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**The Blue Foundation for a Healthy Florida
10-Year Anniversary Celebration
Proposed Keynote Speaker
for
February 17, 2011**

**Gary L. Yates
President and CEO
The California Wellness Foundation**

**10-Year Anniversary Celebration
Keynote Speakers**

Updated: Nov. 2, 2010

Name	Organization	Date Invited	Response
Invitation Issued			
Louis Sullivan	Former Sec. HHS, now at Moorehead College of Medicine	10/25/10	
Gary Yates	CEO, California Wellness Foundation	10/25/10	
Steve Gunderson	President and CEO, Council on Foundations	11/1/10	
Ralph Smith	Executive Vice President of The Annie E. Casey Foundation, a private philanthropy dedicated to helping build better futures for disadvantaged children in the United States; and a member of President Obama's advisory committee on philanthropy	11/1/10	
DECLINED			
Bob Graham		10/20/10	No
William Gates, Sr.	Gates Foundation	10/4/10	No
Allan Golston	Gates Foundation, US Business Program	10/11/10	No
Sterling Speirn	CEO, W.K. Kellogg Foundation	10/25/10	No

PRESIDENT'S BIOGRAPHY



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Grantmaking for a Healthier California

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Gary L. Yates
President and CEO

Gary L. Yates, President and CEO

Gary L. Yates is president and chief executive officer of The California Wellness Foundation and serves as a member of the Foundation's Board of Directors. He is also assistant clinical professor of pediatrics at the University of Southern California School of Medicine and a licensed marriage and family therapist. Yates joined the Foundation staff in 1992 after more than 20 years of experience in education, public health and health care. His primary area of interest and expertise is adolescent health, about which he has written and spoken extensively.


Immediately prior to his association with The California Wellness Foundation, he was associate director of the division of adolescent medicine at Childrens Hospital Los Angeles. Yates received his undergraduate degree in government from American University in Washington, D.C., and his master's degree in counseling psychology from the University of Northern Colorado. Yates served in the United States Army from 1968-1970.

Yates is actively involved in the leadership of numerous philanthropic, civic and community organizations and currently serves as a member of the board of Independent Sector. He previously served as treasurer of Hispanics in Philanthropy, vice chair of the boards of the Council on Foundations and Independent Sector, and chair of the boards of Grantmakers In Health, the Foundation Consortium and Southern California Grantmakers.

In recognition of his civic leadership and work in the field of health and human services, Yates has received numerous awards and official commendations.

our mission The mission of The California Wellness Foundation is to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention.

The California Wellness Foundation is a 501(c)(3) nonprofit organization. All contributions are tax deductible to the extent allowed by law. For more information, please contact the California Wellness Foundation at 1111 California Street, Suite 1000, San Francisco, CA 94108. Phone: 415.774.2200. Fax: 415.774.2201. Email: info@calwellness.org. Website: www.calwellness.org. All rights reserved.



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Grantmaking for a Healthier California

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President and CEO

Gary L. Yates
President and CEO
The California Wellness Foundation
Biography

Gary L. Yates, in his role as president and CEO of The California Wellness Foundation, is a frequent speaker and author on a wide range of issues related to the field of philanthropy.

Moreover, each year he co-authors an annual message with the Foundation's Board Chair that appears in the Foundation's annual report; topics have ranged from the need for core operating support to the importance of maintaining a long-term focus on one's grantmaking.

A Challenging Environment for California Grantmakers

November 2010

Without a doubt, the environment for California grantmakers remains challenging as 2010 draws to a close, with the sluggish pace of economic recovery weighing heavily on the communities we support. For many foundations, the values of our endowments may have stabilized, but it will likely be several more years – at the earliest – before our grantmaking returns to the levels of 2006 or 2007. And the impact of the Great Recession – coupled with California's budget stalemate that lasted throughout the summer and into the fall – on the region's nonprofit sector, including the health care safety net, has been devastating.

Given the difficult economic environment and the systemic changes required to implement health care reform legislation signed into law earlier this year by President Obama, I believe the key challenge for foundations making grants in the health sector is to foster opportunities so that California will arrive at 2014 with a viable health care safety net. We need to provide grants that ensure that community clinics and hospitals can operate effectively in the "reformed" system and that access to care is preserved for those who fall outside the coverage boundaries established in the legislation. While the state must preserve its financial commitment to maintaining the health care safety net – as the cost is well beyond the capacity of private philanthropy – there are important ways that foundations can also play a role.

As I outlined at the conclusion of my August 2010 President's message, The California Wellness Foundation (TCWF) plans to address health care reform and the health care safety net with three strategies under our Responsive Grantmaking Program, which seeks to balance a Foundation-directed approach with responses to unsolicited letters of interest. This approach allows us the flexibility to respond to changing circumstances within the nonprofit sector. More information about each of these strategies is included below.

First, TCWF will make core operating support grants to health care safety net nonprofits so they can weather the ongoing storm and sustain their important services in the years before reform takes effect. Core support funding can serve as a temporary bridge to help organizations keep their doors open while they help the economically vulnerable, including those who have joined the ranks of the uninsured. For struggling clinics, a grant of core operating support can help purchase medical supplies, cover wages for frontline staff or help defray higher utility costs. We hope to prevent nonprofits from drowning now so they will still be around when our state's economy improves. During positive economic times, safety net providers can use core operating support to build organizational capacity, add administrative staff or transition to FQHC status.

Second, TCWF will make grants that help increase California's health workforce and its diversity so that the safety net system has the capacity to deliver culturally and linguistically competent care to the millions of residents who will be getting coverage through reform as well as those who remain outside its bounds. For example, TCWF will provide funding for pipeline programs and scholarships for underrepresented minority students interested in pursuing health career training programs. Pursuing a college degree can be a challenge – and that challenge begins with the application process. For young people who don't have college counselors, family members who went to college or college-bound peers, the process can seem insurmountable. Having access to these programs can provide valuable assistance for students of color and those from low-income families who are the first in their families to attend college. Budget cuts at all three levels of California's public

higher education system (the UCs, Cal States and community colleges) have limited its capacity to meet the demand among young Californians for "slots" in health care training programs. It will be important to provide grants to statewide alliances or coalitions, with the understanding that groups with broad representation – particularly when public sector voices are also included – can inform policymakers and opinion leaders about strategies to reduce shortages of health care workers by training Californians for these in-demand jobs.

Third, TCWF will make grants to consumer advocacy organizations to fund their work that informs underserved communities about the opportunities and potential pitfalls in health care reform and makes sure their community's voices are heard during the process of implementing health care reform. For example, in September the board approved a \$500,000 three-year grant to the Health Access Foundation for a collaborative effort with Consumer's Union, California Pan Ethnic Health Network and Western Center on Law and Poverty to ensure the greatest number of Californians receive the coverage and care they need under the new law.

Along a similar line, TCWF will continue to fund an annual Field Research Corporation public opinion poll of California voters in 2011 and 2012 to assess attitudes and understanding of health care reform over time. Wide dissemination of poll results, including a briefing in Sacramento, will provide opportunities for policymakers and opinion leaders to incorporate information about constituents' attitudes into implementation strategies and public education about health care reform.

I believe these strategies are important if we are to achieve the goal of maintaining a viable health care safety net. Since the passage of the new health reform law, we have made 47 grants totaling \$8.17 million to sustain the health care safety net and 16 grants totaling \$2.59 million to increase and diversify the health workforce. In addition to these grants and what we plan to undertake over the next few years, other California foundations have created new pools of grant dollars for clinics to tap, launched emergency loan programs, or designed technical assistance services related to financial management – all with the intent of helping the health care safety net bridge funding gaps caused by the economic downturn and the budget impasse in Sacramento.

I hope that other foundations and corporate giving programs that focus on health will think about what they can do to further these goals within their own funding parameters or strategies.

Gary L. Yates
President and CEO
 The California Wellness Foundation

For opinion editorials and commentaries by Gary L. Yates, visit [Foundation News and Op-Eds](#).

our mission

The mission of The California Wellness Foundation is to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention.

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The California Wellness Foundation • 6000 California Avenue, Suite 1000 • Oakland, CA 94612 • 415.770.2000
 The society, its officers and trustees, the directors, its agents, employees, and all those who are in any way connected with the business of the California Wellness Foundation
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TBF/CA Staff Meeting(s)

September 1, 9:00-12:00

DCC 304 B

Blue Foundation Staff Meeting

9:00 – 10:30 a.m.

Combined CA/TBF Staff Meeting

10:30 – 11:00 a.m.

Community Affairs Staff Meeting

11:00 – 12:00 p.m.

Agenda

- ✓ 1) Plan and Budget
— change ops plan to include CSR goals
- ✓ 2) Organizational Effectiveness
—
- ✓ 3) Process Improvements
✓ SharePoint
✓ UWay
- ✓ 4) Calendar of Events Coordination
- ✓ 5) Hot Topics
- ✓ 6) Roundtable

✓ Gozi
Brand

potential
— Lewis Sullivan
→ Thurs. night
Speaker
physician

Conference Call-in:

905-2227 or 877-215-2227

Conference ID: 56803#

Participant ID: 56803#

Gozi —

- Geoffrey Canada
Harlem Kids' Zone
- Bill Gates (Carl)
- CMS Secty.
- Feraichedya
NPR/show
- Sidney Poitier
(Carl)
- RWJF Presy/CEO

Next meeting(s): Wednesday, October 6, 9:00-12:00, in DCC 304 B

~~Feb 17~~ ~~San Francisco~~
RIL
Calendar

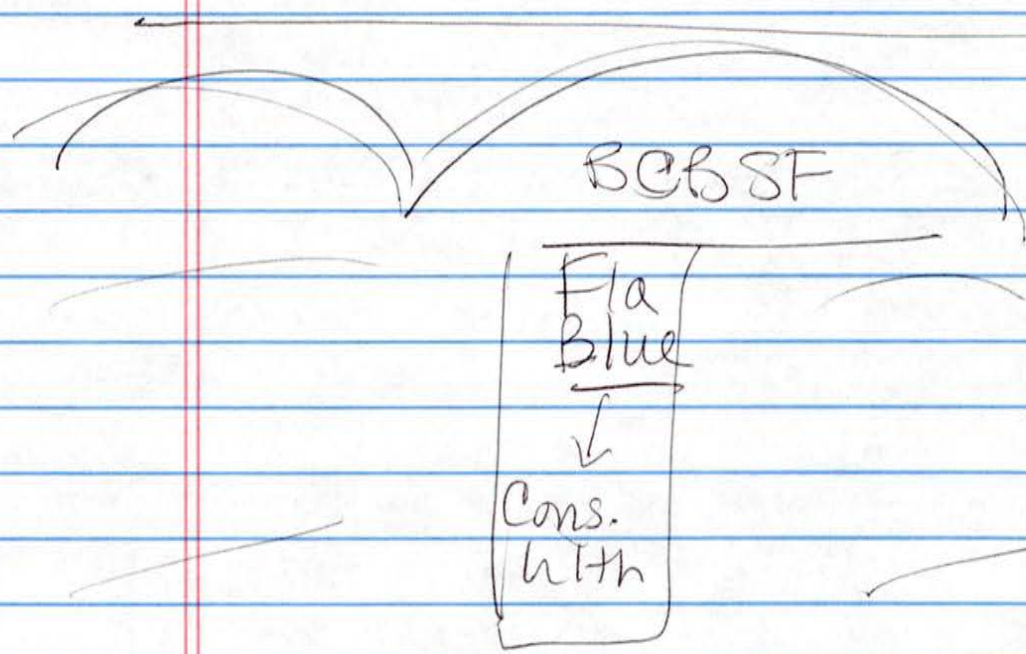
9/14/10 mBOW w/ Russ J.

Take SW off + help us > requests
Give direction to SH² for funding

Gen RN - Catherine - no for Fla Blue mtg.
candidates

Budget Presentation on Sept. 27
need org chart

UW cruise - Miami - talk to



10th Anniversary
Video - keep it cheap
interview RIL

* permission to ask BCBSF board mbrs.

* save the date
Card now nominal charge
memo to 8th floor

\$120M think the #

state philanthropic cmty

Board mtg. - 10 am start

leadership
co reputation/image
announce co's support
for fdn. - check pres
corp UW leaders

want Gov. to speak at Thurs. pm dinner

★ Gates Jdn. - invite Bill or Melinda Gates
on his dad -
RWJF head
UW of Ame nat'l board chair

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10-Year Anniversary Celebration
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**Gary L. Yates
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Gary L. Yates
President & CEO
The California Wellness Foundation

Background

Since 1995, Gary L. Yates has served as president and chief executive officer of The California Wellness Foundation, which works to improve the health of the state's people by making grants for health promotion, wellness education and disease prevention. His more than 30 years of experience in public health and education include serving as associate director of the division of adolescent medicine at Children's Hospital Los Angeles. A licensed marriage and family therapist, Mr. Yates is also assistant clinical professor of pediatrics at the University of Southern California School of Medicine. He received his undergraduate degree in government from American University in Washington, D.C., and his master's degree in counseling psychology from the University of Northern Colorado.

Leadership roles

Yates is actively involved in the leadership of numerous philanthropic, civic and community organizations. He currently serves as a member of the board of Independent Sector. He previously served as treasurer of Hispanics in Philanthropy, vice chair of the boards of the Council on Foundations and Independent Sector, and chair of the boards of Grantmakers in Health, the Foundation Consortium and Southern California Grantmakers.

Awards/Accomplishments

- 2009 Terrance Keenan Leadership Award in Health Philanthropy, awarded by Grantmakers in Health. This award honors outstanding individuals in the field of health philanthropy whose work is distinguished by leadership, innovation and achievement.
- 2007 Para Los Ninos Heroes & Honorees. Para Los Ninos works to improve the education, mental and physical health, safety and economic well-being of children and families in Los Angeles and San Bernardino counties
- 2002 Sankofa Urban Peace Prize in recognition of The California Wellness Council's commitment to violence prevention
- 1999 Hispanic Health Leadership Award from the National Coalition of Hispanic Health and Human Services Organizations
- 1998 recipient of the Los Angeles Free Clinic's Lenny Somberg Award
- Official commendations from the governor of California, the California State Senate, the city of Los Angeles, and the Los Angeles County Board of Supervisors
- Instrumental in shaping the Foundation's Violence Prevention Initiative, the first major US initiative to address violence as a public health issue.

Political Contributions

1999 \$500 Bill Bradley for President
2005 \$250 DNC Services Corporation/Democratic National Committee
2005 \$237 Democratic State Central Committee of CA -- Federal

Speeches/Speaking Engagements (see Appendix)

- May 8, 2009, Lifetime of Excellence in Public Service Award given at the Pat Brown Institute of Public Affairs, California State University, Los Angeles
- March 19, 2009, Terrance Keenan Award Acceptance Speech
- Sept. 28, 2000, Little Hoover Commission Testimony, "Youth Crime and Violence Prevention"

Writings (see Appendix)

- "A Challenging Environment for California Grantmakers," www.calwellness.org, Nov. 2010
- "The Health Care Safety Net and Health Reform," www.calwellness.org, Aug. 2010
- "A Strategy for Tough Times: Increasing Core Support To Help Nonprofits Survive," Independent Sector's Memo to Members, June 2009
- "Stay Course on Gang Prevention Funding," www.calwellness.org, Jan. 2004
- "New Thinking Can Help Defeat Gang Violence," www.calwellness.org, 2003
- "Don't Call Us 'Conversion Foundations' ... Please," Grantmakers in Health, February 28, 2000

Interviews (See Appendix)

- "Bringing Diversity to California's Health Professions," *Philanthropy News Digest*, May 11, 2006
- "On the Role of Health Foundations in Caring for California's Poor," *LA Times*, March 29, 1998

News articles (See Appendix)

- "Grant Makers Should Encourage Debate, Not Dictate It," *The Chronicle of Philanthropy*, April 23, 2009
- "Defending A Foundation's Decision to Withdraw Money," *The Chronicle of Philanthropy*, May 7, 2009

Personal Relationships

Michael S. Hutton, Ph.D., former BCBSF employee and current consultant for The Blue Foundation for a Healthy Florida, has known Gary Yates since 1985 when they both were appointed to the Board of the California Child, Youth and Family Coalition. Both served on the coalition for a number of years, including Hutton following Yates as chair, and up until the time that Yates moved to lead The California Wellness Foundation. They have maintained contact throughout the years. Hutton states that Yates understands the issues of health care from both clinical and philanthropic perspectives. He has a strong public health background and is a public health advocate.

