

THE CALIFORNIA ENDOWMENT
HOW CAN THIS
LEADING HEALTH EQUITY
FUNDER BOLSTER
ITS COMMUNITY IMPACT?

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BY **GITA GULATI-PARTEE**



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EXECUTIVE SUMMARY

The California Endowment (TCE) was founded in 1996 with an explicit health justice mission that endures to this day: “to expand access to affordable, quality health care for underserved individuals and communities and to promote fundamental improvements in the health status of the people of California.” By 2012, the asset base of this health conversion foundation stood at \$3.7 billion, with annual giving at \$144 million. Its primary grantmaking strategy is known as Building Healthy Communities (BHC). In 2009, TCE committed more than \$1 billion over 10 years to statewide policy advocacy and strategic communications as well as deep and targeted investments in 14 selected communities across the state.

Results of this assessment were overwhelmingly positive. The California Endowment exemplifies strategic social justice philanthropy on virtually all of NCRP’s measures. In fact, through the process of this assessment, what we learned about TCE’s strategy and impact informed NCRP’s decision to award the foundation its 2014 Impact Award for large private foundation. The findings shed light on why and how the foundation accomplished these results, offer guidance as it makes decisions about what to keep doing and what to change, and can inspire other grantmakers that are pursuing similar paths.

There is always room for improvement, particularly because there is no simple or linear path to social justice; the complexity and interconnectedness of social structures means that solutions in one arena often create consequences in other parts of the system. Funders like TCE that are committed to this work must be open to honest feedback and continuous learning – not in the hopes of achieving perfection, but of being more aware of and sensitive

about trade-offs, making them thoughtfully and mitigating them when possible. Key findings from this assessment are:

- 1. The California Endowment is pursuing a bold and robust strategy that is helping move the needle toward equity.** The foundation has helped expand health access and equity through its support of national health reform, changes in school discipline policies and focused attention on the urgent needs of boys and men of color. TCE explicitly addresses disparate outcomes, impacts, treatment and opportunities for low-income communities, communities of color, immigrant populations and other marginalized groups. It invests in social change strategies such as policy advocacy and community organizing to address root causes of inequity, as well as to build power among those most affected so they can engage in the discussions and decisions that affect their lives over the long term. The current focus on 14 communities across California enables a systems approach that can lead to real changes people can experience directly, as well as build their will, skill and relationships to participate actively and effectively in civic life now and in the future. The corresponding focus on changing statewide policy and public opinion means that what happens in those communities can aggregate to far-reaching impact across the state.
- 2. The California Endowment embraces power as a driver of change and invests in efforts to build community power, particularly of those most affected by health inequities.** According to Foundation Center data, TCE is in the top tier of foundations – and surpasses NCRP’s recommended levels – in its support

for vulnerable populations and its investment in social justice strategies.

TCE's approach distinguishes BHC from other funder-driven place-based initiatives because it explicitly seeks to build power at the local level and connect it with statewide policy change. Using a community organizing strategy enables TCE to fully tap the potential of systems change – both in terms of the interlocking systems that shape a community and also to connect local, state and federal systems. By building the organizing capacity of service organizations in BHC sites, TCE's approach also helps to bridge the usual divide between policy advocacy and direct service work.

3. The California Endowment leverages a robust menu of resources and entry points to make change in addition to grants; some worry that this strength undermines the capacity of non-profits to drive change for the long term. As early as its inaugural annual report, TCE referenced the notion of being not just a grantmaker but a changemaker as well. This means leveraging the full spectrum of resources available to foundations to effect change, including funding advocacy efforts, directly engaging in advocacy and strategic communications, using its convening power, providing technical assistance and aligning its investment strategy with grantmaking goals. While stakeholders identify this as a core strength of the foundation, especially in comparison to its peers in the field, several also express concern about the balance between grantmaking and other activities that grantees themselves also may undertake. They caution TCE to ensure that nonprofits continue to maintain a robust capacity to engage in advocacy.

4. The California Endowment leads by example, makes strategic use of the bully pulpit and models the power of diversity to drive social change.

One notable change-making strategy is the foundation's willingness to use its leadership, influence and "bully pulpit" to advance issues related to its social justice mission. CEO Dr. Robert Ross is viewed as a bold and humble leader in philanthropy, public health, health equity and other arenas. While interviewees offer candid critique and suggestions for how the foundation might improve its efforts, they express universal respect and genuine appreciation for Ross's values and leadership. And he has surrounded himself with other diverse leaders who are regarded as the best and brightest in their respective fields.

5. Some of The California Endowment's grantmaking practices limit grantees' flexibility to engage in the full spectrum of systems change work.

While the foundation provides multi-year funding, it has limited its ability to grant general operating support. In 2011, only 10 percent of its grantmaking went to general operating support grants, well below the 50 percent that NCRP recommends for effective grantmaking.

6. The California Endowment struggles to align the various moving parts that comprise its complex social justice strategy. Alignment could be stronger at multiple levels – between statewide policy and community-based work; across various funding pools and between grantmaking and investments; between programmatic and operational needs; and between community organizing and more traditional program-officer perspectives within the foundation.

7. The California Endowment invests in learning for impact; specific outcomes are emerging from the experience on the ground. Social justice work is complex and TCE has commissioned numerous studies to probe these complexities and learn from them. In partnership with grantees, the foundation is articulating signs of progress that they are building community capacity and power, and learning how these help improve health equity.

The California Endowment exemplifies strategic social justice philanthropy in many ways, including its attention to continuous learning and improvement. The following recommendations are offered in that same spirit.

- 1. Continue the explicit and robust commitment to social justice.** TCE is already a national leader and its current approach clearly is producing important and much-needed results. Specifically, continue prioritizing support of marginalized communities, social change strategies like community organizing and advocacy, and multi-year funding. Additionally, continue to make use of the foundation's leadership voice to influence the philanthropic field and others to invest in social justice.
- 2. Reinvest in building the nonprofit infrastructure for statewide policy advocacy and rekindle closer coordination with partners from that sector.** This is not to suggest an abandonment of TCE's advocacy and communications efforts, but rather a recalibration between what the foundation funds and what it runs directly. No matter its size and effectiveness, TCE cannot advocate on all issues; having a robust nonprofit advocacy infrastructure means that TCE can focus its efforts without worry that other issues are falling by the wayside. Further, this approach will truly maximize
- the change-maker orientation because nonprofits can include lobbying in their advocacy efforts, unlike private foundations. Having greater capacity will enable grantees to maximize the foundation's efforts, for example, by being able to more fully respond to and integrate the foundation's strategic messaging about health access and equity.
- 3. Increase general operating support grants.** This will help nonprofit grantees build their capacity while also providing maximum flexibility to engage in the full range of advocacy activities, including lobbying. Also, make sure that grant agreements do not include language that unnecessarily inhibits grantee advocacy and lobbying.
- 4. Communicate more directly and transparently about the foundation's intentions, outcomes and lessons.** Stakeholders identified at least three areas in need of greater transparency and communication: (a) how all the pieces of the BHC strategic framework connect and reinforce each other, including the links between power building and health improvement outcomes and the indicators that power is being built; (b) why the 14 communities were chosen and how the local work in these places can support and complement work in other communities that are not directly funded; and (c) the rationale for the focus on systemic support for boys and men of color.
- 5. Involve grantees more directly in strategy development.** While grantees are tapped regularly for feedback to inform learning and evaluation, several of the findings point to the value of and need for greater grantee involvement on the front end of crafting strategies. This includes help with alignment across

foundation efforts to identify and articulate realistic and meaningful outcomes and to ensure nonprofit capacity building remains a priority for the foundation. This would complement TCE's power-building efforts and demonstrate to other institutional and systems leaders that power can be shared and shifted.

6. Align and coordinate the foundation's grant investments across its programmatic areas as well as with mission investments. Internal efforts to promote learning and strategizing across the Healthy Communities and Healthy California teams hold promise. Additionally, while there is some resistance to creating more layers of infrastructure in communities, some greater coordination of both grantmaking and community-based work would be useful. Finally, program- and mission-related investment strategies could better align with and support the work in the 14 local communities.

7. Invest in comprehensive and continuous professional development and training for staff. TCE has a staff of 135 to ensure its capacity to do social justice giving well. This size also allows staff to be located in or near funding sites and have time to connect with communities and build relationships. Especially because the staff is so diverse and dispersed geographically, continuous training, support and internal communications are critical in ensuring a unified team. Program staff need support to blend social justice values with the craft of grantmaking. Operations staff need support to make the links between their day-to-day responsibilities and the social justice mission of the foundation. These efforts will enable TCE to shore up its grantmaking function while also strengthening its work as a multifaceted changemaker.

Strategic social justice philanthropy is not easy. But The California Endowment proves that it is possible. Through its steadfast commitment to building the capacity and power of marginalized communities, its strategic efforts to connect local work with statewide policy, its deep investment in community organizing and the myriad ways it leverages its leadership voice and influence, TCE is well on its way to tapping the full potential of foundations as social changemakers. Continuing and building upon what works, as well as making strategic adjustments consistent with its values, will both strengthen TCE's results and serve as a beacon of hope to the field and to communities most in need of support.

ABOUT THE CALIFORNIA ENDOWMENT¹

The California Endowment (TCE) was founded in 1996 with an explicit health justice mission that endures to this day: “to expand access to affordable, quality health care for underserved individuals and communities and to promote fundamental improvements in the health status of the people of California.”

The foundation was seeded with a corpus of \$1.3 billion, generated from the conversion of the nonprofit Blue Cross of California (BCC) to a for-profit health insurer in 1993. This principal was secured by the efforts of advocates, including the national consumer protection group Consumers Union, which pushed state regulators to reject BCC’s initial offer of only \$100 million to be directed for charitable purposes. Ultimately, BCC distributed all of its assets, which totaled more than \$3.2 billion in cash and ownership of the new for-profit venture WellPoint Health Networks, between two newly created health foundations. TCE was established as a 501(c)(3) private foundation and the California HealthCare Foundation was created as a 501(c)(4) entity with a focus on improving the health care delivery system.² In its first year, TCE granted nearly \$32 million.

At its founding, TCE was the 28th largest private foundation in the United States, and it is still the largest private statewide health foundation in the country. The Foundation Center currently lists it as the 16th largest foundation, across all types, based on asset size and 46th largest by total giving.³ By 2012, its asset base stood at \$3.7 billion, with annual giving at \$144 million.

TCE has a 17-member board of directors and employs a staff of 135. President and chief executive officer Dr. Robert Ross leads an eight-person executive team that includes senior vice presidents Dr. Tony Iton and Daniel Zingale, vice president and chief learning officer Jim Keddy, and chiefs of finance, human resources, investments and operations.

