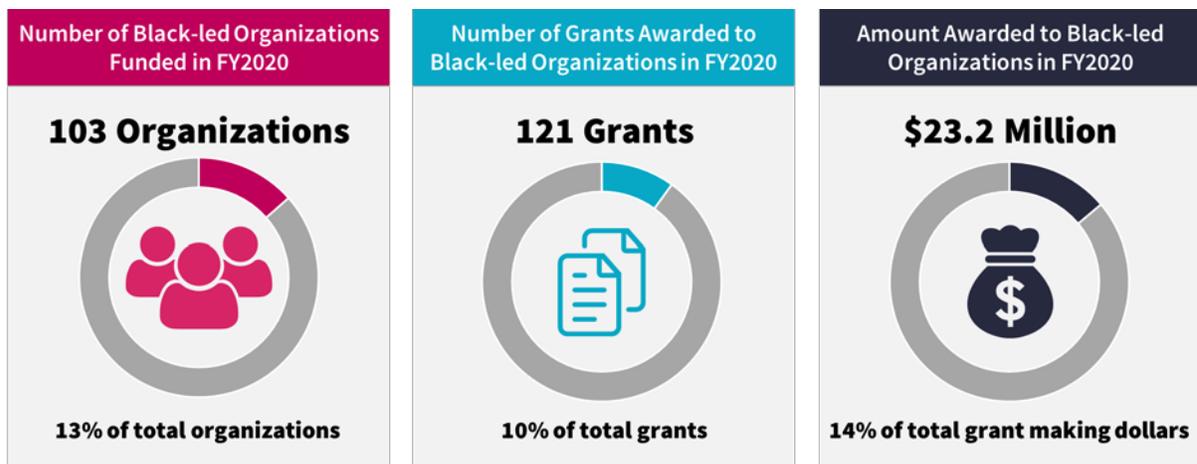
*Note: Grant awards could be captured in more than one category. For purposes of this Exhibit, organizations that did not specify whether they were BIPOC-led are subsumed under Not BIPOC-led.

Recent Support for Black-Led Power-Building Organizations

In July 2020, the TCE Board of Directors announced a 10-year, \$225 million pledge of funding support for Black-led organizing, activism, and advocacy in California. To support our planning for this effort – and given the gap in data on BIPOC-led organizations in 2019 and 2020 – program managers were asked to document our investments in Black-led organizations that are part of the power building ecosystem in July 2020.⁸

While this data gathering was informal in nature, as shown as in Exhibit 6 below, TCE has dedicated at least an estimated 14 percent of total grantmaking dollars, or \$23.2 million, to 103 unique, Black-led organizations that are part of the power building ecosystem in 2020. These organizations received a total of 121 grants, which represents 10 percent of our grantmaking. TCE program managers estimate that approximately 38 percent of these Black-led organizations are directly engaged in power-building strategies across the state. In total, these organizations received close to \$9.3 million, with an average grant size of over \$200,000 per organization.⁹ With the recent announcement of the launch of our [Black Power Fund](#), we anticipate that these amounts will significantly increase in the months and years ahead.

Exhibit 6. Current Funding to Black-led Organizations Engaged in Power Building (2020)¹⁰



⁸ For purposes of this informal survey, program managers defined “Black-led organizations” as organizations whose Executive Director, CEO or equivalent is African American/Black.

⁹ To assess the degree to which the BIPOC-led field captured “Black-led” organizations, our partner, Social Policy Research Associates (SPR), cross-checked the TCE program manager list with data available in our grants management system. While 82% of Black-led organizations were also designated as BIPOC-led, seven organizations were designated as “Not BIPOC-led” and 13 declined to state whether they were BIPOC-led. TCE intends to follow up to determine the accuracy of the staff classifications.

¹⁰ Data collected July 2020.

GAPS AND CHALLENGES IN TRACKING & REPORTING

As noted earlier, elements of our existing systems need strengthening to allow a full reporting of investments that are meaningfully reaching Black- and BIPOC-led organizations who are building power within communities of color. Consistent with our historic priority of tracking diversity of funded organizations, we currently have resources in place to collect and report grantee data through (1) a voluntary process whereby prospective grantees are asked to report on the diversity of their staff and board; (2) internal codes and coding processes for awarded grants; and (3) a grants database and dedicated team to run analyses. With these dedicated resources and commitment over time, TCE continues to make adjustments to improve our data collection and tracking system.

In the spirit of transparency and learning, there are a few gaps and challenges that we face that are important to name:

- **Definitions of leadership and accounting for non-traditional leadership structures.** We see this playing out in the two different definitions used to report data just in this brief. Given that defining who “leads” an organization is highly dependent on organizational structure and notions of leadership, what do we really mean by Black-led or BIPOC-led? While we know we do not want to over rely on traditional notions of hierarchical leadership (focusing exclusively on the race of the CEO, Executive Director, or Board Chair), we have not yet as a field come to consensus about how to capture leadership within organizations with distributed leadership or community-centered leadership models. Moreover, small and emerging organizations may not have formal boards in place, and the demographics of their fiscal sponsor may not reflect that of the sponsored project.
- **Changing data infrastructure.** After years of tracking grantees’ organizational demographics within our own grants management system, in 2016, TCE made a decision to move our demographic data collection of grantees to Guidestar. This shift was meant to lessen the burden on grant applicants by allowing their data to be shared across multiple funders. Increased capture of diversity data across nonprofit organizations was also envisioned to serve to advance integration of DEI priorities within the broader philanthropic field. Unfortunately, the response rate decreased. Fewer organizations (only 20 percent of funded organizations) provided demographic information through the Guidestar system. By moving to a centralized, field-level database, TCE has also lost some key fields that we had been tracking over time, namely whether an organization is BIPOC-led.
- **“Optional” choice for demographic reporting and the challenge of grantee capacity.** While TCE requires benchmarking of staff and board diversity, historically, TCE’s expectation has been that sharing demographic data is optional among our partners. As such, only about 30 percent of our grantee partners have provided demographic information as part of the application process. We know that some of the challenge is related to grantee reporting capacity – developing systems and processes to legally and efficiently capture the diversity of staff and boards is not a simple thing. It is not surprising that many opt not to invest limited organizational resources in capturing and reporting this information. Once we layer on the reality that different funders are requesting that they report on different demographic categories, it becomes even more burdensome for organizations to be responsive.