The California Wellness Foundation

Summary

The California Wellness Foundation (TCWF) is a private, independent foundation founded in 1992 as a result of Health Net's conversion from nonprofit to for-profit status. Under the terms of the California Department of Corporations' conversion order approving Health Net's for-profit status, the Foundation received the equivalent of the Department's valuation of Health Net at that time -- \$300 million, plus 80 percent of the equity of the holding company formed as Health Net's parent. In subsequent years, the merger of Health Net's parent company and QualMed increased TCWF's assets dramatically.

TCWF's mission is to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention. The Foundation prioritizes eight health issues for funding:

- Diversity in the health professions
- Environmental health
- Healthy aging
- Mental health
- Teenage pregnancy prevention
- Violence prevention
- Women's health
- Work and health.

The Foundation also provides funding for special projects that fulfill its mission but are outside the eight health issues listed above.

Since its founding in 1991, the Foundation has awarded 5,877 grants totaling more than \$735 million. Its 2009 audit reported total liabilities and net assets of \$822,835,129 (copy of financial statement from 2009 annual is included in the Appendix).

Board members total seven. Staff total approximately 40. A listing of board members and staff is included in the Appendix.

BIOGRAPHY

Gary L. Yates, President and CEO

Gary L. Yates is president and chief executive officer of The California Wellness Foundation and serves as a member of the Foundation's Board of Directors. He is also assistant clinical professor of pediatrics at the University of Southern California School of Medicine and a licensed marriage and family therapist. Yates joined the Foundation staff in 1992 after more than 20 years of experience in education, public health and health care. His primary area of interest and expertise is adolescent health, about which he has written and spoken extensively.

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In recognition of his civic leadership and work in the field of health and human services, Yates has received numerous awards and official commendations.

###

The California Wellness Foundation

- Mission, Goals and Philosophy
- History and Financial Statement
- Board of Directors and Staff
- Code of Ethics

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http://www.calwellness.org/about_us/mission.htm

MISSION, GOALS & PHILOSOPHY

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Mission

The mission of The California Wellness Foundation is to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention.

Goals

Guided by our mission, we pursue the following goals through our grantmaking:

- to address the particular health needs of traditionally underserved populations, including low-income individuals, people of color, youth and residents of rural areas;
- to support and strengthen nonprofit organizations that seek to improve the health of underserved populations;
- to recognize and encourage leaders who are working to increase health and wellness within their communities; and
- to inform policymakers and opinion leaders about important wellness and health care issues.

Philosophy: Health Beyond The Absence Of Disease

Rather than focusing on medical treatment, TCWF works to prevent health problems resulting from violence, teen pregnancy, poverty and other social issues.

We begin by defining health as a state of complete physical, mental and social well-being, and not merely the absence of disease or infirmity. As the World Health Organization has noted, characteristics of a healthy community include:

- a clean, safe physical environment;
- provision for basic needs;
- an optimum level of appropriate, high quality and accessible public health services;
- high-quality educational opportunities; and
- a diverse, vital and innovative economy.

Wellness is a state of optimum health and well-being, achieved through the active pursuit of good health and the removal of barriers to healthy living, both personal and societal. Wellness is the ability of people and communities to reach their fullest potential in the broadest sense.

Social, economic and environmental factors all play a role in ensuring the wellness of communities throughout California.

The Foundation believes that every individual is personally responsible for adopting healthy habits. Widespread agreement exists about the dangers of smoking and substance abuse, the importance of physical and emotional fitness, and the effectiveness of good nutrition.

But the pursuit of wellness is more than just an individual endeavor. In underserved communities, residents can promote health by mobilizing to reduce violence and teen pregnancy, confront environmental health hazards and open up new opportunities for youth.

We believe the most successful community health programs develop the capacity of local leadership and institutions to create healthier environments. For this reason, we provide grants for programs that build on existing community strengths, emphasize community potential and foster self-determination.

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http://www.calwellness.org/about_us/history_and_financial.htm

HISTORY & FINANCIAL STATEMENTS

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History

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The Foundation prioritizes eight health issues for funding:

- diversity in the health professions;
- environmental health;
- healthy aging;
- mental health;
- teenage pregnancy prevention;
- violence prevention;
- women's health; and
- work and health.

The Foundation also provides funding for special projects that fulfill our mission, but fall outside the eight health issues.

Since its founding in 1991, the Foundation has awarded 5,877 grants totaling more than \$735 million.

The California Wellness Foundation was founded in 1992, as a result of Health Net's conversion from nonprofit to for-profit status.

Under the terms of the California Department of Corporations' conversion order approving Health Net's for-profit status, the Foundation received the equivalent of the Department's valuation of Health Net at that time — \$300 million, plus 80 percent of the equity of the holding company formed as Health Net's parent.

In subsequent years, the merger of Health Net's parent company and QualMed increased TCWF's assets dramatically.

Financial Statements

The Foundation's 2009 Independent Auditor's Report, as well as our Annual Report contain TCWF's financial statements. TCWF's tax return, the 990-PF, is also available online from the Guidestar website (free registration required).

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FINANCIAL STATEMENTS

Condensed Statements of Financial Position December 31, 2009 and 2008

ASSETS	2009	2008
Cash and cash equivalents	\$ 38,277	\$ 339,961
Interest and dividends receivable	1,431,594	2,182,582
Investments	821,069,462	691,841,267
Other assets	117,407	130,315
Property, plant, and equipment, net	178,389	211,560
Total assets ¹	<u>\$ 822,835,129</u>	<u>\$ 694,705,685</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 1,125,288	\$ 1,307,026
Accrued postretirement health care benefit obligation	398,562	—
Grants payable, net	29,939,902	13,293,433
Federal excise tax liability	34,000	14,600
Total liabilities ¹	<u>31,497,752</u>	<u>14,615,059</u>
Unrestricted net assets	<u>791,337,377</u>	<u>680,090,626</u>
Total liabilities and net assets ¹	<u>\$ 822,835,129</u>	<u>\$ 694,705,685</u>

¹ For purposes of this presentation, the Foundation has departed from the presentation required under accounting principles generally accepted in the United States of America by netting amounts loaned and payable under security lending agreements and by netting investment sales receivable and investment purchases payable. Had these amounts not been netted, total assets for 2009 and 2008 would be \$828,071,642 and \$722,845,574, respectively; total liabilities for 2009 and 2008 would be \$36,734,265 and \$42,754,948, respectively; and total liabilities and net assets for 2009 and 2008 would be \$828,071,642 and \$722,845,574, respectively.

Condensed Statements of Activities
For the Years Ended December 31, 2009 and 2008

	2009	2008
Operating:		
Changes in unrestricted net assets:		
Revenue and other gains:		
Net realized and unrealized gain (loss) on investments	\$ 149,430,219	\$ (455,669,583)
Dividends and interest	21,281,849	23,076,181
Other income	115,356	461,210
	<u>170,827,424</u>	<u>(432,132,192)</u>
Expenses:		
Program Services	8,098,607	7,960,110
Direct Charitable Grants	48,469,402	51,128,703
Other:		
Investment	1,731,253	3,351,742
Management and general	751,951	737,817
Provision for federal excise tax	204,400	(807,988)
	<u>59,255,613</u>	<u>62,370,384</u>
Increase (decrease) in unrestricted net assets from operating activities	111,571,811	(494,502,576)
Nonoperating:		
Postretirement related changes other than net periodic pension cost	325,060	—
Increase (decrease) in unrestricted net assets	111,246,751	(494,502,576)
Unrestricted net assets, beginning of year	680,090,626	1,174,593,202
Unrestricted net assets, end of year	<u>\$ 791,337,377</u>	<u>\$ 680,090,626</u>

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BOARD & STAFF

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Our Board of Directors approves all grants and policy decisions. Members are community leaders in health and philanthropy, with expertise in fields critical to the operation of the Foundation.

Board of Directors

Elizabeth M. Gomez, M.S.W., Chair
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Gary L. Yates, M.A., President and CEO
M. Isabel Becerra, B.A.
Elisabeth Hallman, M.B.A., R.N.
Barbara C. Staggers, M.D., M.P.H.
Eugene Washington, M.D., M.Sc.

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Peggy Ericson Graham, Executive Assistant to the President and Chief Executive Officer
Caroline Bourgoine, Executive Assistant

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David B. Littlefield, Communications Officer

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Matthew Thies, Business Systems/Database Analyst
Breanna Cardwell, Executive Assistant

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Hsiau-lu (Cheryl) Lau, Senior Financial Analyst
Linda D. Albala, Accountant
Julie Malcolm, Senior Accounting Assistant
Melody Slotchin, Office Services Coordinator
Marie Quiros, Office Services Coordinator

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Rocelle Estanislao, Grants Management Administrator
Deborah Setele, Grants Management Associate
Laura Ascencio Real, Senior Grants Management Assistant

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Saba S. Brelvi, Program Director
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Frank A. Lalle, Program Director
Lil Lui, Program Director
Julio Marcial, Program Director
Sandra J. Martínez, Program Director
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Jamie Schenker, Administrative Assistant
Fikre Asmamaw, Senior Program Assistant
Barbara Baker, Program Assistant
Lauri Green, Program Assistant
Krista Moser, Program Assistant
Joanne Tong, Program Assistant
Patty Gómez-Delucchi, Office Services Coordinator

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CODE OF ETHICS

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Since its inception in 1992, The California Wellness Foundation has pursued its mission — to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention — in accordance with the fundamental principles of transparency, equity and fairness.

This section explains, in a question-and-answer format, how our Foundation adheres to its fundamental principles in setting grantmaking, personnel and investment policies. We hope this section will give you a fuller understanding of the safeguards we put in place to ensure that we are accountable, ethical and responsible in our stewardship of grant dollars.

Does the Foundation have a code of ethics?

What are the Foundation's core values?

How does the Foundation avoid conflicts of interest?

How is compensation for staff and Board members determined?

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Does the Foundation fund political or partisan activities?

How can I get more information about the Foundation's grants and finances?

What are the Foundation's investment policies?

Does the Foundation have a code of ethics?

Yes. The Foundation embraces a set of core values and puts them into practice in its dealings with the public and with professional colleagues, as we work to improve the health of the people of California.

Our work is also guided by policies that ensure all our activities reflect our commitment to fiduciary responsibility, accountability, transparency, diversity and ethical behavior.

These organizational principles and their associated policies are set out in several documents developed during the last ten years for our staff and Board members, including our Board Manual, Employee Handbook and Policies and Procedures Manual. Much of the information in this fact sheet comes directly from these sources.

Additionally, the Foundation upholds standards set forth in “Recommended Principles and Practices for Effective Grantmaking,” developed by the Council of Foundations.

What are the Foundation’s core values?

- **RESPECT:** Demonstrating consideration for each other and our constituencies. Listening to and honoring different perspectives.
- **INTEGRITY:** Demonstrating honesty, fulfilling commitments and keeping our word.
- **ACCOUNTABILITY:** Being responsible for our actions and adhering to the Foundation’s mission and values.
- **EQUITY:** Demonstrating fairness, impartiality and justice in all phases of our work.
- **STEWARDSHIP:** Acknowledging that the resources of the Foundation are a public trust and are to be used responsibly and for their intended purpose.
- **EXCELLENCE:** Demonstrating a strong work ethic and developing high-quality products.
- **LEARNING:** Demonstrating a commitment to continuous learning as individuals and as an organization.
- **TRUST:** Demonstrating acceptance and respect for differences while embracing and practicing organizational values.

How does the Foundation avoid conflicts of interest?

The Foundation has adopted a conflict of interest policy for its Board of Directors and staff, which mandates:

1. responsibility for awareness of actual or perceived conflicts of interest;
2. disclosure of any conflicts prior to any funding considerations; and
3. assurance that reviews and decisions for grant approval are based on objective consideration by disinterested parties with no vested interest in the outcomes.

Board members and exempt employees are required to fill out a Disclosure of Interest form and update it on an annual basis. Board members are required to recuse themselves from voting on any grant that poses a potential conflict of interest.

Employees are allowed to serve on boards of directors or committees of other organizations outside the Foundation, but in cases of potential conflict of interest, membership requires approval from the President and CEO.

How is compensation for staff and board members determined?

Compensation and benefits for staff and Board members are determined on the basis of benchmarks derived from the compensation policies of peer organizations with a similar asset size. These benchmarks are researched by independent consultants every three years. The Board of Directors reviews the consultants’ reports and sets compensation policies accordingly.

Every year, the Compensation Committee of the Board of Directors reviews independent reports on nonprofit salary increases. Based on this review and other factors, the committee recommends a salary pool increase for approval by the Board.

The Board’s Executive Committee reviews CEO compensation annually, based on reports from independent

consultants. The CEO's performance is also reviewed on an annual basis. The CEO recuses himself from these deliberations.

Staff performance is appraised twice a year by a performance review that tracks progress toward performance goals for each position with the Foundation. Staff members also share a common goal: "To demonstrate a positive attitude by practicing the Foundation's core values through respectful interaction with all staff and constituents."

To ensure proper checks and balances, a staff member's immediate supervisor and a second-level supervisor sign off on performance reviews. Staff who receive satisfactory reviews are eligible for annual salary increases, when they are available.

How does the Foundation ensure that its grantmaking process is equitable and fair?

The Foundation's resources are insufficient to fund all the grant requests submitted each year. Accordingly, we have developed a process for grant funding review and decision-making that takes into account the critical need for effectiveness, efficiency and objectivity.

Our rigorous, structured approach combines proactive and responsive grantmaking styles. Grants result from two different strategies. Unsolicited letters of interest (LOI) may be submitted by organizations in accordance with the Foundation's published application guidelines. Staff also proactively solicit LOIs from organizations that are believed to possess the experience and capacity to address a specific challenge.

In reviewing LOIs, staff are guided by the Foundation's principles and goals, as well as by the health issues prioritized for funding by the Board. Staff also consider the geographic region served by the applicant. Specific policies are in place to ensure that grant dollars are allocated equitably throughout the entire state.

We provide specific guidelines to assist applicants who have been invited to submit a full proposal. Staff conduct a site visit as part of the review process. To ensure thorough scrutiny, staff may request a review of the proposal by an outside expert. We call this process "due diligence."

If a program director determines that a proposal is a candidate for funding, it is recommended for submission to the quarterly grants meeting. If executive staff concur with the recommendation, the proposal is presented to the Board for approval. The Board reviews the recommended grants and votes on them.

How are grants monitored?

Once a grant has been approved by the Board and a grant agreement letter has been signed, a structured monitoring process begins.

Grantees are required to submit brief annual reports that follow a prescribed format for describing progress towards objectives and itemizing expenditures. Midway through the grant period, all Grantees have a conversation with Foundation program staff, either in person or on the phone. Grantees may also receive an "exit interview" at the close of the grant.

Thirty days after the end of the award period, the Grantee must send a final report that describes the results of the grant and presents a final tally of expenditures. Once the final report has been received, staff complete a closeout report. The Board receives a summary of this report.

Under what circumstances can a grant be rescinded?

A grant may be rescinded if the grant funds have not been expended as specified in the grant agreement letter, or if there is a material failure to comply with the terms of the grant, including failure to submit required progress reports. Because such a decision has serious consequences, the procedure for rescinding a grant involves careful documentation, review by executive staff and legal counsel, and an appeals process.

How does the Foundation measure the effectiveness of its grantmaking?

Central to the Foundation's conception of stewardship is a commitment to hold ourselves accountable to high standards regarding the quality of our work and the effectiveness of our grantmaking. We expect our Grantees to hold themselves to a similarly high standard of performance.

Our expectations are tempered by an awareness of the complex task of evaluating the kinds of programs we fund, as well as by the trade-offs involved in determining the appropriate funding level for those activities.