THE CALIFORNIA CONTEXT

While TCE’s assets, grantmaking budget and staff size are the envy of statewide health funders across the nation, they must be taken in the context of a state as large and diverse as California. U.S. Census data puts the state’s population at 38 million, more than 12 percent of the nation’s total. The largest and 13th fastest-growing state, California has a population that continues to diversify from both immigration and in-migration.

According to the 2000 census, the state had become “majority minority,” with the country’s fastest-growing Latino and Asian populations and largest Native population. In fact, about one out of every five Americans of color live in California and 70 percent of Californians under the age of 25 identify as people of color. Currently, the population is 39.4 percent white, 38.2 percent Hispanic/Latino, 13.9 percent Asian, 6.6 percent black, 1.7 percent Native American, 0.5 percent Native Hawaiian or other Pacific Islander and 3.6 percent mixed race. These broad categories mask further diversity, particularly among Asian and Latino populations that reflect countless ethnicities, languages, religions and immigration patterns. Spanish is the state’s second

most-spoken language and more Californians speak a language other than English at home than residents in any other state.⁴

Prior to the implementation of the Affordable Care Act (ACA), 22 percent of Californians (7.3 million people) were uninsured, the 7th highest concentration in the country. About 25 percent of those without insurance held jobs; more than 50 percent of uninsured children lived in homes where the head of household worked full time. These figures are estimated to drop by half by 2016 following the implementation of the ACA.⁵

To cover the vast geography, size and diversity of California, TCE maintains its headquarters in Los Angeles and has regional offices in Sacramento, Oakland, Fresno and San Diego.

GRANTMAKING PRIORITIES: FROM COMMUNITIES FIRST TO SOCIAL DETERMINANTS OF HEALTH

TCE's first annual report shows that, from the start, this foundation was intended to be more focused on systems change than typical health conversion foundations. The 1996–97 annual report refers to “the idea of a philanthropic organization that could go far beyond simply giving out grants, applying its knowledge and presence to ask critical questions, inform policymakers, and forge partnerships.” Interestingly, the conversion seems to have informed the foundation's sense of itself as a change agent: “Because The Endowment grew from the conversion of a not-for-profit corporation to a for-profit enterprise, we hold ourselves to a different standard of effectiveness. We've shifted our thinking from a classic philanthropic model – doing good – to a new model focused on achieving lasting, meaningful change.” The report also identifies at least two principles

that would guide the foundation's efforts: “community-based, which means doing things *with* communities ... [and a] regional focus.”⁶

For about a decade beginning in the late 1990s, TCE's grantmaking addressed three health-related goal areas: disparities, access and workforce cultural competence. While some observers describe the foundation as more responsive to nonprofit requests for support in its grantmaking during that period than currently, programmatic efforts and staff actually were organized as either “regional” or “initiative” (for example, TCE had a farmworker initiative). Within a region or initiative, the foundation set specific goals and strategies while also responding to community needs. Grantmaking was done by goal area, with goal teams comprised of regional, initiative, communications and evaluation staff. By 2008, TCE began to take on a “social determinants of health” perspective.⁷ This orientation places importance on a community's built environment, decision-making systems, institutional relationships and power dynamics. A common refrain of the “social determinants” school of thought is that “zip code matters more than genetic code” in terms of influencing health status and outcomes.

BUILDING HEALTHY COMMUNITIES

With this theoretical frame as a backdrop, TCE shifted its grantmaking strategy from a focus on changing individual behavior and health systems to a broader definition of health and a more expansive approach to improving the health of individuals and communities. In 2009, TCE committed \$1 billion over 10 years to a strategy known as Building Healthy Communities (BHC), which includes statewide policy advocacy and strategic communications, as well as deep and targeted investment in 14 selected communities across the state. The statewide policy and strate-

gic communications work is organized under a programmatic umbrella known as Healthy California, directed by Zingale. The local work in the 14 sites is known as Healthy Communities and it falls under the leadership of Iton. A third grantmaking area, known as the Enterprise portfolio, includes impact investments, learning and evaluation, and other special initiatives of the CEO or board.

BHC's strategic framework includes four "big results" as well as 10 community-level outcomes that contribute to or indicate progress toward the big results. The outcomes are pursued through various campaigns organized under the categories of schools, neighborhoods and prevention. In turn, these campaigns aim for "Twelve Transformational Policies" that support health improvements. Finally, the framework delineates five "drivers of change" that describe what influences the outcomes and, consequently, what strategies communities (and the foundation) must engage in to effect change. (See Appendix for more on BHC's strategic framework.)

To identify BHC sites, TCE staff and consultants looked at traditional health data as well as broader indicators of community health for locations that reflected both the demographics of California and the highest needs. They also conducted asset mapping to determine capacity in communities that could be built upon with strategic investments to strengthen community health and make progress on the foundation's overall goals. After at least three rounds of analysis, TCE identified 20 communities in the running for selection and conducted site visits with each one. Ultimately, TCE selected 14 communities.⁸

In each community, the first step was to identify an organization to host a "hub," a central connecting point and coordinating table for BHC work in each site. With TCE

funding, each hub hired or designated a staff person to be the local site's hub manager. In turn, the hub's first step was to bring together diverse stakeholders to create a logic model showing which of TCE's outcomes the site would pursue, and how. These logic models help inform TCE's grantmaking in each community and also enable both the communities and the foundation to track progress and make changes strategically and systematically.

OVERVIEW OF METHODOLOGY

During 2012–13, NCRP developed and piloted an assessment tool for foundations that addressed the strategic practices outlined in *Criteria for Philanthropy at Its Best* and its more recent report, *Real Results: Why Strategic Philanthropy Is Social Justice Philanthropy*. The former provides a comprehensive and nuanced set of benchmarks that foundations can use for effective operational, grantmaking and leadership practices. *Real Results* argues that to maximize impact, foundations must be effective not only in an objective sense but also specifically in pursuit of social justice, both internally and externally.

“Strategic and just” means not only having clearly aligned goals and strategies and a way to measure impact. It also means embedding in those processes an explicit consideration for who benefits from the foundation’s grantmaking and how, a systematic and routine method for tapping input from affected communities to inform the foundation’s priorities and work, and a steadfast commitment to and investment in strategies to change systems that perpetuate inequity. A comprehensive, nuanced examination of foundation goals, strategies and practices using NCRP’s targeted “strategic social justice philanthropy” lens shows how strategy and justice can be aligned to boost a foundation’s impact in communities that are most affected by inequitable structures and in need of philanthropic investments.

KEY QUESTIONS

To this end, the assessment addresses these key questions:

Outcomes and Impact

- What outcomes have been achieved in part because of the foundation’s efforts?
- What do all the foundation’s efforts add up to in terms of meaningful and lasting social change that can be felt in people’s lives, particularly those who are most affected by structural barriers and burdens?
- Has the foundation worked across sectors and silos to achieve impact?
- Has the foundation effectively supported community-driven collaboration and coalitions among grantees and other nonprofits?

Goals and Strategy

- Are the foundation’s goals and strategy likely to benefit or empower underserved communities? Is the foundation applying an equity lens or analysis to its grantmaking? Is it addressing disparities in outcomes for the issues or constituencies it prioritizes?
- Which stakeholders and what sources of data and best practice have informed these goals and strategies?
- Does the foundation pursue and invest in systemic change strategies? Does it support grantees’ efforts to use the full range of advocacy tools legally at their disposal? Is the foundation leveraging its limited dollars in ways that will advance social justice?
- Is the foundation looking at the ecosystem of actors within the sphere it seeks to influence and collaborating strategically with others?

Partnership with Grantees

- Does the foundation employ responsive grantmaking practices, such as providing core support and multi-

year funding? How do the foundation's grantmaking practices advance or hinder achievement of its goals?

- How does the foundation go beyond the grant to leverage its relationships, convening power, expertise and other assets to help grantees achieve mutual goals?
- Does the foundation solicit feedback from its grantees and applicants and act on that feedback?

Other Effective Practices

- How do the foundation's investment and payout policies and practices support its own mission and the goals of its grantees?
- Does the foundation operate in a transparent and ethical manner, with policies in place to prevent fraud and abuse?
- Is the board of directors large and diverse enough to allow for effective and ethical decision making?

DATA COLLECTION AND ANALYSIS

To answer these questions, NCRP pursued the following research methods:

1. **Review of publicly available foundation materials** that could help answer the assessment questions, e.g., strategic plan, 990-PFs, annual reports, grantmaking guidelines, grant descriptions, application and reporting requirements, and news articles referencing the foundation from the prior 12-month period.
2. **Interviews with stakeholders.** NCRP interviewed a cross-section of individuals who are familiar with the foundation's work and could comment on its strategic social justice philanthropy efforts and results. For this assessment of The California Endowment, NCRP interviewed 53 stakeholders representing the following perspectives:

- 14 current or recent grantees
- 2 youth advisers
- 16 current staff
- 4 former staff
- 8 consultants/advisers
- 9 peers or key observers in the field of philanthropy

Most interviewees have been guaranteed anonymity and will not be identified by name in the report or otherwise. Though the foundation was helpful in identifying some prospective interviewees, NCRP has not reported who actually completed interviews. Further, some interviewees were identified through the research process and not revealed to the foundation, even as prospects. Only TCE executive leadership staff are identified by name in the report, as they often provide the "official" word on a given topic.

3. **Review of data reports.** NCRP adjusted its standard methodology and did not conduct a survey of TCE grantees for this assessment. This choice was made in consultation with TCE and was based on the fact that grantees had been surveyed recently for the Grantee Perception Report conducted by the Center for Effective Philanthropy (CEP), as well as for several internally initiated programmatic evaluations.

Rather than impose on grantees again, or ask similar questions of staff and others, we instead reviewed and integrated findings from the following reports provided by TCE, most of which are available for download from the foundation's website:

- Building Healthy Communities: Drivers of Change and the Twelve Transformational Policies, 2014

- The California Endowment Diversity Data on Who We Are and Who We Fund, March 2012
- The California Endowment Diversity, Equity and Inclusion Report Card, July 2013
- The California Endowment Strategic Review, FSG, October 2013
- California Speaks on Fair School Funding, Final Report of the School Success Express, November 2013
- Grantee Perception Report, The Center for Effective Philanthropy, Summer 2012
- People Power in Building Healthy Communities, Spring 2014
- Power to the People? Investing in California's Organizing Infrastructure, Manual Pastor et al., April 2014
- Profile of Advocacy Progress, Building Healthy Communities, April 2013
- School Discipline Reform, Building Healthy Communities Case Study, August 2013
- Sons and Brothers, Building Healthy Communities Case Study, FSG, November 2013
- Staff Perception Report, The Center for Effective Philanthropy, Summer 2013
- Summary of Funded Strategies for Building Healthy Communities, February 2013
- There's Something Happening Here ... A Look at The California Endowment's Building Healthy Communities Initiative, USC Program for Environmental and Regional Equity (PERE), February 2014
- Youth Program Inventory Survey 2013, Building Healthy Communities

4. Analysis of interview data and reports. Using NCRP's criteria for strategic social justice philanthropy as their guidepost, researchers coded interview notes

and secondary data reports for relevant themes. The analysis was done iteratively to capture both salience and nuance.