- **Demographics as a limited proxy.** Finally, we want to explicitly acknowledge that organizational demographics only gets us so far. As found in the analysis to inform this brief, not all organizations led by Black staff and engaging in power building with Black communities are BIPOC-led, using TCE’s current definition. Leadership and staff composition naturally change over time, and over the past ten years we see corresponding changes in BIPOC-led designations for the same organizations in our system as a result. Power building in communities of color is taking place across our portfolio, and our dollars are reaching communities of color through a wide range of organizations that are both BIPOC-led and not BIPOC-led. To truly understand how TCE investments are reaching Black communities and other communities of color in an authentic way requires a deeper examination of our investments and approaches that will extend beyond just the demographics of the grantee organizations that we fund.

WHERE WE ARE GOING

Since TCE’s June 2020 Statement on Race and Racism, we have taken action on a number of fronts in terms of our aligning our 10-year strategic plan and investments with our goal to advance racial equity, as well as making necessary internal changes to support this work.

On the specific focus of this brief – strengthening our systems to improve the tracking, reporting, and transparency of TCE’s funding – we are moving forward with some key actions. Especially as we publicly commit to increasing our investments in BIPOC-led and Black-led organizations, we strongly believe that systemic changes to improving our corresponding data collection process and public reporting are absolutely critical for ultimately holding ourselves *accountable* to this commitment.

Clarifying and aligning our definitions with our future directions. As noted in this brief, we are actively laying the groundwork for our 10-year commitment to Black-led power-building organizations in Black communities. We have endorsed a power-building definition and framework that will guide this work and are working to establish nuanced definitions of Black-led and power-building organizations that can steer us forward. Our internal discussions highlight the need to not only understand who leads an organization but to also understand an organization’s mission, vision, and commitment to community and building community power.

Building our internal systems for data capture, analysis, and reporting. We remain internally focused on using data for self-accountability and improvement, particularly as it relates to our core commitment to advancing racial equity. As such, we plan to make some significant improvements for how data around race and ethnicity and other demographics are collected in collaboration with our grantee partners. These include:

- **Immediately reinstitute the self-reported “BIPOC-led” question in our grant applications,** using the definition of 50 percent or more BIPOC staff, 50 percent or more BIPOC board members, AND a mission statement that acknowledges that the organization predominantly supports and builds the power of communities of color. While there are limitations to this self-reported field, we believe it still offers a useful benchmark for us to monitor, given the extended time period for which we have this data.

- **Comprehensively capture staff and board demographics of grantee organizations.** A more nuanced understanding of demographic categories (that extend beyond race/ethnicity to gender, sexual orientation, and disability) will allow us to understand whether our investments are effectively reaching specific target populations.
- **Strongly encourage grant applicants to share demographic data.** We are also considering making demographic reporting as an opt-out field rather than an opt-in for grantee applicants, as well as a required element for our consultant, vendor, and administrative support engagements.
- **Continue to improve our grants coding system** such that we are tracking and benchmarking our investments to key target populations that align with our next strategic plan.

Investing in strengthening capacity of our grantees to capture organizational demographic information. Especially as the philanthropic and nonprofit fields increasingly focus on demographic reporting, we will be investing in developing tools and processes for grantees to adapt for their own reporting needs. This might entail offering best practices in staff and board onboarding, providing guidance for appropriately capturing information on various demographic categories, supporting grantee organizations in building confidential databases to maintain this information, and/or offering tools for analyzing data in a way that supports their own self-reflection and development.

Leaning into a plan for using data for internal accountability and improvement. TCE already regularly benchmarks and reports our funding focused on BIPOC-led organizations through our [Diversity Equity and Inclusion Audit Report](#), which comes out every two to three years. We anticipate that, with strengthened systems and better data, we can establish a more frequent cadence for reviewing and discussing data with our staff and board in a way that will allow us to more nimbly see patterns and trends, interrogate bias, and raise questions when movement in a new direction may be needed. Plans to publicly report our core funding trends, at a minimum, by race/ethnicity, gender, sexual orientation, and disability at more regular intervals will also allow us to examine whether our grantmaking aligns with current community priorities and create a level of transparency about our investments to which we strive.

Partnering with our philanthropic colleagues in how we shine a light on where and how our dollars are being invested. Finally, we are partnering with various statewide and regional funders who have the same desire to hold themselves accountable to advancing racial equity in grantmaking investments and are facing similar challenges of structure and capacity. Our discussions to date have focused on how to develop and utilize a common demographic taxonomy that minimizes burden on our grantee partners, as well as how to commonly collect, store, and access data. We will be seeking consultant partners to spearhead this effort.

In closing, we stand alongside our partners and remain committed to investing in community power building, providing the resources for strengthening the capacity of grassroots, activist, and advocacy organizations and their leaders to drive systemic change toward health and racial equity. We also remain committed to continuing to do the internal work to ensure that we can step forward as a full partner in the challenging and critical work ahead.