We have commissioned evaluations of all of our former initiatives, many of which can be found in our online evaluations section. Our *Reflections* series shares lessons learned on a variety of philanthropic topics. Additionally, at the end of each grant, program staff write a close-out report that assesses the overall effectiveness of a Grantee's performance, a summary of which is reported to the Board.

These efforts enable the Foundation to assess on an ongoing basis to what extent its grantmaking is achieving the mission of improving the health of the people of California.

How does the Foundation evaluate its relationship with Grantees?

Approximately every three years, the Foundation conducts a Grantee survey. Grant applicants are asked how they heard about the Foundation, how accessible and useful they find its materials and information, how well they were treated by the staff and how the Foundation could improve its philanthropic activities.

The most recent survey was conducted by the National Health Foundation and published in 2006. A report of its findings was shared with the public and made available on our website. Questionnaires for the survey were mailed or e-mailed to every organization that received and/or applied for funding from TCWF in 2005.

How does the Foundation promote inclusiveness in hiring, retention, promotion and Board recruitment, and among the constituencies served?

Given the diversity of California's population, the Foundation seeks to engage individuals on its Board and staff who are representative of that diversity and committed to incorporating the values of pluralism and inclusiveness into every aspect of their work. We also seek to fund organizations that embrace those values in their mission and activities.

Our commitment to diversity is shaped by the conviction that all segments of society benefit from pluralism and equal opportunity. The diverse composition of our staff, Board, Grantees and populations served illustrates that we honor this commitment.

Does the Foundation fund political or partisan activities?

By law, the Foundation cannot participate in a campaign for or against a political candidate, cannot lobby with respect to specific legislation and cannot distribute its funds to influence specific legislation or the outcome of an election.

The Foundation does make grants to organizations to inform the development of public policies that promote wellness and enhance access to preventive health care. Such grants have been given to nonpartisan groups that train health policy advocates or provide policymakers with information and research on health issues.

How can I get more information about the Foundation's grants and finances?

A list of grants awarded, along with TCWF's audited financial statements, can be found in our *Annual Report*. This information is also contained in our annual 990-PF IRS statement, which is available online at Guidestar (free registration required).

What are the Foundation's investment policies?

The investment program of the Foundation is guided by its Investment Policy Statement, which incorporates

TCWF's policies, objectives, long-term asset allocation plan and implementation program for asset management.

Under the direction of the Board of Directors and the Finance Committee, the Foundation has created a diversified investment program that provides returns consistent with the Foundation's risk tolerance and complies with all applicable regulations. The program utilizes highly qualified investment managers with demonstrated skill in the asset classes represented by the Foundation's holdings. The Finance Committee meets four times each year to review the performance of the Foundation's investments and discuss investment policies.

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Speeches/Speaking Engagements

- May 8, 2009, Lifetime of Excellence in Public Service Award given at the Pat Brown Institute of Public Affairs, California State University, Los Angeles
- March 19, 2009, Terrance Keenan Award Acceptance Speech
- Sept. 28, 2000, Little Hoover Commission Testimony, "Youth Crime and Violence Prevention"

A Grantmaking Foundation and a Service Organization

By Gary L. Yates

Based on speech given May 8, 2009 at the Pat Brown Institute of Public Affairs upon receiving the Lifetime of Excellence in Public Service Award.

The concept of public service has always been important to me. I was a junior in high school in 1961 when John Kennedy gave his inaugural speech and I completely embraced his challenge: "Ask not what your country can do for you. Ask what you can do for your country." I believe that this idea is even more important today given the severe economic recession and its effect on all aspects of our society. It's not what government or some other entity can do for us. Rather what can or will each of us do for our country, state, county, city, community? In the final analysis that's what really matters.

One of the great strengths of private, independent foundations is their diversity. What they have in common is that each is established with private dollars that have been set aside to be used for a public or charitable purpose. However, that public purpose is unique to each individual foundation, codified in its mission and articles of incorporation. It is the duty of each foundation's board of trustees to develop the strategies and activities they deem most appropriate to achieve their foundation's charitable mission. As a result, private foundations range from being completely operational — developing and implementing their own programs while making few or no grants — to completely grantmaking, operating no programs of their own and providing grants to nonprofits to achieve their missions.

The California Wellness Foundation is first and foremost a grantmaking foundation. We see the fulfillment of our mission more through the actions and achievements of our grantees than those of the Foundation itself. We see ourselves as a *service organization* whose role is to be instrumental in the success of the organizations that we fund. The challenge is how to actualize the concept of being of service as an organization. I believe there are four criteria that are instrumental in doing so.

First, we are a *responsive grantmaker*. Rather than design new programs and ask nonprofits if they would like to apply for funds to carry out our ideas, we ask nonprofits to tell us what they need so we can provide them with the resources to achieve their goals.

Second, we attempt to *level the playing field* by creating an open-door process by which any organization in California can gain access to the Foundation's grant process by submitting a one-page letter of interest. All letters are reviewed and organizations with \$40,000 annual operating budgets are given equal weight with those who have \$90 million annual operating budgets. It doesn't help to know me, a trustee or a program officer; all letters are equal.

Third, we have set a floor for the provision of *general operating support grants*. No less than half our grant dollars each year must be given for this purpose. These are grants for keeping the doors open and the lights on, for salaries, ongoing operating costs and paying for uncompensated care. In 2007, general operating support accounted for 63 percent of our grant dollars and rose to 73 percent in 2008. This is a testimony to the responsive nature of our grantmaking and, given the strain today on health and human service organizations with increasing demand and decreasing revenue, I expect this percentage will be even greater in 2009.

Fourth, we work to live our *organizational values*. Like most organizations we have a set of values posted on the wall. To become real, these must be embraced and practiced in our day-to-day interactions with each other and our constituents. I believe three of our values are most important to our work as a service organization.

Integrity: Keeping our word. If we say we'll contact you about your request within three months, we do so. Sounds simple, but requires an ongoing commitment to hold ourselves accountable.

Trust: Believing that the organizations receiving grants will keep their word and do what they agreed to in an award letter. With trust there is no need for heavy monitoring of grantees. In fact, once a grant is made it is highly unlikely the organization will see or talk with a program officer, unless they make a request to do so.

Respect: Believing that the people who are on the ground doing the work, running a nonprofit, know best how to do that work — not the foundation. That while we have the funds and nonprofits need those funds, our interaction and negotiation should be as respectful of them as we would like them to be of us.

Simply put, for our Foundation to operate as a service organization we need to understand it's not *what* we focus on, but *how* we work with our constituents that really matters. As I learned long ago as a practicing psychotherapist — respect for the other person overcomes any technique.



Terrance Keenan Award Acceptance Speech

GARY L. YATES *The California Wellness Foundation*

The following remarks are excerpted from Gary L. Yates' acceptance speech delivered on March 19, 2009, at the GIH Annual Meeting on Health Philanthropy.

I appreciate this award, especially because the award comes in the name of Terry Keenan. I only met Terry once. He was, in my opinion one of those lifelong learners. He had gathered great, great wisdom in his time in philanthropy and was very open and willing to share it. But what struck me most about Terry was his open mind, his willingness to talk about things in a way he hadn't thought about them before and hear what someone else had to say. To receive an award in his name is special.

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I was sitting around a table in Los Angeles about this time last year with a dozen or so other chief executives of foundations in California. I looked around the room and had a frightening moment as I realized that by about a decade I was senior in tenure to everybody there. The time has gone by quickly – I had forgotten that I'd been doing this for a while. I'd like to share just a few thoughts about the work of The California Wellness Foundation and what I believe I've learned along the way.

The California Wellness Foundation was established in 1992 and quickly took a stance to be a proactive internally-developed, initiative-driven grantmaking organization. Our intention was to concentrate significant grant dollars over an extended period to address clearly defined problems. By 1995

the foundation had launched five strategic initiatives ranging from \$20 million over five years to \$60 million over 10 years. Our guidelines encouraged applicants "to apply for funds to pursue innovative programs that break new ground in the field of health promotion/disease prevention or that improve or expand existing strategies." They also prominently stated: "No funding for general operating support."

As the initiatives were implemented, we observed, we listened, and learned a great deal. We found that while our strategic approach was generally effective, we were also having some negative impact on the nonprofits we funded. Many grantees described the difficulty they experienced trying to mold their organizations to secure initiative funding, sculpting themselves into what they thought the foundation wanted them to be. For many, this meant stretching beyond their mission and eventually weakening the very organizations we wished to support.

The board went into a strategic planning period of about 18 months, discussed what we had learned, and came out the other end with an almost 180-degree different approach to the grantmaking. We called it the Responsive Grantmaking Program. It was to have an open-door process where anyone at any time could send in a letter of interest to the foundation and that would be your "foot in the door" – not talking to me, not talking to a board member, not talking to a program officer. This was our way of trying to level the playing field somewhat. We also decided that at least half the grant dollars every year would be for general operating support and that we would do multiple-year grantmaking, focusing on eight health issues. Finally, the board established four goals that were

ABOUT THE TERRANCE KEENAN LEADERSHIP AWARD IN HEALTH PHILANTHROPY

The Terrance Keenan Leadership Award honors outstanding individuals in the field of health philanthropy whose work is distinguished by leadership, innovation, and achievement.

Grantmakers In Health established this annual award in 1993 in honor of Terrance Keenan who, by example and instruction during his more than 40 years of service and contributions to health philanthropy, charged grantmakers with exercising the freedom to invest in leadership and develop new institutions and systems to confront major needs. He encouraged those in the field to embrace both the freedom to fail and the freedom to persist. He also challenged grantmakers to make "their self concept as public trusts...the overriding article of their faith and the guiding force of their behavior." A generous and consummate craftsman of the trade, Terrance Keenan reminds grantmakers that "creativity...is a cultivated skill, attainable only through continuous effort." The Terrance Keenan Leadership Award is intended to stimulate others to strive toward this same standard of excellence and acknowledge those whose work embodies his spirit.

applied to all the health issues: 1) addressing the health needs of the underserved, 2) sustaining and strengthening nonprofit organizations, 3) recognizing and encouraging leadership, and 4) informing public policy. Words that were prominent in the new guidelines included “strengthen, support and unrestricted funding for existing programs.”

When we announced this new direction in 2001, it sent a little tremor through the field of health philanthropy. We were a foundation that had, in many ways, been in the forefront of

Paradigms are a mental construct. They are a way of thinking, and if you attempt to discuss a concept outside of that way of thinking the concept doesn't compute.

the initiative style of grantmaking, and we'd had success with it. For us to make a radical change like this was looked upon with interest by some and questioned by many. If there was a tremor in health philanthropy, there was an earthquake within the staff of the foundation. This was a sea change in the way we were going to do our work. People were literally shocked, and you can't blame them.

Paradigms are a mental construct. They are a way of thinking, and if you attempt to discuss a concept outside of that way of thinking the concept doesn't compute. That's how our first discussions were internally about the Responsive Grantmaking Program. It became clear that a paradigm shift was necessary if we were to implement this new approach in a successful manner.

The best description that I know for a paradigm shift is this little story. It has to do with a naval battle group in nighttime training exercises. The group was made up of three destroyers, a light cruiser, and a battleship. They had some rules for the training exercise: no radio contact and only low-running lights. The only way they could communicate was through a semaphore: a flashing light.

A lookout on the bridge of the battleship saw a light ahead in the distance. He turned to the captain, who was the commander of the battle

group, and said, “Sir, it looks like we're on a collision course with another ship.” The captain looked out and said, “I believe you're correct.” He

turned to the signalman and said, “Flash: we appear to be on a collision course. Suggest you turn 20 degrees to starboard.” The signalman flashed the message, and almost immediately a signal came back. “Agree. We are on a collision course. Suggest you change 20 degrees to port.”

The captain was a little irritated that somebody would challenge him, and he said, “Flash this: I'm a captain with 25 years service in the Navy. We are on a collision course. Turn 20 degrees to starboard now.” And again, almost

immediately a signal came back. “This is a seaman first class with 18 months in the Navy. I agree we're on a collision course. You should turn quickly.”

Now the captain was really upset. He said, “Send this: This is a battleship. It is by far and away the largest ship in these waters. If we hit you, you will be sunk. Turn to starboard immediately.” And the response came back: “This is a lighthouse.” That's a paradigm shift!

And that's what happened over an 18-month conversation with the staff at The California Wellness Foundation – a paradigm shift in how to think about doing our grantmaking. Not that one way was better or worse, but that we were

going to do things differently. We are currently in the eighth year of the Responsible Grantmaking Program, and we've learned some things about this approach and the effect or the impact of it.

We evaluate every grant – we always have – internally. When the grants close and a final report is received, an evaluation write-up is completed and submitted to the board. In addition, we use external evaluators for the Responsive Grantmaking Program. Under the program 7 out of 10 met or achieved their objectives, and only 6 percent had significant problems with the work or failed. Clearly, a significant difference in effectiveness. A recent report evaluating the program indicates that on every measure of goal attainment – the underserved, sustainability, public policy, and leadership recognition – we've made significant progress.

In addition, every three years we conduct a constituent satisfaction survey using an outside consultant. It's completely confidential and surveys both applicants (those who are denied) and grantees (those that are funded) about their interaction with the foundation. Surveying those who are denied is important because with our open-door LOI process we say no about a thousand times a year, while only funding about 400 grants. So it's likely there are far more unhappy

I've always believed that one of the great strengths of organized philanthropy in the United States is the independence of each foundation.

organizations, who were denied funding, than happy ones who received a grant.

Since the beginning of the Responsive Grantmaking Program we've conducted the survey twice. The numbers have consistently gone up; they're now in the high 90th percentile regarding satisfaction with the foundation. Another evaluation asked grantees about their relationship with the foundation. The response was that they feel respected and trusted and that working with foundation staff is something they actually look

forward to. This validates a fundamental truth I learned long ago as a practicing psychotherapist – respect for the other person overcomes any technique.

This feedback is a validation of some of the foundation's core values. *Integrity* – keeping our word – if we say we're getting back to you in three months about whether you're going to be asked for a full proposal or not that's what we do. *Trust* – we believe that the people who are on the ground doing the work, running a nonprofit, know best how to do that work, and we're going to trust in them to determine the

Given the economic recession and its effect on underserved populations in California, it is more important than ever for the foundation to keep its funding level intact.

resources they need. Budgets and objectives are negotiated from a place wherein the final analysis what the nonprofits believe they need is going to carry more weight than what foundation staff believe. And, finally, *Respect* – we respect the people we work with – that they know their work and that they, just like us, deserve respect in the interactions and discussions we have with them. And let me say this: I very much appreciate the staff of the foundation for actualizing these values in our day-to-day work.

I am proud to be the president and chief executive officer of The California Wellness Foundation, and I can't tell you what a great feeling it is to know that we do much less harm than we used to and have significantly more impact through our responsive approach. I have no doubt – we have done less and achieved more.

In the time I've been in philanthropy – beyond that, in the time of my professional life – these are the heaviest seas that I have seen. The economic meltdown across the country and the incredible impact on foundation portfolios are unprecedented. More importantly, the effect on nonprofit organizations, the health and human service organizations in California, is

profound. Demand for service is going up while revenues from all sources are decreasing. And, of course, the poor and the working poor are the people that are most affected.

How are we going to respond? What are we going to do? I've always believed that one of the great strengths of organized philanthropy in the United States is the independence of each foundation. And each foundation has to look at its mission, donor intent, strategies, and decide.

Our trustees have decided to maintain our grantmaking in 2009 at the same level as 2008 – approximately \$50 million.

This is not an easy decision. We lost more than a third of our portfolio, but we reached a consensus that this decision is consistent with the foundation's mission to improve the

health of the people of California. We also believe that given the economic recession and its effect on underserved populations in California, it is more important than ever for the foundation to keep its funding level intact.

When I'm faced with challenges as the chief executive of The California Wellness Foundation, I like to remember to keep things in perspective. There are many challenges that are much greater than the losses in our portfolio.

That's all. I hope some of what I had to say was worthwhile for you. I very, very much appreciate this award, especially as it comes from my peers. Thank you.

Mr. Yates' speech has been substantially edited for this publication. The entire text of his remarks may be viewed at www.calwellness.org.