RELATIONSHIP WITH THE FOUNDATION

NCRP developed this assessment tool and selected The California Endowment to be one of the first foundations to be assessed. While NCRP conducted this research independently, we invited TCE to participate in shaping and implementing the review. The foundation's leadership understood the potential value of this independent study as an opportunity to get honest and actionable feedback about its efforts as well as to share learning with the field about the foundation's approach to strategic social justice philanthropy. Further, because TCE invests heavily in learning and evaluation, its leadership felt that NCRP's independent study could complement its internal efforts to measure its effectiveness and impact.

Jim Keddy, vice president and chief learning officer, served as NCRP's primary contact. He provided feedback on our methodology, helped identify internal and external interview prospects, shared relevant and complementary data reports, and encouraged colleagues inside and outside the foundation to speak candidly with us and inform this study. TCE received a draft copy of the assessment report to review for factual accuracy; where appropriate, the foundation's corrections and perspectives have been integrated into the final report.

ASSESSMENT FINDINGS

Results of this assessment were overwhelmingly positive. The California Endowment exemplifies strategic social justice philanthropy on virtually all of NCRP's measures. In fact, through the process of this assessment, what we learned about TCE's strategy and impact informed NCRP's decision to award the foundation a 2014 NCRP Impact Award for the large private foundation category.⁹

The following findings are intended to shed light on why and how the foundation accomplished its impressive and important results. We hope they will help the foundation refine its strategies as it integrates learning from various sources and makes decisions about what to keep doing and what to change, and will inform other grantmakers that are pursuing similar paths. Of course, there is always room for improvement, particularly because there is no simple or linear path to social justice. The complexity and interconnectedness of social structures means that solutions in one arena often create consequences in other parts of the system. Funders like TCE that are committed to this work must be open to honest feedback and continuous learning – not in the hopes of achieving perfection but of being more aware of and sensitive about trade-offs, making them thoughtfully and mitigating them when possible.

As one interviewee observed, “[TCE] may look good because [its] peers are not that great. And there's a lot more [it] can do.” Indeed, the following findings are offered in the spirit of continuous learning and improvement for both TCE and the field of philanthropy.

1. The California Endowment is pursuing a bold and robust strategy that is helping move the needle toward equity.

TCE unabashedly identifies as a social justice funder and earns the moniker by explicitly addressing disparate outcomes, impacts, treatment and opportunities for low-income communities, communities of color, immigrant populations and other marginalized groups. It invests in social change strategies such as policy advocacy and community organizing to address root causes of inequity as well as to build power among those most affected so they can engage in the discussions and decisions that affect their lives over the long term. The current focus on 14 communities across the state enables a systems approach that can lead to real changes that people experience directly, as well as build their will, skill and relationships to participate actively and effectively in civic life now and in the future. The corresponding focus on changing statewide policy and public opinion means that what happens in those communities can aggregate to far-reaching impact across the state.

A. Real Results.

Stakeholders point to four primary successes stemming, at least in part, from TCE's efforts:

Dramatic expansion of health care coverage through the Affordable Care Act (ACA). TCE played a central role in the passage and implementation of the ACA. TCE was one of two major funders that made serious investments in the national coalition Health Care for America NOW! without which this landmark legislation would not have passed. With an allocation of \$350 million out

of its corpus, TCE has made a series of investments to the state and to community agencies that have helped enable nearly 700,000¹⁰ low-income Californians to enroll in a health plan through ACA. TCE has supported outreach efforts, public education campaigns and health care workforce development. Also, thanks to TCE's support, California was the first state to have its health insurance exchange up and running. To date, California accounts for nearly half of all enrollees nationwide. Further information about specific, myriad ways that TCE supported the ACA is detailed below.

Changes in school discipline policies.¹¹ Rising out of concerns identified at the local level, TCE helped organize and mobilize support to disrupt the “school-to-prison pipeline,”¹² which disproportionately affects boys of color, by expanding restorative justice policies¹³ and, most notably, ending reliance on “willful defiance”¹⁴ as grounds for suspension or expulsion. Local school districts, including Los Angeles, Oakland, Long Beach, Fresno and San Francisco, have adopted favorable policies, and the issue has gotten elevated in the public discourse statewide. In the 2011–12 school year, 48 percent of 710,000 suspensions statewide were for “willful defiance.”¹⁵ Recent data from the California Department of Education comparing the 2012–13 school year to the previous one show that overall suspensions statewide dropped 14 percent while expulsions were down 12 percent; suspensions specifically for “willful defiance” fell nearly 24 percent and expulsions nearly 19 percent.¹⁶ While causation is difficult to prove, it is notable that these drops followed the efforts in 2011–12 by local and statewide advocates, supported by TCE. These results are impressive but equally important is the leadership role played by young people themselves who identified this as an issue of concern and actively engaged in all aspects of the campaign.

Community input on fair school funding.¹⁷ As part of the 2013–14 budget, the state updated its school financing system and redirected \$10 billion to better support high-needs students through what is known as the Local Control Funding Formula (LCFF).¹⁸ A TCE staff member working closely on the issue estimated that about half of this newly directed investment would go toward schools serving children in BHC sites. LCFF was designed to enable local control over education and spending decisions, and TCE wanted to make sure that low-income residents were part of that decision-making process. Over six weeks in the fall of 2013, TCE worked with community-based groups in the BHC sites to engage 1,600 people – mostly from low-income neighborhoods – in 12 public forums. Collectively, these events advised state administrators to focus on accountability, the essential role of parents and caregivers, engaging students themselves in decision-making, creating positive learning environments and maintaining and equipping schools to support learning and health.

Statewide and national imperative to improve outcomes for boys and men of color.¹⁹ Narrowing health gaps for boys and men of color has always been one of the intended community outcomes for BHC. However, like foundations across the field, attention to this work was located at the program level and driven by program officers. TCE staff and others felt that the issue needed to be championed by foundation executives so it could gain greater traction. At the June 2013 Council on Foundations conference, Ross invited fellow CEOs from the Silicon Valley Community Foundation, Robert Wood Johnson Foundation, Open Society Foundations and the John S. and James L. Knight Foundation to cohost a session that included nearly 30 other foundations. “They decided then and there that they couldn’t leave the con-

ference without making a statement,” a TCE staffer recounts. The group came together as an informal network known as The Executives’ Alliance to Expand Opportunities for Boys and Men of Color and issued a statement pledging their commitment to lead and mobilize the sector. They articulated four key goals: increase philanthropic investment, use their own positions to speak out, foster public-private partnerships with government and business and build political will around key policy issues. As the TCE staffer explains:

“The group agreed that it needed to be public from day one in order to build in accountability. If this thing doesn’t do anything, there will be backlash.”

A month later, the verdict in the Florida trial of George Zimmerman for the killing of unarmed teenager Trayvon Martin catalyzed President Barack Obama to issue a rare public statement about race, and he specifically noted the vulnerability of boys and young men of color in contemporary American life. Within weeks, the president invited foundation leaders, including Ross, to the White House. Though the Executives’ Alliance was still informal, it was organized enough to take advantage of this unique and timely leveraging opportunity, and further conversation with the White House followed.

By March 2014, the president announced “My Brother’s Keeper,” a public-private initiative that enables and encourages federal agencies to identify and remove barriers facing boys and men of color. Though it does not include federal funds for this effort, the president’s bully pulpit, combined with \$350 million collectively pledged over the coming three to five years by 10 foundations, including TCE, gives these issues a national platform and raises their importance in the national psyche.

TCE has pledged \$50 million to the cause in the remaining seven years of BHC; the foundation has identified four statewide anchor partners – PolicyLink, Movement Strategy Center, Earl Warren Institute and Fenton Communications – to organize and lead a statewide Alliance for Boys and Men of Color. While TCE cannot take responsibility for the president’s announcement, the foundation’s steadfast leadership on these issues, and its timely organizing of other funders, enabled synergy that rapidly elevated this important work.

In California, TCE-funded groups helped nudge a bipartisan group of legislators to create the Assembly Select Committee on the Status of Boys and Men of Color in 2011.²⁰ This group is charged with outlining state policy priorities that meet the needs of boys and men of color. This is an example of how TCE’s efforts can have ripple effects that embed the work into the fabric of policy and decision-making at the state level, thus amplifying the foundation’s investments.

B. Strategic framework enabled these results.

These examples affirm the intention of Building Healthy Communities to allow local efforts to aggregate to statewide (or even federal) policy and systems changes, and to allow statewide (and even federal) advocacy efforts to be informed and engaged by community members in order to develop policy solutions that meet their needs. The ACA work linked federal and state policy work to local-level infrastructure to get insurance coverage to those who most needed it. The school discipline work started at the local level and led to a statewide advocacy campaign. The state’s shift to a local control funding formula created an opportunity to engage local residents in the implementation of state policy. And efforts to support boys and men of color are bubbling up, intersecting and gaining traction at mul-

tiple levels. Ultimately, in whichever direction one works, the end goals are improved outcomes that people can experience directly and more empowered and engaged residents who have ever increasing agency over their own lives and outcomes in their communities.

C. Social determinants drive strategic framework.

The new strategy emerged from two core “truths,” as articulated to NCRP by Ross:

- Authentic grassroots leaders, in organizations or not, have a tremendous amount of wisdom and passion about how to solve problems in their neighborhoods.
- A great deal of the barriers and impediments to health, well-being and wellness are systems issues.

Thus, the strategy necessitates strengthening the capacity of grassroots leaders to solve their own problems and make their communities healthier, as well as influencing the conversation and systems statewide so all communities facing similar problems can do better.

This framework complements and aligns with the social determinants of health approach. As Iton explains, funders concerned about health equity can intervene “downstream” – i.e., on individual and family behavior as well as medical care – or “upstream,” on the social and ecological factors that shape what happens downstream. These include variables like neighborhood conditions, work opportunities and institutional resources. In a resource publication developed for Grantmakers in Health, Iton shows that the complexity of the challenge requires intervention all along the continuum. But most funders have preferred to work downstream, which is insufficient to address the underlying causes of poor and inequitable health outcomes. He notes that upstream strategies will reduce demand

downstream. But he pushes upstream funders even further to consider “core problems of inequitable political power.” He notes:

“Public health focuses on policy. But these approaches ignore the power dynamics. You can have good policies, but the maldistribution of power leads to inequities of [health] outcomes.”²¹

D. Equity and empowerment lead to better health outcomes.

If inequity undermines health, then greater equity is necessary to create and sustain better health. As TCE describes in its strategy documents:

“TCE seeks to change the conditions in which people live that lead to cumulative health disadvantage. This is done by building resident power and youth leadership, promoting lasting policy changes that address health and social inequities as well as how systems respond to individuals, and by creating a new narrative about the strengths and capacities of communities to thrive.”²²

Ross expresses confidence that the results TCE is helping communities achieve do improve health. He reflects on the school discipline reform work:

“When students get suspended, they are marginalized and stigmatized and it gives them more time to get recruited by gangs rather than to show them an opportunity pathway. The healthiest and safest place for young people to be is in schools, not on the street. We now have data that there’s been a 14 percent reduction in suspensions . . . Now, three years in, we are seeing the benefits and fruits of power building and voice and advocacy in building healthy community.”

TCE's policy work is built on a research base about health improvement. "I believe in my heart of hearts that there will be better health outcomes," Zingale says. "But for me, there's a lot of purpose in bringing equity to people's chances. I will feel proud if more people have a chance for preventive health [and] more kids have a chance to drink clean water if they are thirsty. We are contributing to better choices and chances."

Iton sums up TCE's approach:

"There are one million people in the 14 communities. Our goal is to use them as proving sites for some of the practices we think are critical throughout the state, to affect state policy and practice, and showcase examples of success ... I have always said we will not be successful in year 2020 if we have 14 healthier communities but nothing else has changed in 200 similarly situated communities. We are trying to show a different way to improve health status."

2. The California Endowment embraces power as a driver of change and invests in efforts to build community power, particularly of those most affected by health inequities.

According to data from the Foundation Center, TCE is in the top tier of foundations, surpassing NCRP's recommended levels in its support of "vulnerable populations" (73 percent of grantmaking in 2011), and its investment in social justice strategies like community organizing, policy advocacy and civic engagement (55 percent of grantmaking in 2011).²³ The Philanthropic Initiative for Racial Equity reports that between 2009 and 2012, TCE was one of the leading funders of community organizing and was more likely than other funders of community organizing to openly and transparently label their grants as such.²⁴

TCE's approach distinguishes BHC from other funder-driven place-based initiatives because it explicitly seeks to build local power and formally links it with statewide policy change. Using a community organizing approach enables TCE to fully tap the potential of systems change – in terms of the interlocking systems that shape a community and also to connect local, state and federal systems. By building the organizing capacity of service organizations in BHC sites, TCE's approach also helps to bridge the usual divide between policy advocacy and direct service work.

A knowledgeable observer of funder place-based initiatives affirms TCE's approach, noting that these efforts "enable the work to be broader than just the topic area you are concerned about. All these things are connected. All the research and literature suggests that most of the challenges people face in communities are interconnected ... People who participate in the initiative themselves go through a transformative process."

A. Getting comfortable with power.

The inclusion of "drivers of change" in TCE's theory of social change signals a power analysis, which is not always present in the strategies of foundations. Though TCE had engaged in place-based efforts prior to BHC, the work was more traditional and driven by the "usual suspects" – policymakers, system leaders and nonprofit and community-based organization directors. There was less orientation around shifting power relationships or building the power and capacity of people most affected by structural barriers. Iton notes that BHC reflects a change in TCE's thinking:

"The theory is to invest in people's power to participate more effectively in democratic decision-making in their communities and allow them to hold their systems

accountable for more equitable health outcomes. The practice is to build social, political and economic power in a critical mass of people in these communities so they can more effectively craft solutions to the problems they see as priorities.”

Iton and others note that believing that community residents should be at the table and have a voice is not enough. A strategy that “just assumes you can bring low-income people together with the police chief and the superintendent of schools and they will have equal power is not a meaningful community engagement strategy,” he asserts. Instead, funders and others who truly want the community to have power must take steps to build that power, as well as to enable traditional leaders and institutions with power to be ready to share it. Another staffer cautions that attention must be paid to both when the community is ready and when the system is ready to truly share power in new ways.

This focus on power, and the systematic approach to building and shifting power, takes time and does not follow a linear path. As BHC completes its third year, some stakeholders, as well as TCE’s commissioned evaluation efforts, have noted the slow pace of change, which in turn contributes to some degree of skepticism about TCE’s strategy. But one grantee points out that TCE’s long-term commitment and patience for this kind of change helped ensure that those most affected are truly engaged. “Sometimes the quickest to the table is not the most able to represent community needs.” TCE’s community partners could not build the table once and then move on to producing results. Building the table is actually an ongoing process. While time consuming and perhaps frustrating, it also builds the trust and infrastructure that ultimately supports community power and resiliency.

One peer funder suggests that TCE’s approach with BHC will produce better results because of the emphasis on community organizing and power building:

“When people get engaged in solving the problem, they tend to be very practical – the solution is the same size as the problem. When you try to get government or a public entity or a corporation involved, they can’t ever solve small problems, they have to universalize problems and come up with universalized solutions. But at the local level, [the solution] can be the exact size of the problem.”

This understanding and embrace of power resonates across and all the way up TCE, as Ross noted during a 2011 interview:

“I think what’s undervalued and underappreciated is the issue of power, and that the root of most of the social problems that plague our nation – health reform, education reform, fiscal government reform, housing reform – are not fundamentally innovation problems but power and equity problems.”²⁵

B. Investing in and building the capacity of marginalized communities.

All this focus on building power stems from TCE’s long-time commitment to marginalized groups that are overrepresented in poor health outcomes but typically do not have power. Ross points out:

“Our board has approved investing dollars in ensuring those left out of Obamacare – like undocumented immigrants – still are afforded some measure of dignity and health care. Even though that’s not a safe space politically, the board holds me accountable to that objective.”

Though the foundation no longer funds straight service provision, it has been able to build the capacity of direct service grantees to engage in community organizing and policy advocacy. This has a positive effect not only on the nonprofits but on residents, and particularly youth, engaged in BHC activities, as evidenced by the campaign to change school discipline policies described above.

One grantee notes that most residents were coming from a place of powerlessness, and through BHC they are finally finding their voices and understanding what it means to have power. “They are beginning to understand what they are fully capable of and taking on leadership at the local level.”

Recent data show that more than 49,000 individuals in BHC sites have been engaged in the work of resident-driven organizing groups.²⁶ Further, organizations that serve and engage youth provide critical leadership development for their members, alongside activities like political education, ethnic studies and peer-to-peer learning.²⁷

Youth leaders, who have participated in BHC activities as well as on the President’s Youth Council that meets privately with Ross, are aware of an especially profound shift in their sense of themselves. “I can say I grew up with this initiative and the foundation,” says one youth leader. “I am bringing resources back to my community to make social change that is progressive that everyone can benefit from ... I can strive and obtain whatever I am capable of.”

Youth leaders report using the organizing skills they acquired from their various interactions with TCE to help lead other successful actions, such as a youth march, living wage efforts in their communities and restorative justice efforts in the schools. “I have been a leader in these efforts,

I’ve been able to impact 250,000 people in [my community] and they don’t even know it.”

A staff person notes that one thing that’s significant about TCE’s success in the policy arena is that there’s not just a policy change to point to, but more importantly, young people and other residents are actually driving the policy change.

C. Who’s left out?

Perhaps ironically, with such attention to how structures affect marginalized communities, there is also some critique about specific communities that have been left out of TCE’s efforts and results. Some observers suggest that the way TCE selected sites for BHC naturally led to more Latino-focused sites; likewise, there is some concern that African American communities were not adequately included and that, across the sites, Asian American, Native Hawaiian and Pacific Islander (API) groups were less engaged.

In October 2011, in response to an increase in the number of place-based initiatives by private philanthropy as well as local government, the Los Angeles-based Asian Pacific Islander Legislative Caucus and Asian and Pacific Islander California Action Network organized a public hearing of the California Commission on Asian Pacific Islander American Affairs.²⁸ Testimony articulated half a dozen reasons why place-based efforts do not align with the realities of API communities, including:

- API communities do not arrange themselves geographically like other communities of color. For example, one grantee explains that Korea Town in Los Angeles carries that name because of the abundance of Korean-owned businesses and restaurants in the area. But the Korean population lives across the metropolitan area, while the majority of Korea Town’s residents are Latino.

- Statistical data rarely disaggregate among API communities, masking specific needs of subgroups. One grantee laments: “The model minority myth makes people feel like the school-to-prison pipeline doesn’t affect the API community. But in the Cambodian population, one in three boys doesn’t graduate high school. When we are lumped together, the success of some parts of the API community overshadows other parts.”
- Diversity within API communities across ethnicity, culture, language, religion and more requires enormous capacity in order to address needs and engage people.

Some TCE staffers do agree that Southeast Asian communities experience acute disparities but have not been fully integrated into TCE’s efforts. While noting that “the lack of disaggregated data is a structural issue, not a TCE issue,” stakeholders also note that this state of affairs shifts the burden to grantees to educate the funder. This can be difficult for any grantee, but especially so for immigrant populations, including refugees, undocumented residents and others with little power.

Further, while the focus on boys and men of color is generally appreciated, and has captivated the attention of other funders as well as political leaders all the way up to the White House, there is naturally some concern about a lack of focus on girls and women of color. Especially with an all-male leadership team guiding the grantmaking program, some feel TCE should be clearer about how its efforts ensure gender as well as racial equity. One grantee says directly:

“I feel like it upholds patriarchy. A lot of young women play such a big role in supporting the men in their lives – they have been their ‘brother’s keeper’ ... Putting all these resources and enrichment activities specifically for men and telling girls they can’t come – it feels like ‘stay back in the kitchen.’ That can feel hard for women.”

Finally, staff acknowledge that TCE has had less of an explicit focus on LGBTQ communities but has been developing a strategy to support LGBTQ voices within BHC as well as inside the foundation. While focusing its resources on particular opportunities, TCE has demonstrated that it understands that true equity will require closing gaps and addressing the needs of all marginalized groups and building solidarity among them.

3. The California Endowment leverages a robust menu of resources and entry points to make change, in addition to grants; some worry that this strength undermines the capacity of nonprofits to drive change for the long term.

As early as its inaugural annual report, TCE references the notion of being not just a grantmaker, but a changemaker as well. This means leveraging the full spectrum of resources available to foundations to effect change, including funding advocacy efforts, directly engaging in advocacy and strategic communications, using its convening power, providing technical assistance and aligning its investment strategy with grantmaking goals.

TCE spends its social capital and exercises public leadership in ways that few other funders have chosen to do. At the same time, TCE feels the danger of “role creep” and a sense from grantees and even some staff that the foundation has assumed too much of the driver’s seat in setting and working toward social change goals. Stakeholders urge a renewed commitment to building the capacity of nonprofit advocates as well as some technical improvements in the mechanics of grantmaking to round out the foundation’s commitment to making change.