ABOUT GARY YATES

Gary L. Yates is president and CEO of The California Wellness Foundation (TCWF), which he joined in 1992 after decades of experience in education and public health. He first joined the foundation as a senior program officer, managing TCWF's first-ever health initiative, and became president and CEO in 1995. Mr. Yates currently serves as an assistant clinical professor of pediatrics at the University of Southern California School of Medicine and is a licensed marriage and family therapist. Mr. Yates is actively involved in the leadership of various philanthropic, civic, and community organizations. He served on the GIH Board of Directors from 1996 to 2003 and served as chair for two years.

Mr. Yates' remarks acknowledged Peggy Saika, former board chair of TCWF; TCWF staff, and his wife Ann.

LITTLE HOOVER COMMISSION TESTIMONY
Youth Crime and Violence Prevention
Sacramento, California

September 28, 2000

Gary L. Yates
President and CEO
The California Wellness Foundation
6320 Canoga Avenue, Suite 1700
Woodland Hills, California 91367

A. Introduction

I appreciate the opportunity to speak at the Little Hoover Commission's public hearing on youth crime and violence prevention. I am the President and CEO of The California Wellness Foundation, an independent, private foundation, created in 1992, whose mission is to improve the health of the people of California by making grants for health promotion, wellness education, and disease prevention.

Immediately prior to joining the Foundation, I was the Associate Director of the Division of Adolescent Medicine at Childrens Hospital Los Angeles. I have worked with children, youth and families in the areas of education and health care for more than twenty years and have published numerous articles and curricula on adolescent health and prevention programs. I am also a licensed Marriage, Family and Child Therapist and I serve in the capacity of Clinical Assistant Professor of Pediatrics at the University of Southern California School of Medicine. I have also served on numerous commissions, boards and task forces that have looked into the issues surrounding the prevention of high-risk behavior.

Six years ago, I testified before the Little Hoover Commission about the California juvenile justice system at a time when there were fewer youth in the state, less money in the state budget, and more punitive, reactive measures being passed by the state legislature. Today, California has an estimated 3.9 million teens and will have 5 million by 2010. There's an unprecedented budget surplus with a strong economy, low unemployment and record-setting declines in juvenile crime and violence. And members of both the state assembly and senate have introduced bills to advance a prevention agenda that has broad public support.

Given this new climate in California, I'm here to speak to the issues of foundation funding and the roles of foundations and the state in promoting violence prevention. In particular, I've been asked to address two questions:

- 1) *What violence prevention programs have been funded by the Foundation?*
- 2) *What are the appropriate roles for foundations and state government in advancing a statewide prevention agenda?*

B. Funding

1. Youth crime and violence prevention programs funded by the Foundation that have as their purpose, potential or result the reduction of youth crime or violence

The first grantmaking initiative of the Foundation was launched in October 1992 as a \$60 million, ten-year commitment to prevent violence against youth in California, because violence, as the leading cause of death for California's youth is a major public health issue. Now in its eighth year, the Foundation's Violence Prevention Initiative is the largest commitment of private philanthropic dollars to violence prevention in the United States. The total allocation for the Initiative increased to approximately \$70 million because of collaborative funding provided by the following grantmakers: the Alliance Healthcare Foundation, The California Endowment, the S.H. Cowell Foundation, the James Irvine Foundation, the Crail Johnson Foundation, The David and Lucile Packard Foundation, The San Francisco Foundation, and the Sierra Health Foundation.

From the beginning, The California Wellness Foundation recognized that tackling the public health epidemic of violence against youth would require a long-term investment that involved more than just one foundation and supported more than one solution. An underlying philosophy of the Foundation's grantmaking is that local communities often know the best approaches to dealing with local problems of violence. What is often lacking are the resources and technical assistance necessary to put this community strength and wisdom to work effectively.

The Foundation recognizes that violence is a public health issue, and that preventing violence is not just a public safety matter but a public health mandate. Violence results in premature death, serious injury and disability, especially among our youth. The Foundation's Violence Prevention Initiative is grounded in a public health approach, which takes into account not only the individual but also the physical and social environments that foster or inhibit violence and the agents of violence, such as guns.

California foundations currently allocate at least \$16 million* each year in grant support to programs that prevent violence against youth. *(annual estimate includes: \$7 million from TCWF; \$1 million from TCE; \$7 million from Packard; \$1 million from other co-funders)

2. The intended goals for each program, funding amounts and time limits on funding

There is no single cause of violence, so there is no single solution to stop violence. That's why the Foundation has supported a wide range of prevention programs and strategies. The Foundation's Violence Prevention Initiative has four interrelated programs: 1) Research; 2) Policy and Public Education; 3) Leadership; and 4) Community Action.

The Research Program contributes to informing grantees and policymakers about the causes, risk and protective factors for violence. Research has also explored the role of access to alcohol and guns with regard to violence against youth. Since 1993, the Foundation has made 15 research grants totaling \$3.3 million.

The Policy and Public Education Program educates policymakers, opinion leaders and the public about the need to increase public and private investment in comprehensive violence prevention programs for youth, and efforts to reduce injuries and deaths from firearms. The policy program works to shift public attitudes and redefine violence against youth not only as a criminal justice issue but also as a public health issue. The Pacific Center for Violence Prevention, funded by the Foundation, is a statewide resource center for information and advocacy related to violence and can be found at www.pcvp.org. Foundation-funded public education campaigns have used advertising, media relations and direct mail to publicize facts and polling data that inform policymakers and opinion leaders about effective policies for preventing violence against youth. Campaign information is available at www.preventviolence.org. A total of \$21 million is allocated to the Policy and Public Education Program.

The Leadership and Professional Development Program recognizes and promotes individual leadership in communities and within the field of violence prevention as a whole. The goals of the program are to help communities empower themselves by recognizing leadership in violence prevention and to support the professional training of ethnic minorities and women in violence prevention and injury control. Grants are made to individuals in three ways: the California Peace Prize, the Academic Fellows Program, and the Community Fellows Program. Since 1992, more than 100 individuals have been awarded Foundation grants through these programs, strengthening a core group of leaders for violence prevention throughout the state. A total of \$9 million is allocated to the Leadership and Professional Development Program.

The purpose of the Community Action Program is to mobilize local residents to prevent violence against youth and to help communities build skills in policy and media advocacy. The Foundation has funded 30 community collaboratives across the state in areas where violence has claimed the lives of youth at an alarming rate. Each collaborative is made up of organizations serving diverse populations in areas with major problems such as high rates of violence, population density, school dropouts, poverty and unemployment. Programs have been funded in the following counties: Alameda, Contra Costa, Fresno, Humboldt (two sites), Kern, Los Angeles (seven sites), Mendocino, Riverside (three sites), Sacramento (three sites), San Benito, San Bernardino, San Diego (three sites), San Francisco (three sites), San Joaquin, Santa Clara, Siskiyou, and Tulare. With TCWF funding, these programs have engaged in a variety of activities, including after-school programs, conflict resolution training, peer mentoring and other local violence prevention strategies. A total of \$26 million is allocated to the Community Action Program.

Finally, in addition to funding programs, the Initiative also provides technical assistance in order to build the capacity of individuals, institutions, collaboratives, and communities to promote sustainable youth violence prevention efforts in California. A total of \$3.4 million is allocated to technical assistance and capacity-building in the Initiative.

Within the violence prevention priority area at the Foundation, two types of grants are made: initiative grants and general (or responsive) grants. The majority of funds are allocated through initiative grants, which are generally announced through competitive requests for proposals. We also recognize the value of remaining open to the ideas and needs of people directly involved in promoting health and preventing disease. Accordingly, in addition to the above Initiative grants,

a portion of our funds is allocated through general grants. To respond to as many requests as possible, general grants tend to be smaller and of shorter duration, ranging from \$5,000 to \$110,000 over one or two years. A total of \$1 million per year is allocated to general grants for violence prevention.

3. How programs are evaluated for effectiveness, who conducts the evaluation, and the dollar amount allocated for evaluation

From the beginning, the Foundation planned from for the Initiative to be evaluated. To assess the impact of the Initiative from 1993 through 1998, the Foundation awarded \$6 million in evaluation grants to the RAND Corporation and the Stanford Center for Research in Disease Prevention. Evaluation goals included providing ongoing feedback to grantees for program improvement and a comprehensive assessment of the overall effectiveness of the Initiative and its components. The evaluation was designed to provide information to the Foundation to continuously improve the Initiative; document accomplishments; draw lessons learned; and assess the eventual effectiveness of the interventions at the community level as rigorously and objectively as possible.

The evaluators attempted to isolate violence reduction effects of the Initiative grants, however, the evaluation emphasized the Initiative's success at achieving various intermediate effects, which might be expected to help reduce youth violence. These intermediate effects included: changes in the attitudes and skills of youth; adults' opinions and support for violence prevention; opinion leaders' political activism for violence prevention; changes in state-level and local policies and social programs; and changes in the media's portrayal of the problem of youth violence. To determine these effects, RAND and Stanford used a variety of evaluation methods including case studies, in-depth interviews, and quantitative techniques.

The evaluation of the first five years of the Initiative has been completed by RAND and Stanford and the Foundation will disseminate a report on the results in the near future. Among the key findings, the Initiative's research grants were shown to have generated practical, groundbreaking research that has shaped and influenced policymaking on a statewide and national level. RAND also compared California to Michigan and Illinois and found that the Initiative's Policy Program has been exceptionally effective at informing policy makers and opinion leaders about effective violence prevention policies. The evaluators pointed to evidence showing that significant gun control measures and youth violence prevention bills were more numerous and more successful in California due to the policy and public education efforts of the Initiative.

According to RAND, the Initiative's Leadership Program accomplished its goals of training a diverse group of health professionals in violence prevention and supporting a statewide cadre of committed grassroots leaders. Many of the program's alumni have continued to do work in violence prevention and have made important contributions such as new research, innovative programs, and effective policy education.

In the Community Action Program, the Stanford Center for Research in Disease Prevention evaluated the outcomes of the community-based violence prevention programs. Stanford found that although these programs were modestly successful in mobilizing local residents to address

violence on a community-wide scale, the prevention programs did lead to less violence among the youth exposed to the programs, greater community pride and awareness, more youth involvement in positive activities in the school and community, and a marked decline in violent crime rates in most of the funded communities. Five of the communities demonstrated greater drops in violent crime than other comparable communities in the state.

The evaluation of the final five years of the Initiative will build on the findings of the initial evaluation in order to tell us how the Initiative, through its interrelated components, has made a difference after a decade of funding. This evaluation will include in-depth, descriptive case studies of the community action collaboratives, an analysis of the policy efforts and legislative impact of the Initiative, and profiles of the health professionals and grassroots leaders in the Leadership Program.. A total of \$1.3 million will be awarded in grants to evaluate the final five years of the Initiative.

4. How funding decisions are made

Generally, the Foundation makes funding decisions on Initiative grants through a competitive request for proposals (RFP) process and information meetings for prospective applicants. Organizations are also welcome to submit unsolicited letters of interest for general grants and some are chosen to submit proposals. The review process may include an independent review of proposals by external experts in violence prevention and site visits by Foundation staff. Staff makes funding recommendations to the Board of Directors, which has final authority to authorize grants. The process typically takes from nine months to a year.

C. Foundations and the State

1. The appropriate role of foundations in youth crime and violence prevention

Foundations are by no means monolithic or uniform. However, foundations do share a commitment to serving the public good and can therefore play a range of roles that are not only appropriate but can also be instrumental in preventing violence against youth. The following are some examples:

- ◆ *Funder*: In California, foundations make at least \$16 million in grants each year to prevent violence against youth – an estimate that pales in comparison to state government allocations for prevention, which according to a recent report by Commonweal, amount to \$250 million annually. These limited private grants by foundations can often complement (but not match) government dollars by filling the gaps that may not be covered by local, state, or federal funds such as program evaluation, general operating support, technical assistance, research, and advocacy.
- ◆ *Convenor*: Philanthropy represents an independent sector that can help build bridges between nonprofits, communities, and government. Identifying, linking and bringing together “unlikely allies” is what The California Wellness Foundation has done by convening meetings of people who are working to prevent violence but who may not have the forum to share different perspectives and strategies -- from law enforcement, criminal justice, faith-

based and community groups to representatives of health organizations, education, and the media.

- ◆ *Capacity-Builder:* To promote sustainability, money isn't the only resource foundations can offer. The California Wellness Foundation has also provided grants for technical assistance, training, and other support to violence prevention collaboratives around the state to build a wide range of capacities like youth development, strategic planning, fundraising, policy advocacy, and program evaluation.
- ◆ *Catalyst:* From Head Start to mentoring, foundations have a history of funding innovative but untested pilot programs and demonstration projects at the local level that state and federal government have then taken to scale.
- ◆ *Ombudsman:* The Foundation has commissioned independent studies, nonpartisan reports, polling data, and policy updates on violence prevention that the public and policymakers have found to be educational, timely, and credible.
- ◆ *Evaluator:* Through traditional and informal program evaluations, foundations can find out what works, what doesn't, and why, providing valuable information to be shared with private and public funders as well as nonprofits and other community groups.

Within the past decade, foundations have become more effective at leveraging the limited dollars available for grantmaking in violence prevention by pooling philanthropic resources, which include money, information, technical support, and networks. Foundations, like government, are learning to "walk the talk" of collaboration that we often require of communities. Three examples of these funding partnerships and learning communities among foundations are the ten-year Violence Prevention Initiative funded by The California Wellness Foundation and eight other foundations in the state; the National Funding Collaborative on Violence Prevention in Washington, D.C.; and the Foundation Consortium, a collaborative of 16 California foundations that has helped fund technical assistance, training and evaluation for a variety of State programs including Healthy Start, Proposition 10, and the After School Learning and Safe Neighborhoods legislation.

2. The appropriate role of the state in youth crime and violence prevention

In September 1994, the Little Hoover Commission made at least 18 recommendations on the State's role in addressing an upsurge in youth violence that was then called "the juvenile crime challenge." Crime and violence rates have dropped dramatically nationwide since this Commission issued its report six years ago entitled, "Making Prevention A Priority." Today, the State can continue to play a leadership role in prioritizing prevention by helping to frame the issues, coordinate efforts, share information, and increase public funding to support and institutionalize prevention programs.

In particular, the State should consider framing violence as a public health issue and acknowledge that law enforcement and the courts can't do it alone. Preventing violence requires comprehensive approaches that are multi-disciplinary, community-based, and inter-departmental

to address the root causes of violence. In an August 2000 report on crime prevention in California, the Legislative Analyst's Office echoed this Commission's 1994 finding that multiple state departments need to better coordinate their prevention programs to avoid duplication and inefficiency. Given the current budget surplus, the state is in a unique position to build on the grants made by foundations and other funders and strengthen the prevention infrastructure in California by investing more in programs and services that prevent violence.

3. The most effective prevention strategies

Since 1993, The California Wellness Foundation has funded community-based violence prevention programs that have been making a difference in communities across the state. From experience and scientific evaluations, we know that there are approaches that work to prevent violence. These include the following:

- *After-School Programs:* Give young people somewhere to go, something productive to do, and someone who believes in them. Programs that are based in the school or the community help protect youth during the critical after-school hours (3 – 7 p.m.) when most youth crime occurs.
 - In Sacramento, La Familia provides recreation, tutoring, mentoring and job placement assistance to scores of teens each year. As one young participant said, "This program gave me a positive place to be and a way to make good choices about my time."
- *Peer Mentoring and Conflict Resolution:* Train middle school and high school youth as mediators to help their peers resolve disputes without resorting to violence. Newsweek Magazine has called this generation of youth the most peer-influenced group. Whether as mediators or disputants, young people develop valuable communication and problem-solving skills and learn to understand themselves and each other through these types of programs.
 - In West Oakland, peer mediators in school-based conflict resolution programs have helped defuse rising racial tensions among students and reduce the number of fights at school by finding non-violent ways to settle disputes.
- *School-based Violence Prevention Education:* Promote effective violence prevention curriculum at all grade levels, K-12, because violence is a learned behavior, and to unlearn it, schools need to teach young people lessons on preventing violence in dating relationships as well as other types of violence.
 - The Los Angeles Commission on Assaults Against Women has been instrumental in advocating for a comprehensive curriculum in the Los Angeles Unified School District that helps students understand and prevent all types of violence.
- *Intergenerational Approaches:* Involve caring adults who can be role models for youth and personally help keep youth on the right path.
 - In Los Angeles, Mujeres Unidas, a project of Innerscity Struggle, developed a plan that involved supportive adults in helping to reduce truancy rates among students living in the Estrada Courts housing project communities.