One foundation staff member credits Ross with this robust understanding about TCE’s role:

“He said we should move from being solely grantmakers to changemakers. Yes, we make grants, but that is the mechanical part of the job. The more substantive is being involved in the community and understanding how grantmaking could help that.”

The foundation’s emerging understanding and focus on social determinants of health complemented the inclination to think beyond grantmaking as the sole means of effecting change. One former staffer points out that the foundation’s previous strategic frameworks were much more simple and straightforward – and also reflected a narrower understanding of the problems:

“As we became smarter about social determinants of health and the big impact on people’s health, the three goal areas [disparities, access, workforce cultural competency] being separated became a barrier, and those three areas did not necessarily span the entire continuum that would accomplish our mission. Part of the conversation became: how do we intensify our impact

and accomplish wholesale change in everything to do with health?”

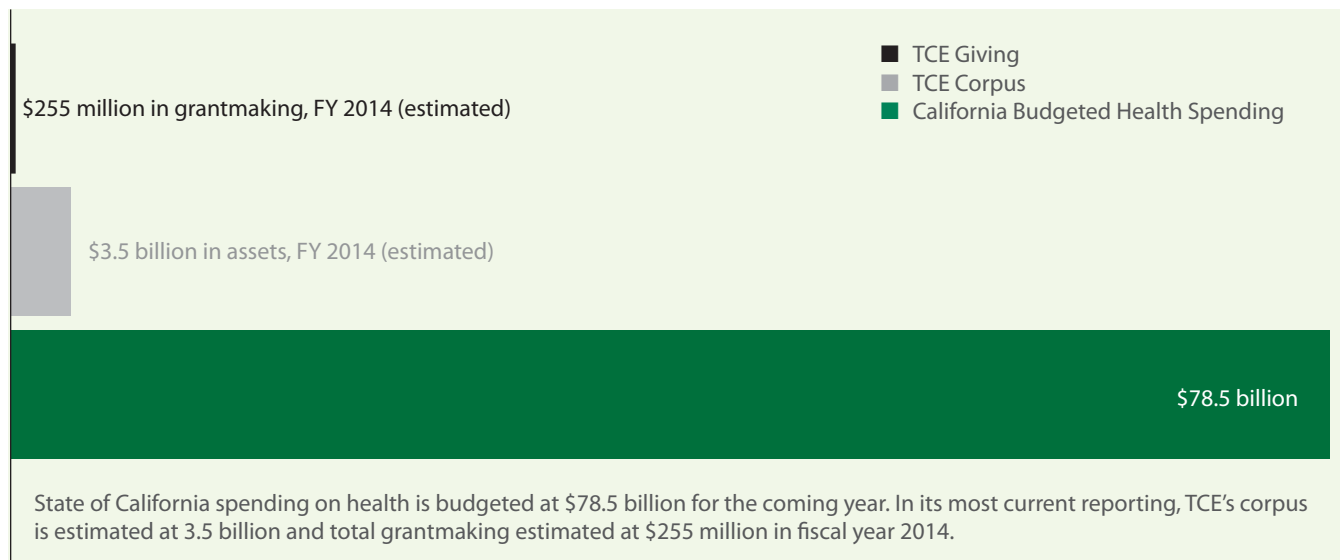
Intensifying impact led not only to the new grantmaking strategy, encompassed in BHC, but also to a recommitment to utilize all the arrows in the foundation’s quiver to catalyze change. (For an example, see sidebar “Pushing All the Levers of Change” on page 22.)

A. Leveraging government.

TCE sees partnerships with government as smart opportunities to leverage its resources; no matter how much money a foundation has, it will pale in comparison to government dollars. One grantee notes that TCE’s entire asset base equals “only a day or maybe a week of the state health expenditures” and so maximizing impact requires using the foundation’s myriad assets to “do more catalytic public-private partnerships” to leverage its investments.

Iton says TCE looks for other opportunities to leverage public funding, as it is doing with the ACA. He describes

Figure 1: Comparison of TCE Assets and Grantmaking to Annual California Health Expenditures



PUSHING ALL THE LEVERS OF CHANGE

The Case of the Affordable Care Act

TCE had gotten involved with the ACA prior to President Obama's election through a \$4 million grant to Health Care for America NOW! (HCAN) to support health care reform in late 2007. As one observer explains, TCE had played a big role in a failed attempt at comprehensive health care reform in California. From that experience, the foundation learned that even though its mission was to support health care in California, that goal could not be accomplished without national health care reform. "That was a realistic understanding and [TCE staff] were able to interpret [the foundation's] mission to make it happen," says the interviewee. Notably, even though it is a statewide funder, TCE joined Atlantic Philanthropies as the two primary philanthropic investors in HCAN.

Once the ACA became law, TCE did not walk away, as many funders who fund policy advocacy do at the point of implementation. Instead, TCE understood that California was critical to the success of implementing ACA, and the foundation was particularly concerned about filling gaps in the law that affected the most vulnerable populations, such as undocumented immigrants. TCE not only funds grantees to work on implementation but also filed an amicus brief when the U.S. Supreme Court was reviewing the law.

"Obamacare represented an unprecedented opportunity to fulfill our mission and connect people to health – especially preventive health, especially the most marginalized people," Zingale notes. "It was an opportunity to enroll millions of people we were concerned with and give them access to health."

In recognition of this unprecedented opportunity, TCE's board made available up to \$350 million from the foundation's corpus – nearly one-tenth of the total – to provide additional funds for grantmaking to support implementation of ACA. Ross recalls:

"When it got through the Supreme Court and it was clear that Obamacare was actually going to happen, that's when we closed the door and said to the board, 'Okay, here's what the implementation of this thing looks like: California cannot fail ... it can't fail. And, however much federal money is in it, it doesn't look to us to be enough – on the education side, on the outreach side. And we need some extra money to spend on this.'" ²⁹

These dollars have been used in several complementary ways: for example, \$90 million to boost the state's health care workforce and \$9.2 million to the Health Consumer Alliance, a statewide partnership of legal aid organizations, to educate low-income Californians about their health insurance rights and options. It also includes a \$26.5 million targeted invest-

ment in Medi-Cal, California's Medicaid health care program, made last year. TCE staff report that Governor Jerry Brown was committed to expanding Medi-Cal but was concerned about the fiscal impact on the state budget. To limit what some call "the woodwork effect" – others, including TCE, prefer "the welcome mat effect" – the governor did not want to invest in outreach for enrollment. But knowing that the marginalized communities TCE was established to benefit were exactly those most in need of health care access, as well as targeted outreach to enroll them, the foundation negotiated to fund the state's contribution to outreach costs in order to access federal matching dollars. TCE's one-time, three-year investment was structured as a contribution to the state's general fund, which the state then allocated through the state budget to county-level groups to support enrollment of up to 450,000 Medi-Cal applicants. TCE helped draft the budget language, which specifically allowed the state to accept the contribution.

In some ways, this investment was unusual, at least in the way it was struc-

(Continued on page 23)



A TCE health insurance enrollment event in Oakland. Photo courtesy of TCE.

an emerging partnership between the foundation and the Federal Reserve Bank to connect BHC sites and local work with Community Reinvestment Act³⁰ bankers, as well as with big hospitals like Kaiser, to align BHC site plans with community benefit agreements.³¹

Also, Ross sits on the state's insurance exchange, Covered California, and other staff sit on various government boards and task forces. Their presence and engagement further ensure that the foundation's social justice goals and values strategically combine with and leverage government's broad reach and impact.

B. Making use of the media.

The foundation has complemented its direct work with government with a strategic communications campaign that has the dual goal of educating and engaging hard-to-reach populations, such as undocumented immigrants, while also trying to change the broader narrative about health and about marginalized groups like immigrants.

During the course of this assessment, the TCE communications team had a success; the morning news program *Good Morning America* echoed language offered by the TCE campaign: "undocumented Americans."

Despite successes like these, TCE also struggles to embed consistent messaging into the BHC community work. TCE's Healthy California team has branded its campaign work "Health Happens Here," which is intended to be a plain language way of communicating the social determinants of health; health is not confined to a doctor's office but is actually influenced by many community factors. On one hand, TCE expects this branding to be adopted by grantees, in an effort to reinforce the brand. However, some grantees interviewed for this assessment express resentment about having to do this, especially since they were not asked to help create the brand. On the other hand, BHC community grantees, who might be working on issues as diverse as school safety, land use and transportation, often are not able to communicate the link between their work

(Continued from page 22)

tured. But TCE staff point out that the foundation, like many statewide funders, had made contributions to the state many times in the past – for example, to the University of California system. What was different here was a concerted effort to help ensure that the government's social safety net supported those most in need. Zingale explains that the point was not to usurp the government's role but to strategically complement it:

"We do believe government is the right vehicle for this program, but government should not be left alone to communicate with people about this important law. We believe government can only

succeed to a certain extent. It needed to be owned by community residents or it would fail. We saw ourselves as a bridge to engage community in Obamacare."

TCE is supporting BHC sites and other county-level groups in finding creative ways to localize outreach in an effort to enroll people who otherwise would be left out.

Despite the positive impact on low-income residents gaining access to health care, some partners are uncomfortable with the foundation's choice to engage in this way. "I would prefer to push public entities to be responsible for public investments," says one policy advocate. "I would rather there be a robust discussion

about how serious we are as the public to do the expansion work."

Another adds:

"Direct service is better and more appropriately done by government entities. I would have preferred TCE resources go more to organizing and advocacy that government can't fund directly. At the same time, this is an opportunity for strategic intervention ... I would be more concerned if it was just funding outreach, but it was used in a way that leveraged government actions and called into question the commitment of this administration to focus on this population." ■

and health outcomes. While the strategic framework of BHC suggests that all grantee activities must be tied to one of TCE's campaigns – schools, neighborhoods, prevention – a recent strategic review conducted by philanthropic consultant FSG confirmed the findings of a TCE-commissioned communications assessment: many grantees do not know about or understand the “Health Happens Here” brand.

C. *Who's in the driver's seat?*

While many interviewees were complimentary about the results TCE has helped achieve through its campaign efforts, many – both inside and outside the foundation – also question whether TCE has found the sweet spot in terms of using every resource available in support of grantees versus overly driving the agenda and work. One long-time observer notes “a fairly large shift in terms of how much is now driven by the foundation.” Specific data were not forthcoming from TCE about how much it allocates to foundation-led advocacy and strategic communications compared to its grants in support of these type of activities.

While the foundation has always been seen as proactive and assertive, designing and implementing strategy with advocates, past communications campaigns were led by advocates that TCE funded. Current grantees report that TCE now runs its own campaigns.