- *Job Training and Economic Development:* Poverty is a real issue in many communities struggling with violence, and helping uplift communities economically has made a difference in preventing violence. Some of the most effective violence prevention programs do three things: 1) help young people build the skills and experience to access good jobs; ; 2) obtain resources and investments in the community to make sure good jobs are available; and 3) hire young people.
 - In Santa Cruz, Barrios Unidos has developed several profitable enterprises, including a silkscreening shop, where young people can learn all aspects of running a successful and demanding business. Youth recruit new clients, manage the contracts, design and make the T-shirts and posters, and train other youth.
- *Civic Participation:* Get youth and adults involved in creating positive changes in their communities. The best programs do that by assessing community needs, organizing residents to support responsible prevention policies, and giving families the information they need to then educate their government representatives.
 - In Escondido, youth from the Escondido Youth Encounter project convinced the local mayor to establish a youth commission that engages youth from the community and encourages their participation in establishing goals and policies that will directly affect the lives of all youth in Escondido.
- *Mapping Community Potential:* Engage youth in identifying potential areas where, with public investment and community support, physical resources and other assets in low-income neighborhoods could be developed.
 - In Riverside, students with People Reaching Out created a map identifying potential areas for civic investment. They secured the mayor's commitment to improve the Cesar Chavez Community Center so that Eastside Youth will have a safe place to spend time.
- *Alternative Sentencing and Restorative Justice:* Intervene early with young offenders and provide the guidance, counseling, drug treatment and community involvement they need to avoid more serious crimes later.
 - In Pomona, youth and adults organized to create the Pomona Drug Court which gives young people who are convicted of minor drug offenses an alternative to incarceration: the chance to be sentenced to intense alcohol and drug rehabilitation programs.

4. The strengths and weaknesses of California's approach to prevention

Current governmental violence prevention efforts in California focus primarily on incarceration as a method of deterrence. At more than twice the national average, California's youth incarceration rate is one of the highest in the nation. As practiced in California, incarcerating youth requires a large and costly bureaucracy, its centerpiece being the California Youth Authority (CYA). During the late 1980s and early 1990s, in the face of decreasing resources and increasing prison populations, rehabilitation programs were cut back in favor of housing more individuals and hiring guards to maintain order in this chronically overcrowded environment. In addition, primary and secondary prevention programs designed to keep youth out of the juvenile incarceration system were cut. The recent passage of Proposition 21 is likely to exacerbate this trend.

There is no inherent conflict between incarceration and prevention. The two are points along a continuum of programs to address societal ills. However, the state of California has lost its balance and is overweight in incarceration while anemic in prevention. Shifting resources to more comprehensive violence prevention programs requires that we move ourselves and our society beyond special interests, beyond the politically expedient, and beyond the punishment mentality. The issue we must bring to the forefront of the debate is not what we should do with individuals that have committed violent acts, but what we as a society are willing to do to decrease and prevent violence before it occurs.

Over the past two years there has been a new emphasis placed on funding violence prevention programs by the State Legislature. In fact, funding for violence prevention programs has risen for the second year in a row, and California is currently providing more funding to after school programs than any other state in the Nation. The State has also recently passed a number of laws to reduce access to handguns. This is especially significant for preventing violence against youth, as handguns remain the leading cause of death for young people in California.

The number of violence prevention measures that have passed in both the California Senate and the Assembly in recent years point to significant legislative will and public support to make California a national leader in preventing violence against youth. However, recent reports like the one issued by the Legislative Analyst Office have highlighted several problems with the State's current approach to prevention: limited accountability for expenditures and results, lack of evaluation, and lack of coordination among departments. In addition, the amount of funding dedicated to violence prevention remains relatively low compared to the need. Two examples of effective prevention programs the State should consider bringing to scale are the After School Program of the Department of Education and the Repeat Offender Prevention Program "the 8% Solution" pioneered by Orange County's Probation Department.

5. The adequacy, generally, of program evaluation

After investing \$6 million in evaluating the first five years of the Violence Prevention Initiative, the Foundation has learned several key lessons that inform our next evaluation of the final five years of the Initiative:

- ◆ *Ask fewer evaluation questions:* Answering too many questions undermined the Foundation's evaluation from the start.
- ◆ *Diversify our evaluation approaches:* The impact of complex grantmaking initiatives cannot be assessed by investing only in a traditional, rigorously "scientific" evaluation, especially when we are measuring changes at the community level.
- ◆ *De-emphasize academic attribution:* Despite initial hopes or expectations, there is no irrefutable empirical proof of causal connections linking changes in violence rates to the Foundation's violence prevention grants.
- ◆ *Tell the stories behind the statistics:* The Foundation did not invest as much in a qualitative analysis of the Initiative (i.e., case studies, individual profiles), and that has meant missing compelling human stories behind the numbers.

- ◆ *Collect lessons learned:* Sharing what we have learned (not just what has worked) will be an important contribution to the fields of philanthropy, public health, and violence prevention.
- ◆ *Link evaluation with broader dissemination:* What to evaluate must be tied to an overall strategy about why, how, and to whom we communicate evaluation findings.

After ten years of funding the Violence Prevention Initiative, the Foundation will have spent \$7.3 million on evaluation. What we want to know after all the money has been spent can be simply stated: What happened because of the Initiative and how did the Initiative make a difference in preventing violence against youth? That means looking at both empirical evidence and anecdotal accounts, original grant objectives and actual grantee activities, unanticipated outcomes and evolving strategies and relationships, state legislative comparisons and local case studies, scientific evaluation reports and journalistic stories. In short, we've learned that there are variety of ways to gauge the success of prevention, and that has taught us to be open to validating and investing in different evaluation approaches using diverse measures of success.

6. What the State can do to further advance a statewide prevention agenda

Compared with 1994 when this Commission addressed preventing juvenile crime at its peak, the State of California today has less crime, less violence, and less unemployment along with more money, more youth, and more support for prevention in the legislature and among voters. When we think about prevention in this new climate, we're building a safe home for the 5 million youth that will live in California during this decade. You can build a roof on your house when it's raining or when the sun's shining. Right now, the sun's shining in this State, and we have the time and resources necessary to take action in order to keep our youth safe and healthy. The only question that remains is whether we have the political will to do so.

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Writings

- "A Challenging Environment for California Grantmakers," www.calwellness.org, Nov. 2010
- "The Health Care Safety Net and Health Reform," www.calwellness.org, Aug. 2010
- "Staying True to Our Mission and Operating Principles Has Resulted in Foundation Diversity," Council on Foundations e-journal, Oct. 26, 2009
- "A Strategy for Tough Times: Increasing Core Support To Help Nonprofits Survive," Independent Sector's Memo to Members, June 2009
- "Stay Course on Gang Prevention Funding," www.calwellness.org, Jan. 2004
- "New Thinking Can Help Defeat Gang Violence," www.calwellness.org, 2003
- "Don't Call Us 'Conversion Foundations'... Please," Grantmakers in Health, Feb. 28, 2000

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Gary L. Yates
President and CEO

Gary L. Yates
President and CEO
The California Wellness Foundation
Biography

Gary L. Yates, in his role as president and CEO of The California Wellness Foundation, is a frequent speaker and author on a wide range of issues related to the field of philanthropy.

Moreover, each year he co-authors an annual message with the Foundation's Board Chair that appears in the Foundation's annual report; topics have ranged from the need for core operating support to the importance of maintaining a long-term focus on one's grantmaking.

A Challenging Environment for California Grantmakers

November 2010

Without a doubt, the environment for California grantmakers remains challenging as 2010 draws to a close, with the sluggish pace of economic recovery weighing heavily on the communities we support. For many foundations, the values of our endowments may have stabilized, but it will likely be several more years – at the earliest – before grantmaking returns to the levels of 2006 or 2007. And the impact of the Great Recession – coupled with California's budget stalemate that lasted throughout the summer and into the fall – on the region's nonprofit sector, including the health care safety net, has been devastating.

Given the difficult economic environment and the systemic changes required to implement health care reform

legislation signed into law earlier this year by President Obama, I believe the key challenge for foundations making grants in the health sector is to foster opportunities so that California will arrive at 2014 with a viable health care safety net. We need to provide grants that ensure that community clinics and hospitals can operate effectively in the “reformed” system and that access to care is preserved for those who fall outside the coverage boundaries established in the legislation. While the state must preserve its financial commitment to maintaining the health care safety net – as the cost is well beyond the capacity of private philanthropy – there are important ways that foundations can also play a role.

As I outlined at the conclusion of my August 2010 President’s message, The California Wellness Foundation (TCWF) plans to address health care reform and the health care safety net with three strategies under our Responsive Grantmaking Program, which seeks to balance a Foundation-directed approach with responses to unsolicited letters of interest. This approach allows us the flexibility to respond to changing circumstances within the nonprofit sector. More information about each of these strategies is included below.

First, TCWF will make core operating support grants to health care safety net nonprofits so they can weather the ongoing storm and sustain their important services in the years before reform takes effect. Core support funding can serve as a temporary bridge to help organizations keep their doors open while they help the economically vulnerable, including those who have joined the ranks of the uninsured. For struggling clinics, a grant of core operating support can help purchase medical supplies, cover wages for frontline staff or help defray higher utility costs. We hope to prevent nonprofits from drowning now so they will still be around when our state’s economy improves. During positive economic times, safety net providers can use core operating support to build organizational capacity, add administrative staff or transition to FQHC status.

Second, TCWF will make grants that help increase California’s health workforce and its diversity so that the safety net system has the capacity to deliver culturally and linguistically competent care to the millions of residents who will be getting coverage through reform as well as those who remain outside its bounds. For example, TCWF will provide funding for pipeline programs and scholarships for underrepresented minority students interested in pursuing health career training programs. Pursuing a college degree can be a challenge – and that challenge begins with the application process. For young people who don’t have college counselors, family members who are not to college or college-bound peers, the process can seem insurmountable. Having access to these programs can provide valuable assistance for students of color and those from low-income families who are the first in their families to attend college. Budget cuts at all three levels of California’s public higher education system (the UCs, Cal States and community colleges) have limited its capacity to meet the demand among young Californians for “slots” in health care training programs. It will be important to provide grants to statewide alliances or coalitions, with the understanding that groups with broad representation – particularly when public sector voices are also included – can inform policymakers and opinion leaders about strategies to reduce shortages of health care workers by training Californians for these in-demand jobs.

Third, TCWF will make grants to consumer advocacy organizations to fund their work that informs underserved communities about the opportunities and potential pitfalls in health care reform and makes sure their community’s voices are heard during the process of implementing health care reform. For example, in September the board approved a \$500,000 three-year grant to the Health Access Foundation for a collaborative effort with Consumer’s Union, California Pan Ethnic Health Network and Western Center on Law and Poverty to ensure the greatest number of Californians receive the coverage and care they need under the new law.

Along a similar line, TCWF will continue to fund an annual Field Research Corporation public opinion poll of California voters in 2011 and 2012 to assess attitudes and understanding of health care reform over time. Wide dissemination of poll results, including a briefing in Sacramento, will provide opportunities for policymakers and opinion leaders to incorporate information about constituents’ attitudes into implementation strategies and public education about health care reform.

I believe these strategies are important if we are to achieve the goal of maintaining a viable health care safety net. Since the passage of the new health reform law, we have made 47 grants totaling \$8.17 million to sustain the health care safety net and 16 grants totaling \$2.59 million to increase and diversify the health workforce. In addition to these grants and what we plan to undertake over the next few years, other California foundations have created new pools of grant dollars for clinics to tap, launched emergency loan programs, or designed technical assistance services related to financial management – all with the intent of helping the health care safety net bridge funding gaps caused by the economic downturn and the budget impasse in Sacramento.

I hope that other foundations and corporate giving programs that focus on health will think about what they can do to further these goals within their own funding parameters or strategies.

Gary L. Yates

President and CEO

The California Wellness Foundation

For opinion editorials and commentaries by Gary L. Yates, visit Foundation News and Op-Eds.

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http://www.calwellness.org/op-ed_archive/health_safety_net_08_2010.htm

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August 2010

The “Great Recession” that has severely impacted the global economy continues to have a solid grip on California. While measurements of economic growth show signs of modest gains in the national economy, this news comes as small comfort to many Californians, where unemployment remains above 12 percent statewide – and as high as 27 percent in rural areas such as Imperial County. Along with the growth in the ranks of the unemployed, the number of Californians without health insurance has climbed to more than 8 million, bringing countless new clients into the health care safety net after the loss of jobs, homes and health insurance. This added strain on the health care system is compounded for many clinics and hospitals by the ongoing budget stalemate in Sacramento.

Our newly published Annual Report cover story – “Weathering the Storm” – explores the stresses the health care safety net is facing from the economic recession and California’s budget crisis at a time when it is being asked to expand capacity to serve more people. The report also provides a description of some foundations in the state that have responded to this situation, providing low-interest loans, financial consulting services, technical assistance, targeted grants to safety-net organizations and increased emphasis on the provision of general operating support.

Sustaining the health care safety net is of particular importance, given the prospect of federal health insurance reform. In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, the biggest expansion of public program coverage through Medicaid since that program was created 40 years ago. The reform provides new consumer protections, ensures coverage security for those with insurance, provides new and affordable options for many without coverage, and attempts to control the escalating costs of health care.

A recent poll by the Field Research Corporation found that the majority of California voters support the new law. However, in California, many of the details and key aspects of reform will depend on the state’s ability to adapt and develop necessary elements including, but not limited to, the creation of a health insurance exchange and the significant expansion and strengthening of Medi-Cal and Medicare to serve an influx of new participants. Additionally, the development and implementation of reform in California will occur in the context of the state’s ongoing budget deficit and the already existing shortage of health professionals. California will also face the

challenge of helping consumers throughout this diverse state understand and navigate this new insurance and care model.

For the health care safety net, reforms hold substantial promise. Federally Qualified Health Center (FQHC) clinics will see an infusion of federal dollars in 2011 to improve infrastructure and will benefit from new workforce training initiatives designed to address shortages. Ultimately, millions of uninsured Californians will be able to secure coverage through expansion of Medi-Cal eligibility and subsidized coverage envisioned by the exchange.

It is important to bear in mind that reform will not bring expanded coverage until 2014 and, even then, will not provide coverage to everyone living in California. Reform will also not guarantee fiscal stability for every safety-net provider. Millions of undocumented immigrants will remain uninsured, for example, and free or community clinics that lack FQHC status will be ineligible for many of the federally funded initiatives under the new reform law.

Health foundations in California and across the nation are determining how best to use their resources to assist with implementation of health reform. Grantmakers In Health has held teleconferences and webinars for funders to discuss and possibly coordinate efforts. Possibilities range from providing technical assistance to state and local governments to developing public education campaigns to inform the public about various aspects of the new law.

Foundations focused on health can also play a significant role in optimizing the results of health reform by making grants to clinics, hospitals and clinic consortia to sustain the health care safety net and expand access to care for as many Californians as possible as we make this transition. As for The California Wellness Foundation, we will continue our emphasis on the provision of general operating support for the health care safety net and for the advocacy organizations that work on behalf of underserved populations in the state. We will also continue our efforts to increase the health workforce and ensure it has the cultural competence and language proficiency to provide sufficient access to and quality of health care for the increasingly diverse population of California.

Gary L. Yates

President and CEO

The California Wellness Foundation

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Grantmaking for a Healthier California

Staying True to Our Mission and Operating Principles Has Resulted in Foundation Diversity

By Gary L. Yates

A recent study by a nonprofit advocacy organization indicated that, among large foundations, The California Wellness Foundation has one of the most diverse boards with regard to ethnicity (70 percent) and gender (50 percent). But this wasn't always the case.

In 1995, the Foundation's Board of Directors did not look like the state's diverse population. Barely three years old then, the Board was composed of four white men.