Current staffers agree with this characterization, but approve of it. Regarding the strategic communications work, one says:

“We are running this like a political campaign, targeting the electorate and general public, thinking about what it will take to move this population on this issue. Who are messengers; what's the specific message? It's easy to preach to the converted; we are really focused on the non-converted.”

Another adds, in regard to the school discipline campaign:

“I don't want to say we were the leader in this, but it was wonderful to see something going on in one of our sites and learn that it was indeed happening all over our state. Our foundation perch allows us to see things and connect dots and then rain down resources in a strategic way ... The sites are like the army, on the ground doing the work; we are like the air force, raining down good strategic communications work and advancing policies in Sacramento that are going to be useful.”

This sense of TCE's assertive role extends beyond advocacy campaigns. The 2012 Grantee Perception Report conducted by the Center for Effective Philanthropy (CEP) found that TCE grantees are more likely than the average to report feeling pressure to modify their priorities in order to receive funding. One respondent to that survey said:

“TCE needs to be more respectful of interorganizational and collaborative processes. When collaborative members want to make a decision around what is best for their community and TCE doesn't agree, it derails the process. TCE needs to understand that its role is just as one vote, not the veto vote. TCE is one member of the collaborative and not the owner of the collaborative.”³²

Another added, “I really appreciate TCE's stated commitment to being community-driven, but sometimes it feels that TCE just wants the community to make the changes that TCE has decided the community should make, rather than letting the community set (and keep) the agenda.”³³

Ross describes the relationship as more complementary:

“We’d rather see our grantees rallying to use their voice and assert issues of equity, and we don’t intend to speak for them. In this particular case of health reform, the folks we talked to from a strategy perspective said there was a role The California Endowment could play as an organization that is uniquely positioned [and] cares about what happens in the health care system, but doesn’t stand to financially benefit in any way from the rulings. That was part of the reason we asserted support for the amicus brief in favor of the Affordable Care Act. We’ve begun to pick our spots and use our voice when we think having our voice has a unique benefit.”³⁴

D. Operating like an operating foundation.

In a 2006 report for NCRP,³⁵ TCE suggested the language of “grantmaking plus” to describe the myriad levers of change that foundations can and should pull in service to social justice. That report described how TCE had gradually moved from grantmaker to changemaker. The evolution included creating a policy department for “monitoring the policy environment and devising ways of supporting grantmaking staff’s efforts in this arena,” with a particular responsibility to educate staff about the state budget process and its impact on grantees. Also, TCE “transitioned its communications department away from primarily corporate communications to incorporate public affairs as well, engaging more deeply in media advocacy and governmental relations relevant to the work of its grantees.” The report noted the important role of strategic communications in “helping to create a receptive environment for the Endowment’s social change agenda, and for the work of its grantees.”

Fast forward to the present day and TCE has transformed the conceptual blueprint laid out in that 2006 report into a complex architecture for changemaking. As Zingale asserts:

“I was hired for the changemaker role. We are like an operating foundation. We are engaging in communications and advocacy in a way that TCE had not before. We opened our office across from the Capitol, hired a lot of people not from philanthropy but community organizing, advocacy and strategic communications. My folks make grants, too. But we surround the place-based work with advocacy and systems change.”

Another staff person echoes this perspective and emphasizes that there’s not a very clear-cut distinction between leading the work and responding to the leadership of grantees:

“We are changemakers, grantmakers on the side. We fund partners who can help us make the change we want. Grantees do the bulk of work and are leading the work. We play an important community, communications and research support role. We also support grantees when opportunities come up. We don’t come up with a policy agenda out of the blue and then grant folks to work on it. We try to hear what issues are critical in communities, what kind of change they are really trying to make.”

Adds a colleague: “Because of the close relationship we have to the work, we are not hands off. We are very much in the work.”

But another staffer expresses concern that TCE is overstepping its primary role:

“We often need a reality check internally about what kind of grantmaking foundation we are ... Some people think we are the change. We are not the change. We are part of the change, but mostly we are helping to enable the change. We are not an operating foundation. People

operate with different assumptions. There was a conversation as we transitioned to this plan [BHC]. Should we change to be an operating foundation like Pew? But we didn't do that."

Grantees also raise some red flags about the foundation's growing leadership role. One observes:

"[Foundation staff] are now getting much more into doing the work themselves ... they have a host of consultants who do media and communications consulting. It's some really good work, but sometimes [there's] a disconnect. I'm concerned if TCE turns into an operating foundation and stops giving resources to groups. [The foundation] can be more effective through other groups, even if it's a little bit messier ... Is it better to have an op-ed from [TCE] or from a constituency group?"

One statewide policy advocate provides a more direct critique:

"They try to coordinate with grantees, but they're often ahead of their grantees. For the messaging on undocumented immigrants, they eventually talked with immigrants, through [a key statewide immigration policy group], but TCE was way ahead in campaign development before reaching out to the organization."

At the same time, this grantee says that statewide policy groups are getting their grants cut. While specific numbers were not available for this assessment, one senior TCE staffer affirms, "That's probably accurate." One observer captures the inherent tension between funders and their grantees in engaging policy change. "[Grantees] want the foundation to be more visible in championing these issues, but they don't want the foundation to take their place."

Another grantee adds, "I'm not sure if they don't trust grantees on the ground to have the right capacity, but sometimes they border on being a program foundation, not just grantmaking."

In addition to calling into question the advocacy and communications campaigns, grantees report that TCE staff can get overly involved in running BHC events, particularly those for youth leadership development. While respecting the skills and experience that more and more TCE staffers bring to this kind of work, grantees question the appropriateness of grantmakers taking on these roles rather than investing in nonprofits with this expertise or building this capacity among grantees. As the 2006 report cautioned, "We must not lose sight of the fact that our grantees still look to us for grants and that their primary need is for funding."

E. Building community capacity.

A foundation observer notes two main problems with shifting resources and leadership from grantees to the foundation:

"I've been thinking a lot about what's the appropriate role. What is the downside if a foundation can be more effective because of access to policymakers than grantees, what's wrong with that? One thing to be mindful of is first, whose agenda is it? Who decides? On whose behalf are [funders] speaking? They think they are speaking on behalf of community, but how do you make sure it's in the best interest of the people you serve? Do even advocacy groups represent the people? More importantly, what concerns me, the issue in that balance is that one of the foundation's major contributions to policy change is building capacity so groups and communities can fight another day. Foundations are notoriously simple; tomorrow they could decide

they want to go in a different direction, so what's left behind? Are there opportunity costs in terms of building capacity? I worry about what's happened to their funding of advocates as they've taken more in house. You build the capacity by doing."

Interviewees tell the story of 2007, when then-Governor Arnold Schwarzenegger wanted to enact health reform modeled after Massachusetts. Ultimately, the effort did not succeed. But during that year, advocates had debates about difficult issues, like individual mandates, they built capacity around insurance reform, and they built a coalition and relationships. So when the ACA was debated in 2010, they were poised to engage in the national debate. When the ACA passed, California was able to move quickly because the debate had already taken place; advocates knew the issues and could focus on passing implementing legislation immediately, making California the first state to set up its insurance exchange. While one could look at 2007 and say that nonprofit advocacy failed, what was left behind was knowledge, experience and capacity that lived on to fight another day in 2010. This is how policy advocacy works – over time – and it requires a robust advocacy infrastructure.

A report commissioned by TCE adds, "Ensuring that an exciting moment of change becomes a sustained movement for justice requires careful attention and investment in the state's community organizing infrastructure – or, the ecosystem of social movements (made up of leaders, communities, organizations and networks) that work to improve conditions for communities by changing systems of power."³⁶

Alongside this foundation-led advocacy, TCE leadership and staff have a steadfast belief in the importance of being guided by community. Ross asserts, "I could run this

foundation with three people and give \$50 million to three organizations and we are done – but that's not the work of community-grounded and -centered and -engaged social change and health justice."

Another staff person adds:

"Communities are our best check. Really listening to people. Get beyond organizations and talk directly to residents and people through interviews and polls ... We need to build up the capacity of people who can make this happen over the long term. An equally important win is to keep these policy breakthroughs coming in the future."

Revealing in this person's words is a possible disconnect for TCE between "community" and "community organizations." This may reflect an experiential and ideological divide between staffers who come to TCE from community organizing work, engaging directly with affected communities, and those who come from more traditional nonprofit organizational backgrounds. While TCE continues to grapple with how best to build the capacity of community members, some observers suggest that it may be overlooking, or even unintentionally undermining, the critical role of community organizations.

One grantee emphasizes, "We have a favorable political climate – but we created that favorable climate." Ross also acknowledges the critical role of nonprofit partners in advocacy, particularly in the rapid pace of enrollment in Covered California:

"Part of the reason is [that] our health exchange has been successful, but also we have had more meaningful community, civic and ethnic participation in the success of ACA than any other state. If you come to one of our state health exchange board meetings, you will see the

California Pan Ethnic Health Network, the Asian Health Forum and the Latino Coalition. Grassroots and ethnic level of participation in Obamacare that you won't see in other states has led to [high] enrollment numbers because of community ownership."

Based on data reported by 30 percent of grantees, TCE found that just over half of executive directors in fiscal year 2010 were people of color.³⁷ Yet, one leader of a grantee organization that is lead by people of color says:

"We still see mainstream groups get more money from TCE ... we get maybe a third, if that. I understand, earlier on, we didn't even have the capacity to receive all that money. But 10 years later, we still don't have the capacity because they didn't invest in us to have the capacity. It's a chicken and egg."

Figuring out how to sustain groups representing communities of color is an important question for TCE.

Similarly, California's small rural communities reflect the needs that BHC aims to address but they lack a baseline level of infrastructure to be able to address them. They suffer what one interviewee describes as "the hamster wheel effect – a lack of infrastructure [in those communities] leads to a dearth of core support, and a lack of core support means lack of capacity so you can't be competitive for core support." This observer went on to note: "If you map health inequities, you see a drag on the state in the Central Valley. It's known as the 'Appalachia of the West.'" This suggests that investing in these communities might be challenging but also might deliver high returns for the entire state.

F. Putting the full asset base to work.

TCE follows a somewhat traditional investment policy,

maximizing returns to maximize dollars available for grant-making. Chief investment officer Ruth Wernig explains the challenge to "find investments that are a mission fit and have a market rate of return." The only negative screen TCE applies to investments is for tobacco.

TCE has experimented with program-related investments (PRIs). Chief Financial Officer Dan DeLeon explains that TCE has lent out \$50 million of \$100 million committed to PRIs. These funds have been distributed to low-income housing developments, federally qualified health clinics seeking to expand in response to the ACA and a healthy food initiative known as Fresh Works. Though not well coordinated with grantmaking in the BHC sites, these PRIs often intersect with those communities and reinforce other grantmaking priorities. For example, a low-income housing development in South Los Angeles includes an office for the county to work with at-risk youth; other developments include combined on-site services like mental health care.