By 1998, the Board had expanded to 10 directors—half were ethnic minorities and half were women. Also, our staff had more than doubled, reflecting greater diversity in ethnicity, gender, and professional background.

How did we get there in three years?

First, let me state what the Board did not do:

- We did not formalize and pursue diversity goals aimed at governance and programming.
- We did not establish benchmarks, metrics, or quotas.
- We did not create a diversity plan or conduct diversity audits.

Yet, in a short, three-year period, we succeeded in transforming the Foundation into one of the most diverse in the nation. We became a major California funder of nonprofit organizations providing health services to communities of color and advocating to improve the health of the underserved.

I believe two key factors made our transformation possible: We stayed focused on our mission and made a concerted effort to "live" our operating principles by integrating them into all facets of our work.

Mission Matters

We never took our eyes off of our mission, which is to improve the health of the people of California. One of the Foundation's key priorities in pursuing this mission is to address the health needs of California's "traditionally underserved populations, including low-income individuals, people of color, youth, and residents of rural areas." The Board logically believed that we would be most effective in reaching underserved communities around the state if we recruited trustees and staff armed with expertise, diverse professional backgrounds, and first-hand experience in California's diverse nonprofit sector.

Embracing Our Operating Principles

We were informed by the Board's 1995 operating principles, which guided the foundation as we developed our grantmaking program. Among the operating principles was one devoted to promoting pluralism and inclusiveness:

"Given the diversity of California's population, the Foundation will seek to engage individuals on its board and staff who are representative of that diversity and committed to incorporating the values of pluralism and inclusiveness into every aspect of their work. We will also seek to fund organizations that embrace those values in their mission[s] and activities."

We "lived" the principles. By that I mean we worked consciously and intentionally at all levels to bring the best expertise to the Foundation in pursuit of our mission. We hired people with backgrounds in health, finance, communications, philanthropy, and law, among other professions. For California, it was critical to recruit professionals who understood the multi-ethnic dynamics of our state.

This effort was not limited to Board and staff. We sought consultants, who were experts in their fields. For example, our communications program uses multi-language media outreach campaigns and cannot rely on one general media market agency. We retain multiple firms with diverse backgrounds in reaching key audiences through ethnic, general market, and Internet media. For more than 15 years, we have worked with ethnic- and women-owned agencies to build a communications program that effectively reaches diverse communities.

Foundation Effectiveness

Has the recruitment of a diverse board and staff helped us to be more effective in our grantmaking? I have no quantitative evidence but I believe it has. We've made more grants in diverse regions of the state and reached more underserved populations, including women and girls, than we would have without the nonprofit experience and ethnic/gender knowledge that the Board and staff represent. A recent assessment of our grantmaking by an independent evaluation firm noted significant progress toward achieving our goals, and a constituent survey we conduct every three years showed increased satisfaction with our interactions and process.

That said, I do not endorse a "one size fits all approach" regarding diversity for all foundations. I respect the diversity in the philanthropic sector and the independence of individual foundations to honor donor intent, mission, and strategy. Each foundation's board of trustees must develop strategies and activities they deem appropriate to achieve their charitable missions. In our case, embracing the values of pluralism and inclusiveness in developing a board and staff somewhat representative of the state's diverse population was, and is, an effective way to work toward improving the health of the people of California.

Gary L. Yates

President and CEO

The California Wellness Foundation

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Independent Sector's Memo to Members
"Perspectives" column
June 2009

A Strategy for Tough Times: Increasing Core Support To Help Nonprofits Survive

By Gary L. Yates

Imagine being the executive director of a community-based nonprofit with a \$6.5 million annual budget that operates a health clinic, a food bank, and a jobs program. Before the economy soured, your organization served 400,000 clients annually. At the end of 2008, the number spiked to 475,000, yet your organization experienced reduced donations, grants and government funding, barely reaching \$5 million.

Similar stories like this are echoing across the country. This perfect economic storm is threatening the nonprofit sector in ways not seen since the Great Depression. The recession has overstayed its visit, driven largely by the implosion of key financial behemoths that bet their profits on exotic mortgages and poor credit risks — and creating more clients for nonprofits while homes, jobs, and health insurance are being lost.

Foundations haven't been exempt from bad news. A steep decline in our portfolios has diminished, or in some cases, decimated many of the philanthropic sector's grant programs. Add to that, severe government cutbacks as formerly robust tax bases take dramatic dives, causing some municipalities to teeter closer to insolvency, unable to support community programs.

Now is the time for foundations to temporarily consider shifting their strategies to provide the nonprofits with funding to keep the lights on and the doors open. Our experience during the last decade has taught us that core operating support can make all the difference to struggling organizations coping with dwindling budgets and increasing demands during this tough economic environment.

With most corporate and small business profits tanking, rising unemployment has fueled increases in the uninsured and homeless, accompanied by spawning even more penalties, such as rising food and gas prices, which have caused greater pain to the poor and struggling middle class. This economic tsunami has multiplied the traditionally heavy demands shouldered by nonprofits providing services to increasing numbers of

people seeking shelter, food, clothing, and health care. There appears to be no immediate light at the end of this tunnel.

How then can we as foundations respond to nonprofit organizations without adding to their woes? We've seen creative approaches among our peers, including convening grantees, providing technical assistance, promoting collaboration, and providing loans.

But to struggling organizations, a one-year general support grant of \$150,000 makes all of the above pale in comparison. Even better, a grant — unlike a loan from a financial institution, government, or grantmaker, for instance — doesn't have to be repaid. And that's one less burden for nonprofits to carry.

It's all the more poignant when considering that nearly two-thirds of grantmakers report they will reduce their funding in 2009, according to a recent Council on Foundations' survey. It's likely that in 2010 this funding will decline even further. Therefore, the type of funding provided to nonprofits increases in importance.

Our foundation has operated its Responsive Grantmaking Program since 2001, accepting unsolicited letters of interest and dedicating at least half of our grantmaking dollars each year to core operating support. In 2007, core support accounted for 63 percent of our grants and, in 2008, 73 percent. Indicative of the increasing strain on health and human service organizations, this number jumped to 90 percent in the first half of 2009.

One of the strengths of private independent foundations is their diversity in grantmaking approaches. There is power in our sector exercising its independence to implement myriad types of grant programs, including strategic initiatives and long-term funding.

But there's also power in flexibility. It's bold to strategically increase core support while temporarily putting on hold some or all grant programs that are too difficult for nonprofits to implement now as they focus on surviving. It tells the nonprofit sector that we not only feel your pain, we want to lessen it. This power has already been flexed by the Los Angeles-based Weingart Foundation and the Gulf Coast Foundation in Florida with their recent announcements to increase core support grants in 2009.

I respect the duty of each foundation's board of trustees to develop strategies and activities they deem appropriate to achieve their charitable missions. I also believe that we owe it to nonprofits to not conduct business as usual during these times. After all,

they are on the front lines helping people survive what history will chronicle as the toughest economic period since the 1930s.

The core operating support strategy can serve as a temporary bridge to help organizations cross these troubled waters while they help the poor, working poor and newly out-of-work middle class who have now joined the ranks of the underserved. We can prevent nonprofits from drowning now so they will still be around when our economy improves and our grantmaking portfolios rebound.

CalWellness.org
January 2004

Stay Course on Gang Prevention Funding

By Gary L. Yates

Newspaper coverage of gang-related fatalities in California paints a portrait of overwhelming and uncontrollable violence.

Editorial pages describe communities affected by violence as bullet-ridden war zones that sound like Baghdad, Iraq.

Community members are portrayed as helpless victims. Labeled as "urban terrorists," perpetrators of violence are cast as monsters beyond reform. And the only proposed cures for this epidemic are more police officers and more prisons.

Traditionally, policymakers have found it difficult to support programs that are not guaranteed to produce a definitive result — unlike incarceration, for example — when public concern about crime and safety is high.

In Sacramento, it's difficult to support expenditures that might reduce crime and prison costs in years to come when voters are clamoring for action now.

However, missing from this picture is the proven effectiveness of public health strategies to eradicate the breeding grounds of crime.

Statistics show that violence prevention programs save lives and tax dollars — up to \$3 for every \$1 invested, according to a 1998 Rand report.

Throughout California, violence-prevention nonprofit groups are struggling financially, making it imperative that Sacramento respond.

The situation is similarly grim at the local level. Frustrated with what he thought were inadequate violence prevention efforts from local agencies and organizations in Salinas, Brian Contreras founded the Second Chance Family & Youth Services to provide mentoring programs for youth and community-based conflict resolution programs for gang members entering the juvenile system.

Since inception, the program has given "second chances" to more than 3,000 youth, ages 11 to 18.

Unfortunately, because of budget cuts last year, the Second Chance program lost \$400,000 of its annual operating budget, and this year will lose another \$100,000.

The program has been forced to reduce its staff from 14 to three.

This at a time when Salinas' crime rate is skyrocketing, with 17 of the recent 19 homicides being gang-related, and the majority of victims being under the age of 20.

As California faces a daunting state budget deficit, tough decisions will have to be made about the most effective allocation of resources for violence prevention programs.

One can simply hope that elected officials in Salinas and Monterey County will do the right thing.

Given the complexity and obtuse language of state budgets, many elected officials and their staffs may not even know how proposed cuts will affect their constituents.

But policymakers also have a responsibility to fund effective programs that address the causes of violence. They also must inform the public about prevention programs that work.

By doing so, they can help the nonprofit sector improve the health and safety of our communities throughout California.

GARY L. YATES is the president and chief executive of the California Wellness Foundation, which has funded violence prevention programs over the past 11 years.

CalWellness.org
2003

New Thinking Can Help Defeat Gang Violence

By Gary L. Yates

Newspaper coverage of gang-related fatalities in California paints a portrait of overwhelming and uncontrollable violence. Editorial pages describe communities affected by violence as bullet-ridden war zones that sound like Baghdad. Community members are portrayed as helpless victims. Labeled as "urban terrorists," perpetrators of violence are cast as monsters beyond reform. And the only proposed cures for this epidemic are more police officers and more prisons.

Missing from this picture is the proven effectiveness of public health strategies to eradicate the breeding grounds of crime. Statistics show that violence prevention programs save lives and tax dollars — up to \$3 for every \$1 invested, according to a 1998 Rand report.

Here in Southern California, three visionary community leaders — recipients of the California Wellness Foundation's 2003 California Peace Prize — have created violence prevention programs that produce positive results.

After losing his 20-year-old son, Tariq, to gang violence, Azim Khamisa reached out in forgiveness to Ples Felix, the grandfather and guardian of his son's assailant. As founder and president of the Tariq Khamisa Foundation in San Diego, Khamisa developed a program for youths in which he and Felix speak about their experience.

The program explores the consequences of violence and discusses ways of dealing with conflict in nonviolent ways. A survey of elementary school children in San Diego showed that before Khamisa's program, only seven percent said they believed that joining a gang was dangerous. After the program, that figure soared to 92 percent.

In Los Angeles, former gang member Bo Taylor founded Unity One, a street ministry that offers job opportunities and life-management skill training to formerly incarcerated youths. During the last four years, Unity One has helped more than 1,900 inmates at the Pitchess Detention Center learn how to interact with inmates of different backgrounds and gang affiliations.

As founder and executive director of the Community Coalition in South Los Angeles, Karen Bass has led successful community-based anti-violence campaigns since 1990. Acting on research showing that communities with a greater density of businesses selling alcohol have a higher risk of violence, Bass' organization prevented the rebuilding of 150 liquor stores after the 1992 civil strife. The coalition worked with business owners to transform more than 40 of these sites into grocery stores, coin laundries and other community services.

These are just a few of the successful violence prevention strategies that have helped stem the tide of violent activity. Clearly, the current system is flawed. A Little Hoover Commission report points to the ineffectiveness of California's \$1.4-billion parole system, in which parole violators account for two-thirds of newly incarcerated inmates.

As California faces a daunting state budget deficit, tough decisions will have to be made about the most effective allocation of resources for violence prevention programs. Arnold Schwarzenegger's advocacy of last year's Proposition 49, which sought additional funds for after-school programs for at-risk youths, was a step in the right direction.

Covering violent crime exclusively from a law enforcement perspective is the shortest route to an attention-grabbing headline. But reporters and editors also have a responsibility to investigate the causes of violence and to inform the public of prevention programs. By broadening the coverage of violence to include a social and environmental perspective, the media can help us improve the health, safety and prosperity of our communities.

Don't Call Us "Conversion Foundations"...Please

GARY L. YATES & THOMAS G. DAVID

The California Wellness Foundation

A hot topic of discussion in philanthropic circles in recent years has been the phenomenon of sizable new foundations being created as the result of nonprofit health care organizations converting to for-profit status. There are good reasons for the interest. According to the latest figures from Grantmakers In Health's Support Center for Health Foundations, there have been more than 134 new foundations established as the result of conversions in the past fifteen years, with assets totaling more than \$15 billion. In a relatively short period of time, the dollars available for health-related grantmaking have essentially doubled.

While for-profit conversions are increasingly a national phenomenon, California has been an epicenter for this "seismic" activity, and is home to the three largest foundations established through the conversion process. We work for one of them. The California Wellness Foundation was created in 1992 when Health Net, then the state's second largest HMO, became a for-profit corporation. The size of that transaction (initially about \$350 million, which eventually increased to more than \$1 billion after subsequent corporate mergers) attracted unprecedented attention from advocates, government regulators, and state legislators.

The conversion of a nonprofit health care provider to for-profit status is a significant event that can have multiple ripple effects for a community and an entire region. Our personal belief is that such conversions should receive careful scrutiny from a variety of stakeholders, including those who have the most difficulty obtaining access to health care — the uninsured and traditionally underserved. Our foundation has made two grants to Consumers Union to support their work in ensuring that health care conversions in California receive that kind of public examination. But we would argue that the critical time for that input is *before* the conversion is approved. Once the new philanthropic organization has been created, it should operate as does any other private foundation, with the trustees charged with the responsibility for good stewardship.

It is important to note that earlier conversions occurred in our state with minimal government oversight or public watchdog activity, resulting in substantial undervaluation of the corporate assets of converting entities. The foundations that were launched as a result of those processes were significantly smaller than they might have been if a more rigorous standard of valuing assets had been in place. The end result of the Health Net conversion was an asset base in our foundation three times the original figure proffered by the company, largely as the result of public scrutiny of the transaction. We strongly support the efforts by both government regulators and community advocates to ensure that a fair assessment of assets takes place.

In the case of hospital conversions, we also support the efforts of our state attorney general and others to help ensure that an appropriate sum is set aside to guarantee continuity of charity care in the region served by the hospital. A recent study by the University of California at San Francisco indicates there is a difference in the quality of care provided by for-profit and not-for-profit hospitals, and that is an appropriate concern in analyzing the impact of such conversions.

However, the 1995 conversion of Blue Cross of California (which resulted in the creation of two large foundations, The California Endowment and the California HealthCare Foundation) was characterized by prolonged acrimonious public wrangling over not only the valuation of assets, but also details of the foundations' corporate structures, including the composition of their boards. The approval of some subsequent hospital conversions in California has hinged on very detailed prescriptive charter restrictions on the scope of the new foundations' grantmaking.

At about the same time as the Blue Cross of California drama was unfolding, one began to see increasing reference to "conversion foundations" as if we represent a distinct subcategory or "class" of foundations. While it may have

served as a useful shorthand device to describe a trend in the making, we would argue that the continued widespread use of the term “conversion foundation” is not only inappropriate, but possibly even damaging to organized philanthropy as a whole.

Why the concern? Is the label “conversion foundation” really any more onerous than “family foundation,” where the source of the endowment helps define a self-identified group of philanthropic institutions? We would argue that there is a key difference in how the two groups of foundations are perceived.

In the mid 1990s, a bill passed the California State Assembly to place the assets of all “health conversion foundations” into one large public foundation. Fortunately, that bill died in the State Senate. But can you imagine for a moment that the Legislature might attempt a similar diversion of assets from The David and Lucile Packard Foundation? Yet our institutions are both independent, private foundations.