Ross once described how the healthy foods work arose:

"We engaged community leaders about how to reduce childhood obesity in their communities. They asked if we could help them gain access to fresh fruits and vegetables in disinvested communities, so we created a fresh foods financing fund called Fresh Works and deployed \$30 million of our investment portfolio toward incentivizing independent grocers to bring fresh produce to these food desert communities. We now have a \$240 million fund with 40 potential deals in the pipeline."³⁸

In addition to these mission-driven investments, TCE tries to align its investment function with its overall values. For example, Ross instructed Wernig to look into minority- and women-owned investment managers. TCE ended

up hiring about five managers reflecting gender and racial diversity; with a total of 80 managers, this number is small but almost equals the 7 percent representation in the field overall (and also represented a 500 percent increase from previous numbers).

Finally, Wernig notes other options that the foundation is considering to have greater mission impact with its investments, but expresses skepticism about their efficacy:

“We have done some letter writing to companies [whose] stocks we own related to the immigration law in Arizona. We have just starting to explore shareholder activism. But at the end of the day, we are a small shareholder. Even huge pension funds try to get together and they don’t have a big effect. So we don’t want to set the bar too high. I’m not sure if they will have any effect or just make us feel good. Also, [we are looking into] a service that has socially responsible proxy voting. But it’s hard to say how big an effect we would have.”

4. The California Endowment leads by example, makes strategic use of the bully pulpit and models the power of diversity to drive social change.

One notable change-making strategy is the foundation’s willingness to use its leadership influence and “bully pulpit” to advance issues related to its social justice mission. Ross is viewed as a bold and humble leader in philanthropy, public health, health equity and other arenas. While interviewees offer candid critique and suggestions for how the foundation might improve its efforts, they express universal respect and genuine appreciation for Ross’s values and leadership. And he has surrounded himself with other diverse leaders who are regarded as the best and brightest in their respective fields.

While interviewees note a range of issues and conversations that Ross and/or the foundation has helped to shape, from the ACA to the social determinants of health approach to organizing funder collaboratives, the most frequently cited example of Ross’s leadership is his efforts to marshal resources and attention to the urgent needs of boys and men of color. (See sidebar “Using Power to Expand Power” on page 30.)

Throughout his tenure as CEO of the foundation, Ross consistently has used his voice to advocate for greater philanthropic support of and comfort with advocacy and organizing as critical social change strategies. A recent article³⁹ once again emphasizes this point. In it, Ross suggests that the field is enamored with innovation, but the focus should be on scaling up solutions that work. “Doing this requires us to engage in power politics,” He writes. “We need to help build the voice, engagement and power of those living in the most distressed communities. We need to throw our weight behind long-term social change efforts and the movements for social justice.” He concludes, “Social innovation without advocacy and organizing would have been in vain.”

A. Diversity drives diverse thinking and action.

Ross’s leadership is notable not only because of what he does with it but because of how it was shaped and informed – in ways that are unique, unfortunately, in the philanthropic sector. In reflecting on his own leadership for this assessment, Ross credits the foundation’s board for mandating an activist focus, while also acknowledging his will and skill to fulfill that mandate:

“I bring having been a pediatrician, serving low-income communities, running health departments in urban settings and being an African American and Latino

USING POWER TO EXPAND POWER

The Critical Role of Leadership

A lifelong passion of Ross's, the needs of boys and men of color crystallized into a philanthropic initiative during his sabbatical in 2012.⁴⁰ He requested the leave from TCE specifically to reflect on how to address a growing crisis, interviewing more than 65 people.

Ross describes what he learned, and why he has chosen to invest the foundation's resources and his own leadership capital on this issue in a moving speech delivered to the Association of Black Foundation Executives' 2013 James Joseph Lecture:

"There is no shortage of crisis-level issues and challenges facing communities of color these days, and it is with some trepidation that I choose to call out any one specific issue or subpopulation as a rallying cause. But as an African American son, grandson, father, husband and citizen, this issue is more than academic, more than policy, more than about measurable outcomes, logic models or theories of change; in fact, it is deeply, deeply personal. And for me, personal equates to spiritual ... As my friend and colleague Angela Glover Blackwell has stated, and as have others, in America's social justice landscape, the African American male is the canary in the coal mine. And we must have the courage to recognize and call out that the canary is flat on his back at the bottom of the cage."⁴¹

This concern recently gained prominence thanks to Obama's announcement of a national campaign he coined "My Brother's

Keeper." While the president notably emphasized a narrative of personal responsibility, Ross and TCE have steadfastly framed the issue in terms of systemic disparities and structural barriers that must be dismantled and transformed to achieve equity. In the ABFE speech, Ross emphasized:

"We need a systemic approach to dismantle a systemic beast of stigmatization, marginalization, criminalization and incarceration that engulfs our young men. We have communities and systems in this country [that] are effectively mass-producing inmates through hopelessness. So I began to turn my attention to a systems approach to dismantle off-ramps to prison while simultaneously strengthening on-ramps to opportunity."

He notes that, "Such an early warning and support system spurred into action to address the crisis in black boys would have beneficial effect for vulnerable children and youth of any gender, race or ethnicity."⁴²

Ross calls for "both urgency and patience," and a combination of mentoring, fatherhood programs, and school and community partnerships, alongside policy advocacy to ensure "greater investment in the early childhood years, reducing and/or eliminating out-of-school suspensions, replacing unreasonably harsh discipline practices with restorative justice and other more accountable and effective policies, monitoring and reporting systems for chronic school absence, and the incorporation of wellness, physical and social-emotional health into school achievement testing approaches."⁴³ ■



President Barack Obama delivers his speech during the launch of My Brother's Keeper at the White House in February 2014. Photo by Peter Souza/Whitehouse.gov.

male who grew up in the South Bronx. I can't detach the job of president/CEO from those experiences. On top of that, I am a child of the '60s and the civil rights movement. That all factors into the leadership style and approach and the natural social justice and change framework I bring to it."

Others agree with this self-assessment. One grantee comments, "He fundamentally gets that the most marginalized with the least access to resources have a complex set of things they are trying to navigate, and that organizing becomes a vehicle for them to discover and exercise their voice."

In an interview with James Ferris, director of the University of Southern California's (USC) Center on Philanthropy and Public Policy, Ross also points out:

"In my first couple of years here, probably 70–80 percent of our grants were direct service grants. Maybe 20–30 percent of our grants were policy systems change and advocacy. That ratio has probably flipped over my dozen plus years. ... I have a public health background. Public health is a prevention discipline. Public health is about creating conditions under which people can be healthy. It's different than patient care. The community becomes your patient, rather than the individual. And that's about conditions and environment. And not just environment in terms of being healthy or unhealthy, but environment in terms of opportunities and choices that people have."⁴⁴

Members of Ross' President's Youth Council recognize the special relationship that Ross has created as well as the special leader that he is. The council is composed of young people from across the state, with a mandate to meet privately with him – without any foundation staff present

– to allow unfettered exchange and feedback. This group is "informing him at a high level from the ground level," as one foundation observer notes.

One youth member reflects:

"The first time I met him ... I was a nervous wreck. But after five minutes I felt like I knew him, like I've known him for years. He is a genuine human being. ... He focuses on who he is and experiences he has faced in his past. He has had his hardships and all of us sitting at the table have also dealt with being low income, and all that comes from being with a low-resource community. It's nice to know there are people in power who actually care about their communities and the communities they are serving."

Another adds:

"He's spiritual, he speaks from the heart, not from the standpoint of an agenda. He understands the struggles of people who are disadvantaged and also what resources and skill sets people in community organizations and city institutions can provide to community members. Through BHC, his leadership is really shining because he understands that these institutions have these resources but they are not connected; BHC is connecting them. I am honored to call him a mentor and friend."

In addition to valuing their personal relationship with Ross, these youths also note how different their experience on the PYC is to most leadership opportunities:

"It's always, 'Hey, we are going to bring youth together, tell them what to do and get their approval.' With the PYC, it's totally different. I have the opportunity any

day to call up and say I need to talk with Dr. Ross, or this needs to be on the agenda for the next meeting. Dr. Ross never had to do this. He wanted something so genuine. Direct access to the CEO of a foundation is mind-blowing. I feel as if I am valued. When I speak, I am listened to. Direct action follows my recommendations.”

In addition to Ross, much of the character of TCE can be traced to the early board of directors. From the get-go, it was racially and ethnically diverse, with a mix of corporate leaders and community activists. (Note: Ross served on the foundation’s board for three years prior to his appointment as CEO.) From this founding, TCE has always had a strong emphasis on communities of color and making sure low-income people have access to health care. “Some foundation take years to even use the ‘R word’ [race],” notes one interviewee. “That conversation was easier to come by for TCE.”

TCE tracks itself against a diversity, equity and inclusion report card. In 2013, it showed that people of color comprise 65 percent of the board, two-thirds of staff identify as people of color, and this ratio persists at the executive leadership level. In comparison, nationally, foundation boards and executives are nearly 90 percent white. TCE’s report card also tracks gender, sexual identity, age, ability and immigration status.⁴⁵

This diverse representation and thinking at the executive level is mirrored throughout the organization. In addition to demographic diversity, the staff brings an experience base that matches the goals and strategies of BHC. “This place is completely different than when I started,” observes one long-time staffer. “Not only the positions but the kinds of people and the values they have brought ... there’s a very fearless kind of leadership now and drive for change, not so much around health indicators in the short term but

empowerment and trying to get local decision-makers to respond more to the people their decisions affect.”

Ross also seeks to move the sector in this regard. He chairs D5, a coalition established to promote diversity, inclusion and equity in philanthropy. One of D5’s priorities is to increase racial diversity inside of foundations. As Ross pointed out in his ABFE speech, this is critical, particularly because it can shift attention and create a sense of urgency for systemic change to benefit marginalized communities:

“In virtually every case where a grantmaking strategy was targeting these young men [of color], a person of color at the foundation – either at the staff level or in the board room – was responsible for driving it. I can think of no better testimony to the question of why diversity and inclusion matter in philanthropy ... in the absence of black and brown people at these foundations courageously pushing or catalyzing the agenda ... there would be virtually zero philanthropic investment in the crisis of black males.”⁴⁶

5. Some of The California Endowment’s grantmaking practices limit grantees’ flexibility to engage in the full spectrum of systems change work.

The \$1 billion commitment to BHC is distributed almost evenly across the three grantmaking programs, Healthy Communities, Healthy California and Enterprise. That means about \$40 million is available to sites per year. For each of the past three years, sites have received between \$1.5 and \$3 million each. TCE says it is reluctant to release exact numbers that could create a sense of competition among sites. But it acknowledges that urban sites get a little more than rural ones because they have the nonprofit infrastructure to absorb more dollars.