Some have argued that there is a distinction to be drawn between “conversion foundations” and the more “conventional” type of foundations established by private wealth or corporate generosity. Their line of reasoning goes something like this: since the public is, in essence, the “donor” of the assets in the case of a conversion, the resulting foundation is a “public trust” and should be structured so that the public has a large voice in its governance and mission. That argument has been translated, in some cases, into a belief that someone other than the trustees should determine a foundation’s activities. This belief manifests itself in articles and discussions about payout, perpetuity, governance and grantmaking focus.

According to our legal counsel, in California there is no basis for any such distinction, once the conversion has been completed. The conversion process involving health care entities is now aggressively regulated in our state, either by the Attorney General or by the Department of Corporations. The regulator’s task is to ensure that the charity receives fair market value for the assets being converted, that the transaction is fair to the charity, that there is no private inurement, and that certain other criteria are met depending upon the applicable statute and regulation.

Once the charity is formed and funded, then it, along with all other California public benefit corporations, is governed by the California Nonprofit Public Benefit Corporation Law. In that body of law, there is no distinction made between corporations created via a conversion process or otherwise. All public benefit corporations have the same powers, rights, responsibilities and obligations under this law. Consequently, references to “public

trusts” or other similar labels are meaningless under California law, which recognizes only a universal entity called a “public benefit” corporation (distinct only from mutual benefit and religious nonprofit entities).

It is true that the Internal Revenue Code (IRC) recognizes certain distinctions among nonprofits, such as the difference between public charities and private foundations. Moreover, there is a significant body of regulations distinguishing those two entities. However, there are no such distinctions in the IRC based upon whether the entity did or did not arise from a conversion.

We would argue, then, that continuing to refer to “conversion foundations” as a group only serves to give credence to a mistaken belief in some circles that we are different from other private independent foundations. It could also do damage to private philanthropy as a whole by encouraging the perception that our assets are “public” rather than that we serve as trustees of funds dedicated to charitable purposes.

At a time when we all need to be doing more to communicate and clarify the role of foundations in society — particularly to those in government — we would like to enlist your help in eliminating the use of the term “conversion foundations.” If labels are necessary, we’d prefer “health foundations” or “new health foundations” since the mission of most is to promote health and/or provide access to health care.

Do we think we merit special treatment? Not at all. We simply want to be acknowledged as what we are — individual private nonprofit public benefit corporations that are as different from one another in operation as we may be alike in mission — just like other private foundations. Whatever our origins, what we *share* is most important — which is a commitment to accountability for good stewardship of our foundations’ assets for the benefit of the grantseeking public and those populations in need that they serve.

Gary L. Yates is President & CEO and Thomas G. David is Executive Vice President of The California Wellness Foundation.

VIEWS FROM THE FIELD is an occasional series offered by GIH as a forum for health grantmakers to share insights and experiences. If you are interested in participating, please contact Saba Brelvi of GIH's staff at 202.452.8331 or sbrelvi@gih.org.

Interviews

- "Bringing Diversity to California's Health Professions," *Philanthropy News Digest*, May 11, 2006
- "On the Role of Health Foundations in Caring for California's Poor," *LA Times*, March 29, 1998

Philanthropy News Digest
A Service of the Foundation Center
May 11, 2006

Gary L. Yates, President and CEO, California Wellness Foundation: Bringing Diversity to California's Health Professions

*The **California Wellness Foundation** was created in 1992 as a result of the conversion of Health Net, one of the largest provider networks in the state, from nonprofit to for-profit status. Under the terms of the California Department of Corporations' conversion order, the foundation received the equivalent of the department's valuation of Health Net at the time — \$300 million, plus 80 percent of the equity in the holding company formed as Health Net's parent. The subsequent merger of Health Net's parent company and QualMed increased TCWF's assets dramatically. The foundation, which operates independently of Health Net, currently has assets of approximately \$1 billion.*



Earlier this spring, Philanthropy News Digest spoke to Gary L. Yates, president and CEO of the foundation, about the foundation's grantmaking priorities and initiatives to increase the diversity of the healthcare professions in California.

In addition to serving as president and CEO of the California Wellness Foundation, Yates serves as a member of the foundation's board of directors. He is also assistant clinical professor of pediatrics at the University of Southern California School of Medicine, and is a licensed marriage and family therapist.

Yates joined the foundation staff in 1992 after more than twenty years of experience in education and public health. Immediately prior to his association with the California Wellness Foundation, he was associate director of the division of adolescent medicine at Childrens Hospital Los Angeles. Yates received his undergraduate degree in government from American University in Washington, D.C., and his master's degree in counseling psychology from the University of Northern Colorado. His primary area of interest and expertise is adolescent health, about which he has written and spoken extensively.

Yates is actively involved in the leadership of numerous philanthropic, civic, and community organizations and currently serves as vice chair of the board of Independent Sector. He previously served as vice chair of the board of the Council on Foundations and chair of the boards of Grantmakers in Health, the Foundation Consortium, and Southern California Grantmakers. In recognition of his civic leadership and work in the field of health and human services, Yates has received numerous awards and official commendations.

Philanthropy News Digest: Tell us about your background and what led you to the California Wellness Foundation?

Gary Yates: My background is in education and health care. Prior to coming to the foundation, I was the associate director of adolescent medicine at Children's Hospital in Los Angeles for ten years. I wouldn't say anything in particular led me to the foundation. It was new and, at the time, the largest health foundation in California, and when I was recruited to manage its first initiative, I felt I couldn't pass up the opportunity.

PND: What is the foundation's mission?

GY: Our mission is to improve the health of the people of California by making grants for disease prevention, health promotion, and wellness education.

PND: And the focus of your grantmaking?

GY: We have what we call a responsive grantmaking program. We have prioritized eight issues for funding, including mental health, healthy aging, women's health, teen pregnancy prevention, violence prevention, work and health, environmental health, and increasing the diversity of the healthcare workforce.

We also have what we call a special projects fund for issues and projects that don't fall under any of those eight priorities. Currently, the two major areas of focus within the fund are sustaining the healthcare safety net — especially with regards to community clinics and public hospitals here in California — and focusing on public policies that increase access to healthcare for the underserved. It's also important to note that while it is not explicitly stated in our mission, our articles of incorporation dictate that we focus on the state's underserved communities.

PND: What do you see as the greatest health-related issue or issues facing Californians today?

GY: Well, the eight I mentioned. But if you're asking me to boil it down to the most salient at this point in time, I would say there are two: The first is preserving the healthcare safety net for underserved Californians, which means, among other things, keeping community clinics and public hospitals not just open but viable. And the second has to do with the diversity of California's healthcare workforce. The future of the State of California will be driven, in many ways, by demographics. And looking ahead to 2020, three things really jump out at you. First, the population of the state, which already has thirty-three million residents, is growing fairly rapidly and will increase by another ten million people by 2020. Two, over that same period, the number of Californians age sixty-five or older will increase by 70 percent. And, three, the state's population will continue to become more diverse.

As you probably know, California is one of the few states that does not have an ethnic majority — currently, Caucasians comprise roughly 48 percent of the state's population and Latinos are about a third. According to most projections, however, that will shift in the next fifteen years, with Latinos comprising 43 percent of the state's population by 2020, Caucasians dropping to about 33 percent, and Asians comprising about 13 percent. So, changing demographics, the continued aging and increased diversity of the state's population, and adding another ten million people to that population are all major challenges for any health funder, including the California Wellness Foundation, as well as for public policy makers.

PND: Why is diversity within health-related professions such an important issue?

...A lot of families have their children acting as interpreters with their parents' healthcare providers, which is not a healthy situation at all....

GY: There are several reasons. There's a growing body of evidence that suggests that ethnic minority health practitioners are more likely to practice in underserved and low-income areas. Therefore, one way to increase access to health care for the underserved is to increase the number of ethnic minority physicians, nurses, and other healthcare workers. There's also the issue of language and cultural competence. One of every four people in the state is an immigrant. Most are here legally, but many, when they first arrive, do not speak English, or do not speak it very well. So you have a situation where a lot of families have their children acting as interpreters with their parents' healthcare providers, which is not a healthy situation at all.

Language and cultural competence, the willingness to practice in ethnically diverse communities — all of this suggests that having a more ethnically diverse healthcare workforce will translate into more access and better care for Californians. But, as a state, we're way behind. I'll give you an example. As I mentioned, Latinos comprise a third of the state's population today. But only 4 percent of the physicians and 4 percent of the nurses in the state are Latino. So we have a long way to go, especially when you factor in the changing demographics I mentioned.

PND: What are the major barriers to increasing the diversity of California's healthcare workforce?

GY: There are many. The fact that California no longer supports affirmative action is a major barrier, and that, in turn, means institutions of higher education in the state need to do a better job of reaching out to underserved communities. Then there's the whole issue of young people in underserved or minority communities thinking that a career in health care is beyond their reach, which is not so much a barrier as it is a paradigm that needs to be changed. We simply have to do a better job of teaching young people in underserved, low-income communities about careers in health and health care; we have to let them know that they can get the kind of education they need for those careers; and we have to help them pay for that education. Obviously, the educational costs of a medical or advanced degree in a health-related field is a major, major barrier for most low-income and minority kids. Many kids coming out of medical school these days start out hundreds of thousands of dollars in debt, and just contemplating that prospect is a major turnoff for young people who are thinking about a career as a health professional.

PND: Tell us about the foundation's Champions of Health Professions Diversity Award?

GY: That's a program we put together at the beginning of 2001 to recognize individuals who have done stellar work and taken a leadership role in trying to increase the diversity of the healthcare workforce. We select three individuals each year to receive the award and provide them with a one-time cash award of \$25,000, no strings attached. We also honor them at a dinner in conjunction with our annual conference and do a good deal of publicity, including a mailing to elected officials, opinion leaders, and media outlets in the state, around these individuals as well

as the issue of diversity itself. In other words, we use the award to help promote a policy agenda concerned with improving access to the health professions for minorities in California.

PND: Has the program been successful?

GY: It's been very effective, so far. I say "so far" because we've learned that when you tackle a really tough issue — and this is a tough issue — you need to stick with it over the long haul, and by that I mean at least a decade, in order to make a difference.

...When you tackle a really tough issue — and this is a tough issue — you need to stick with it over the long haul...at least a decade...in order to make a difference....

But, as we get ready to announce our fourth annual diversity champions, we can look around and say we've made some progress. For the first time in California history, the Senate Health and Human Services Committee has held hearings on the issue of diversifying healthcare professions in the state. In fact, Deborah Ortiz, the senator who chairs that committee, was a keynote presenter at our first diversity award dinner, where she met that year's award winners, and that was the catalyst, I think, for her to dig deeper into the issue. Granted, it's just a step, but it's a step in the right direction.

There's another aspect of this that's more subtle, but by publicizing the good work of the award winners in their local communities, we play a role, however small, in their being seen as role models by other young people in those communities. It provides young people in those communities with tangible proof that they can do something great if they set their minds to it.

PND: Can you tell us about the Welcome Back Centers?

GY: Welcome Back is a program funded by the foundation. We have a couple of grantees in the state that operate programs to help immigrants from other countries with healthcare degrees get the additional education and language skills they need to set up a practice in California.

...It's not just that we need more diversity in the healthcare professions; we need more healthcare practitioners period....

But let me back up a second. When you think about the changing demographic profile of the state, and when you look at trend analyses concerning job creation in California over the next twenty-five to fifty years, one of the things that jumps out at you is the projected need for healthcare workers and professionals. It's not just that we need more diversity in the healthcare professions; we need more healthcare practitioners period — and I'm not just talking about doctors and nurses. I'm talking about lab technicians, radiological personnel, physical therapists, you name it.

I mean, one community college here offers sixteen different degree programs in health-related fields. And that's another leverage point we can use to increase the diversity of health-related professions in the state. The community college system in California is excellent, and in many ways it's very affordable. You can get a certificate or degree in a health-related profession through the community college system, or you can do your preparatory work for medical school or an advanced nursing degree there. So using and promoting the community college system and trying to create more slots than are currently available in various health-related fields is a key

component in increasing not only the number of healthcare professionals in the state, but also the ethnic diversity of those professions.

PND: Does the California Wellness Foundation collaborate with other foundations or partners to achieve its goals?

GY: Not in the way that people usually think of collaboration. Until last year, when it ended, we were involved in something called the Foundation Consortium with fifteen or so other foundations. And we do a good deal of co-funding with other health funders in the state. We, meaning the CEOs of about a dozen other health funders, also meet on a quarterly basis to share information about our programs, the kind of things we're doing, and new directions we may be considering, so that the right hand knows what the left hand is doing, so to speak.

PND: Is there any other initiative you'd like to tell us about today?

GY: The one thing I haven't mentioned is the public ed campaign we're preparing around the issue of diversity in the healthcare workforce. It really has two distinct components. The first is to push the policy envelope and raise the visibility of the issue across the state. And the second is to develop a comprehensive Web site for young people where they can learn everything they ever wanted or needed to know about careers in health or healthcare — how much they pay, what type of education you need, what you need to do to get the appropriate certificates or licenses, career advancement opportunities, and so on. Nothing like that exists right now for Californians, and as we were researching how today's high school and college students gather career information, it became clear that the Internet is the first place they turn to for that kind of information.

So we hope that by gathering that information in one place, we can help to open a few doors for young people as well as increase interest in these kinds of educational tracks from underserved communities. That, in turn, would put pressure on Sacramento to put more funding into our community college system, and especially into programs related to health and healthcare employment. You know, we shouldn't have to recruit people from outside the state or country to fill those jobs. There are millions of Californians who need good jobs. So we think a public education campaign is the next logical step in pushing the issue to the forefront in California.

PND: Well, thanks for your time today, Mr. Yates.

GY: Thank you.

Kevin Kinsella, PND's deputy director, spoke with Gary Yates in April. For more information on the Newsmakers series, contact PND Editorial Director Mitch Nauffts at mfn@foundationcenter.org.

Gary Yates

On the Role of Health Foundations in Caring for California's Poor, LA Times

March 29, 1998|Kay Mills | Kay Mills is the author of "Something Better for My Children: The History and People of Head Start."

Health-care foundations with more than \$9.3 billion in assets are operating nationwide as a result of the sale or conversion of nonprofit hospitals and health-care plans into for-profit businesses--and California has led the way. But not without controversy. What happens to health care for the poor when hospitals or health-care plans concentrate on people more readily able to pay for treatment or insurance?

State law requires that the assets built up by nonprofits, which receive favorable tax treatment, be used for charitable purposes, so most conversions result in the establishment of foundations. Three of the largest such foundations are in California: the California Health Care Foundation and the California Endowment, created when Blue Cross of California converted to a for-profit business, and the California Wellness Foundation, set up when the Health Net plan converted in 1992.

While these conversions were occurring, Congress changed the welfare laws and shifted more responsibility onto state and local governments, which now serve more poor people. California Wellness Foundation President Gary L. Yates insists that foundations cannot--and should not--take the place of sustained government commitment, but that they can play a role. In addition to helping community clinics make needed changes in the post-welfare era, the foundation also may be expanding the definition of wellness. For example, one set of grants goes to organizations helping young people use computers. "We think that's an important health intervention, because we're helping them to have better employment, better wage jobs, therefore better benefit packages," Yates said. The foundation also targets grant money for teen-pregnancy prevention and efforts to reduce gun violence, the leading cause of death of Californians under age 20.

Yates, 54, came to the foundation after many years at Children's Hospital, where he focused on adolescent medicine. He also taught at University of Southern California Medical School, training doctors, psychologists, social workers and others about working with adolescents. Earlier, he taught in Hawaii at a high school for young people with academic or behavioral problems. His wife, Ann, teaches first grade in Irvine. They have five sons, ranging in age from 22 to 15. A government major with a degree from American University as well as a master's degree in counseling psychology, he still enjoys reading history.

It's often difficult for a foundation head to attend an event without being approached by people with hope for a grant in their eyes. "I think that it's part of the job," Yates says. "I understand it because I was on the other side of the grant-making world for a long time. For 20-plus years I wrote grants to foundations. It's just part of what you do. But anywhere I go, I make sure I carry my cards."

Question: The controversy over the sale of Queen of Angels Hospital has spotlighted foundations formed when nonprofit health-care organizations are sold or converted to for-profits. Aren't poor people the losers in these conversions?

Answer: I certainly don't think poor people are the losers in conversions of the type that we are part of--the conversion of a health insurance plan to for-profit from nonprofit. The vast bulk of our grant-making goes to disadvantaged communities. I don't think you could say that about the vast amount of people who were covered under Health Net when it was a not-for-profit HMO. Most of us, in order to get covered that way, have to have a pretty well-paying job with a good benefit package. So the poor benefit dramatically from the work that gets done.

Q: You make a distinction between hospital sales and HMO conversions?

A: There is a big distinction. What I think people are pointing to is that hospitals like Queen of Angels provide a great deal of care for people who do not have the ability to pay. Who is going to pick up that indigent care? The attorney general in this state has taken a strong stance that a foundation that will be created from such a sale is going to put a lot of its grant-making into funding the types of care done by the nonprofit hospital.

Q: What percentage of the Wellness Foundation grants go for direct services for the indigent, and if it's not 100%, why not?

A: The conversion order for the foundation said that every year at least 50% had to go for direct services, and we've met that. I can't say it's all for indigent because that wasn't part of the order.

Q: OK, low income.

A: It doesn't say that either. But that's where our grant-making has focused. Most of the recipients of the direct services provided through our grants have either been low-income or indigent folks. And we've usually exceeded that amount. Last year, it was 70%.

It's important to realize that foundations can do a lot more than provide direct service. If all they do is provide direct service, they are not going to have the resources to provide the services at the level required. A foundation like this, that makes \$40 million a year in

grants--even if it was all direct service--doesn't come close to providing the services needed. We're focused on prevention so, hopefully, the type of services that we're paying for--for example, prenatal care, family planning, immunization--are actually going to help decrease the cost.

Q: Two of the largest conversions--yours and the one from Blue Cross of California--occurred in this state. That means you and those two foundations help set the agenda for health-care philanthropy here. If projects don't fall within your target areas, isn't there a grave risk that some innovative programs fall through the cracks?

A: Oh, absolutely, which is one of the reasons that we have five priority areas. But we also have what we call a special projects fund. That allows us to deal with what you're talking about--a creative, important, needed program, that would come to our attention, we still have the ability to fund even though it's not within one of those five priority areas.

This is where most of the work we've done around federal devolution has been done--out of the special projects fund. We've made millions of dollars in grants over the last two years to shore up community clinics, to provide funds for community advocates around access to health care, to provide some monitoring and evaluation of MediCal managed care as it's being implemented in the different counties--none of which fit under our priority areas, but all of which fit under the rubric of improving the health of the people of California.

Q: Do you feel it's a fair description that you have a lot of influence on the money that gets spent on health care and perhaps on what the state will ultimately do?

A: I'm not sure about a lot of influence. There is a potential to be helpful. Foundations which care about the health of the people of the state can certainly put some of their grant-making money into programs and institutions that help educate policy-makers and opinion leaders in some of the thinking about how best to write policies and programs that will help enhance the health of the people of the state.

The ship of state is tough to influence, and to think that just because a foundation makes \$40 million in grants a year, it's going to be able to influence state policy--that, in and of itself, will not do that. We give funds to the Health Policy Institute at UCLA. They provide good information to policy-makers on a lot of the issues. We have funded the California Center for Health Improvement in Sacramento. It has conducted regular surveys of the state population and their opinions about health issues and provided that in informational packets to the Legislature. Last year, they did one on welfare reform. Welfare reform has a clear potential to impact health of those affected by it.

Those are the ways you can have some influence, but we are not--these two foundations--going to be able to set the agenda for health care in California.

Q: The health-care industry has so much more money--

A: Oh, absolutely. And not only that, but the health-care industry can directly lobby the state for changes. Private foundations are prohibited from lobbying. Again, we can provide information and education, but this foundation's mission is to improve the health of the people of California. Our way of doing it is by making grants.

Q: Four years ago, the foundation spent about \$4 million on TV commercials on Proposition 188 that the tobacco industry was sponsoring. It was defeated. Now, isn't that lobbying?

A: It certainly would have been lobbying if we had taken a stance on it one way or the other. If we'd have said, "Vote Yes for 188," or "Vote No on 188," that would have crossed the line. We gave a grant to another organization to do a public education campaign that was neutral on 188. It basically said the citizens of this state should get the facts about that ballot initiative. It was an important health initiative. People who saw those ads were shown what one side said about it and what another side said about it--straight out of the voter guide.

I personally believe that in a democracy, around any issue, whether it's health or something else, an informed public is best. This is another role that foundations have an opportunity to play--providing grants to entities that can help inform the public.

Q: Some people applaud the foundation's advocacy stance and the attempts to make systemic change; other people say it's out of line. How far do you think you can go with advocacy?

A: If all we were doing were the grants that were advocacy or information oriented, people might have a legitimate concern about that's all the foundation does. We are much broader than that. We provide everything from direct patient care to information and advocacy programs. When you're criticized, it usually means you're having an effect. You're not a neutral.

How far one goes? As far as one needs to go to help improve the people of California, within existing state and federal law. We are fiduciaries at the foundation's board level, with a public trust to make the grants of the foundation within the guidelines given to us. As long as we do that, we haven't gone too far.

News Articles

- "Grant Makers Should Encourage Debate, Not Dictate It," *The Chronicle of Philanthropy*, April 23, 2009
- "Defending A Foundation's Decision to Withdraw Money," *The Chronicle of Philanthropy*, May 7, 2009

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The Chronicle of Philanthropy

April 23, 2009 Thursday

Grant Makers Should Encourage Debate, Not Dictate It

BYLINE: William A. Schambra

SECTION: OPINION; Pg. 38 Vol. 21 No. 13

LENGTH: 1322 words

If the foundation watchdog group National Committee for Responsive Philanthropy intended its new report "Criteria for Philanthropy at Its Best" to stir vigorous debate about the means and ends of grant making, it has succeeded beyond its wildest dreams.

The major philanthropy associations, foundation presidents, and philanthropy blogs have all weighed in, many taking issue with its benchmarks, which include recommendations that at least 50 percent of a foundation's grant dollars go to the poor and disadvantaged, and that in all their grant making, foundations reserve 50 percent of grants for general operating support and 25 percent for advocacy efforts.

Amid the welcome debate the report precipitated was one sour note: The California Wellness Foundation chose to rescind its \$10,000 grant to the watchdog group, as well as its membership listing.

Remaining a member of the committee, the foundation's president, Gary L. Yates, explained in an e-mail message to The Chronicle, "implies endorsement of its report," while in fact his foundation does "not endorse a 'one-size-fits-all approach' or benchmarks for all foundations."

In a phone interview, Mr. Yates stressed that the foundation was not rescinding a grant but canceling a membership.

Technically, it's difficult to sustain that distinction, since Mr. Yates's letter to Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy, notes that the California Wellness Foundation is not only "canceling its membership" in the organization but also "rescinding grant #2009-009" and asking for the return of "any remaining funds from the grant." But such technicalities are beside the point. There's no quibbling with the broader characterization of the grant maker's action. A major national foundation chose to express its dissatisfaction with a grant recipient's point of view about the proper role of philanthropy in America by abruptly withdrawing financial support.

I would argue that this response to the report is disproportionate and inappropriate, and threatens to chill the very interest in advocacy by its grantees that the foundation otherwise pledges to support.

I should make clear that I have spent my entire professional career working for presidential administrations, think tanks, and foundations that have been favorite targets for the National Committee for Responsive Philanthropy's sharp and sustained criticism, some of it thoughtful and soundly argued, some not.

Furthermore, I am not at all in sympathy with the committee's report.

Its sensible parts are too easily obscured by what seems to be an ideologically charged call for all foundations to move decisively toward liberal or progressive "social justice" grant making. I would, conversely, like to see more foundations support conservative projects, but it would not occur to me to insist that 50 percent of foundation grants should go to bolster free-market ideology or orthodox religious evangelization.

Nonetheless, the committee plays a critical role in the philanthropic universe.

In a field obsessed with arcane technical discussions about designing, monitoring, and measuring grants, it reminds us that foundations must pay attention as well to the ultimate ends or purposes they serve, and how they promote the public interest.

In a professional discourse choked with ethereal, obscurantist cant, it speaks clearly and forcefully, in plain words, about philanthropy's obligations to the smallest grass-roots groups in the most forgotten neighborhoods.

And in a world where everyone speaks in hushed tones for fear of offending the panjandrums of philanthropy, it is unafraid to call even the largest foundations to account, naming names if necessary.

Mr. Yates's decision to withdraw money from the committee reminds us why that sort of clear, forceful, and honest appraisal is in such short supply within philanthropy.

The decision is particularly startling, given the California Wellness Foundation's professed desire to be particularly flexible and generous toward grantees.

Judging from its public pronouncements, the foundation prides itself on its efforts to move away from the sort of imperiousness that typifies many foundations.

With its goal of serving "the particular health needs of traditionally underserved populations, including low-income individuals, people of color, youth, and residents of rural areas," the foundation realized early on that the usual top-down, foundation-designed strategic efforts tended to serve the purposes of researchers more than poor neighborhoods.

And so it set out to be more receptive to projects people design themselves to serve local needs, to attend to nonprofit groups' long-term sustainability by making more multiyear grants for general operating support, to provide recognition and training for their leaders, and to support their active participation in public-policy making.

Summing up this approach in an article prepared for Independent Sector in 2003, Mr. Yates argued that foundations should get away from the belief "that we know a better way than those who actually do the work," and that after making a grant, "foundations would be wise to get out of the way and let the nonprofits do the work."

The withdrawal of the National Committee for Responsive Philanthropy membership grant suggests that the foundation doesn't follow its own advice.

While it says it supports robust nonprofit engagement in public policy, that support apparently extends only to narrowly tailored political forays serving purposes amenable to the foundation. If a nonprofit group should instead engage in freewheeling and unfettered deliberation about public policy and arrive at conclusions at variance with the foundation's preferences, as did the committee, enthusiasm for advocacy suddenly abates.

This sort of behavior leaves nonprofit groups deeply distrustful of philanthropic rhetoric about wishing to alleviate the power imbalance between grant maker and grantee by becoming partners, co-producers, or collaborators rather than puppet masters.

But doesn't Mr. Yates have the right, if not the responsibility, to put distance between himself and the committee's report if he disagrees with it? Of course. But it could have been done without such a high-handed yank on the money strings.

Paul Brest, president of the William and Flora Hewlett Foundation, took to the Huffington Post Web site to write a five-part criticism of "Criteria for Philanthropy at Its Best," describing it as "breathtakingly arrogant," "a tendentious one-sided brief," and "bordering on the intellectually dishonest."

Hewlett was and remains a supporter of the committee, but Mr. Brest leaves us with little doubt that this doesn't "imply endorsement" of its report.

Mr. Yates similarly would have done philanthropy a great favor by joining the public debate over the report. It would have been valuable to hear more of his thoughtful arguments about the need to "respect the diversity in the philanthropic sector and the independence of private foundations to honor donor intent, mission and strategy," as he noted in his e-mail message to The Chronicle.

As it was, we heard his voice only after it inadvertently came to light that his foundation had quietly resorted -- with very little substantive argument or explanation -- to the philanthropic nuclear option: the withdrawal of money.

A step taken in the name of preserving diverse points of view in the foundation world ironically makes clear that the degree of diversity to be tolerated will be dictated by the foundations themselves. Their grantees, by contrast, would be well-advised to attend carefully to the philanthropically imposed limits of diversity, however much they are otherwise encouraged to become free and vigorous participants in public-policy discussions.

William A. Schambra is director of the Bradley Center for Philanthropy and Civic Renewal at the Hudson Institute, in Washington.

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The Chronicle of Philanthropy

May 7, 2009 Thursday

Defending a Foundation's Decision to Withdraw Money

SECTION: OPINION; Pg. 37 Vol. 21 No. 14

LENGTH: 954 words

To the Editor:

In response to William Schambra's article "Grant Makers Should Encourage Debate, Not Dictate It" (April 23), we reject the characterization that by canceling our foundation's membership grant to the National Committee for Responsive Philanthropy we attempted to express our "dissatisfaction with a grant recipient's point of view ... by abruptly withdrawing financial support" following the release of the committee's report "Criteria for Philanthropy at its Best."

This is simply not true. To the contrary, as shared with Mr. Schambra during his interview with me, I absolutely support the right of NCRP or any other organization to take any positions they deem appropriate. I also respect his individual right to draw conclusions or take positions on issues.

However, missing from Mr. Schambra's commentary is key information I thought I shared with him when he interviewed me: When NCRP provided us with an early draft of its report to seek our endorsement, it included recommendations promoting a regulatory agenda that our foundation and many in our field reject. The first draft of the report stated:

"Watchdogs like NCRP will use the criteria to praise field leaders and criticize those that do not measure up. Policy-makers may find the criteria valuable when considering regulations or legislation that affect institutional grant makers."

We strongly disagree with this approach and did not want to be perceived as endorsing it by continuing our membership. We respect diversity in the philanthropic sector and the independence of private foundations to honor donor intent, mission, and strategy. We do not endorse a "one-size-fits-all approach" or benchmarks for all foundations.

Since its founding in 1992, the California Wellness Foundation has funded hundreds of millions in grant dollars to non-profit organizations engaged in advocacy and policy efforts, which have included paradigm-challenging and sensitive public positions on health and wellness issues. We have never rescinded a grant because we disagreed with the non-profit organizations' positions, nor would we do so now. In fact, we recently opposed legislation sponsored by one of our grantees and we did not rescind its grant.

The overwhelming majority of the estimated \$50-million we make annually in grants is not for institutional memberships, as was the case with the \$10,000 membership grant to NCRP. The majority of our grant making is for core operating and project support reaching diverse, underserved communities in California. They are not membership grants that can imply tacit endorsements of organizations' positions or public actions. We believe there is a difference.

It serves no useful purpose to selectively glean information when an honest disagreement has been aired and settled between two parties. More troubling is Mr. Schambra's characterization of the withdrawal of a small membership grant as "nuclear" when the head of NCRP, in providing information to the news media, contradicts him by stating: "It's not that big a deal."

Hyperbole aside, there are far more important issues for grant makers to discuss today. The severe economic recession comes to mind. A recent survey by the Foundation Center indicates that nearly two-thirds of foundations plan to reduce their grant making in 2009. Despite heavy losses in our investment portfolio, we intend to make approximately \$50 million in grants this year -- the same as we did in 2008. As has been the case for more than 15 years, TCWF grants will go to hard-pressed health and human-service providers as well as advocacy organizations.

In my opinion, this is the paramount issue facing the philanthropic sector today, about which I would like to see more conversation and commentaries: using our reduced portfolios as effectively as possible to alleviate the increased strains facing an already overburdened nonprofit sector.

Gary L. Yates

Chief Executive Officer
California Wellness Foundation Woodland Hills, Calif.

To the Editor:

Given the "less than balanced" presentation of the National Committee for Responsive Philanthropy matter in the April 23 Chronicle edition, I thought some additional points were worth noting.

First, I don't think you'll find a foundation more respected by applicants and grantees than the California Wellness Foundation. It sets the standard in terms of being accessible, transparent, and respectful of grant seekers. Independent surveys confirm that fact.

Second, the committee was not just engaged in presenting another critique of philanthropy. Rather, it was engaged in a direct attack on philanthropic governance, a fact not mentioned in Mr. Schambra's article.

The draft of the report, which was widely circulated, indicated that policy makers might find the recommendations useful in crafting future legislation to regulate philanthropy. Aaron Dorfman, head of NCRP, deleted this reference in the final report, as a result of the criticism it generated. This did not stop him, however, from inviting Congressional representatives to the press conference announcing the report. Since then his comments on this matter have been less than convincing. [Editor's note: Mr. Dorfman's article "Foundations Need to Think Hard About Their Blind Spots" also appeared in the April 23 issue.]

Until he publicly states that he will oppose any legislation resulting from the recommendations in the report, a reasonable person might conclude he still has a legislative agenda. This seems like a very good reason to cancel membership in his organization. Why not withhold resources from an organization that appears committed to harming philanthropy with unnecessary mandates and regulation?

Fred Ali
Chief Executive Officer
Weingart Foundation
Los Angeles

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