TCE's tendency and preference is to award grants for two and sometimes three years. The set of grantees that the foundation funds through either site-specific or statewide policy work has remained fairly consistent, and all of the grantmaking takes place within the context of a 10-year commitment to the current strategy and 14 specific communities.

A. Limited general operating support.

Unfortunately, at only 10 percent of grantmaking in 2011, the foundation falls well short of NCRP's criteria for granting general operating support,⁴⁷ even though some senior staffers prefer it:

"I'm in favor of ... empowering our grantees to become more independent. At our best, we invest in strong leadership and we ought to have faith in them to do that."

This stems in part from recent confusion about foundation practice. But it also reflects a strict belief that the foundation can grant general operating funds only to organizations that work exclusively in California on health improvement efforts.

To be more responsive to grantees, the foundation has created a new funding option called "Program Support," which is intended to reflect some of the features of general operating support. Grantees seeking this type of funding work with program managers to identify intended outcomes and indicators of progress, but they do not have to submit a work plan or detailed budget as required for project support. Proposals under \$1 million that are not required to go to the board can be considered for program support. So, in many ways, this funding option allows the flexibility of general operating support. One key difference, however, is that, in the eyes of the IRS, it is still technically designated support and therefore does not afford the full flexibility of general operating support to grantees, for example, to

engage in the full spectrum of advocacy activities including lobbying.

A related challenge to this limitation is the confusion among both grantees and staffers about TCE's policy on general operating support. Interviewees both inside and outside the foundation were certain that TCE provides general operating support – and others were equally certain that it does not.

B. Payout

TCE consistently meets or exceeds the IRS's 5 percent of assets payout requirement.⁴⁸ In recognition of the foundation's long-term mission, TCE's board of directors has affirmed the decision to live in perpetuity, and so aims for a 5 percent payout. However, TCE policy also permits exceptions for extraordinary circumstances that meet and advance the foundation's mission. For example, the special \$350 million allocation – almost 10 percent of the foundation's corpus – to support implementation of the ACA will push the payout to 8 or 9 percent for the next few years. Previously, TCE exceeded the 5 percent when it issued an emergency response following the economic downturn.

6. The California Endowment struggles to align the various moving parts that make up its complex social justice strategy.

Even smaller foundations with less complex funding strategies struggle to align different parts of the program or organization. FSG's recent strategic review shows that TCE faces alignment challenges at two levels – between statewide policy and community-based work and between programmatic and operational needs. This assessment would add a need to align across all of TCE's various funding pools, including mission investing, as well as a need to

build one team culture that aligns community organizing and more traditional program officer perspectives within the foundation.

A. Grassroots and grasstops

FSG's strategic review points out, "Healthy California and Healthy Communities program managers play different roles and are accountable to different stakeholders, which can make it difficult to collaborate."⁴⁹

To be sure, a natural tension exists between these two arenas. But this also adds to the effectiveness of strategies that cross these lines. As Iton notes:

"Our fundamental strategy anticipates conflict and tension. Without knowing that, you could see conflict and tension as a bad thing ... The biggest problem is that the agenda of state policy work feels foreign to locals; they don't feel it reflects their priorities or input. The core conflict between policy advocates and community organizers is the feeling that organizers are being sold out and advocates feel the organizers are moving too slowly. These are two different cultures that will ideally complement each other and other times will run into conflict. To assume they need to be lock-step is unreasonable."

An observer adds:

"Grassroots and grasstops – which way does it flow? It really should flow bidirectionally. We often hear grassroots folks say they are only engaged when state folks need mobilization. And also state people work in an environment where they have to move quickly; the ground moves beneath their feet [and] they can't always check with the grassroots. So you have to respect roles and strengths of both. The agenda can be mutually informing."

One grantee suggests:

"Those tensions are really big in all of this work. The struggle is that [TCE is] trying to do both at the same time. If they could go back, they probably would have started with resident organizing. Invest in organizing and give it two to three years before trying to figure out how to do statewide work; that would have been better. Statewide work can happen fast, but takes a while to get feedback from the ground. That's been the tension. A lot of times, foundations want to start initiatives at the same time, but phases of the different efforts are not on the same timeline."

When these strategies align, however, "the potential is breathtaking," one adviser notes. "The school discipline thing is a wonderful example of what can happen when the pieces come together."

B. Multiple foundations in one

Several interviewees, including both grantees and staffers, describe TCE as at least two, and sometimes three, organizations in one:

"Within TCE, there can be a lot of territorialism. It's hard to know [whom] to contact sometimes. 'Oh someone else is doing that.' Well, can you connect us? Sometimes they can and sometimes they can't; they don't always know what each other is doing. As much as they are trying to break down silos in the community, they are still very siloed internally."

This can have the consequence of missing opportunities for collaboration. It also can mean that grants can collide in a local community. One staffer describes the experience of working with grantees on the ground and learning

that another organization in the same community had been funded through a different TCE funding stream, but without any conversation among either foundation staff or community agencies.

TCE has designated some staff members based within Healthy California to be intentional connectors to the work in communities. Also, Keddy's team is building structures to enable more cross-talk, joint strategizing and collaboration across staff and their programmatic areas of work.

C. Operations challenges

CEP's staff perception report noted frequent conflicts between operational rules and practices and the strategic, values-driven work of the program team. One staff person offers a particularly poignant example of conflicting needs:

"After the Newtown shooting, we needed to be flexible and agile enough to turn on a dime, but we couldn't get op-eds in place because admin doesn't get it. If you don't have a grant in place, you need to have someone on board to do ads, etc. Sometimes we run out of money. When we expend our resources, we are done. If a contract is not already in place, too bad."

A recent transition in staff leadership of the foundation's operations function holds hope for greater alignment because this is part of the job description for the new hire.

D. Leadership style

TCE staff hold their leaders responsible for missed opportunities for collaboration and for the fact that staff sometimes trip over each other in the field. "While we have talented and powerful leadership at the top of the organization, the executive team, as a group, lacks cohesion and often does not have a shared vision of

the work," said a TCE staffer in a survey collected by CEP. "This makes it difficult to execute strategy." Another added, "TCE has strong individual leaders at the top level but these leaders do not work together in a coherent and strategic way."⁵⁰

Observers note that Ross and his leadership team share the strength of being visionary and charismatic and excelling at external engagement. But this can lead to a management vacuum internally. The collective leadership style is to hire good people and then trust them to do good work. However, this also means that transmission of values and culture are left to chance rather than explicitly communicated or actively developed in staff members. Outside stakeholders describe their experience with staff as arbitrary – "it depends on the staff you work with."

Also, there are tensions between the more technical and traditional grantmakers and those who come to the foundation motivated by a social justice vision as well as greater experience with and allegiance to a community than to grantmaking. "There are some skill sets in this craft," one adviser laments. But the foundation has a minimal investment in training on the mechanics of grantmaking for program staff, as well as minimal sharing of social justice vision, goals and strategy with the operations side of the house.

E. Communications challenges

Perhaps not surprisingly for an organization that is spread across a large state, internal communication can be a challenge. "It feels like we have a lot of meetings but don't necessarily get a lot done," says one staffer. Indeed, interviews for this assessment showed that only the executive leadership could describe the full picture of what TCE is trying to ac-

comply – how the work in communities and at the policy level lead to big results; for example, what community capacities are being developed within each driver of change and how these add up to health improvements. Other staffers interviewed typically focus on one aspect of the strategic framework and in some cases do not know about or cannot articulate the connection between community capacity building and health improvements. One staffer says:

“Part of the challenge of measuring health outcomes over time is that we don’t have specific strategies to changing health outcomes. ... We don’t have a consistent set of strategies toward specific health outcomes because the communities are very different.”

Grantees feel the consequence of this. As one notes:

“TCE is such a big organization, sometimes the left hand and right hand don’t know what they are doing. It doesn’t move in one direction at one time. That can be good; it makes us flexible to respond to different conditions and needs. But it also can get cumbersome.”

Grantees also wonder if TCE invested enough in helping its nonprofit partners, particularly those that no longer fit under the new BHC strategy, understand why this new approach was important.

7. The California Endowment invests in learning for impact; specific outcomes are emerging from the experience on the ground.

To engage in social justice work, Ross notes:

“You have to be comfortable with it not working wonderfully. Social justice work, by definition, is hard. If it’s

easy, it’s not social justice. It’s supposed to be uphill, against the grain, against the power dynamic ... So once you recognize that it’s both hard and complicated, then [you have] the sense that whatever we do will be less than perfect, it might even be wrong. But if there’s a commitment to learning and applying learning, it will get better and better over time.”

A staffer adds:

“We are not perfect at all. We are just trying to walk the walk in pursuit of our mission. That aim is true even if the execution isn’t always.”

While being comfortable with the complexity of its approach and recognizing that traditional evaluation methods would not be adequate to capture complex outcomes, TCE agrees with the assertion of one foundation observer: “Just because it’s complex doesn’t mean it can’t be evaluated.” Ross says that the hiring of Keddy, an experienced community organizer, to head the learning and evaluation office was strategic because “we wanted someone with the orientation to bring rapid cycle, fast learning and dynamic orientation to evaluation. ... someone that was mindful of not only evaluation data but also the experience of communities and incorporating that into our work going forward.”

TCE has modeled openness to evaluation and critique, making its learning process public. It has participated in multiple CEP surveys of grantees as well as staff, commissioned FSG’s strategic review and responded enthusiastically to this assessment. Many of the evaluation reports, even those including critique, are posted on TCE’s website. Keddy is currently spearheading an effort for cross-learning and coordination across the two halves of the BHC pro-

gram team. The goal is to reflect on and absorb learnings from the various assessments and other resources in order to better integrate them into foundation practice.

TCE has already moved to address some of the key critiques noted in the FSG strategic review. It showed that statewide policy advocacy outcomes, which are notoriously hard to identify or measure, actually were clearer than the community-based work:

“Healthy California has been able to focus its work around the three Health Happens Here campaigns and identify a few issues to move and a few grantees to work with. This has enabled Healthy California staff to develop concrete objectives and measurable indicators for their work, so that it is clear whether or not progress is being made toward a set of statewide goals.

On the other hand, Healthy Communities program staff are largely engaged in developing a community process and building organizing and advocacy infrastructure. There is evidence of early policy wins in many of the BHC sites, and yet most communities are still in the process of strengthening the policy advocacy capacity of communities. The activities in BHC sites have been largely relational and responsive to changing community needs. As a result, the outcomes of these efforts have been much less concrete and more difficult to measure.”⁵¹

In response, Iton’s team reviewed site priorities to develop site-level outcomes and link them to health improvements (see appendix). Building “people power” through resident engagement and youth leadership development, for example, would be demonstrated through the development of community capacities such as local institutions

tapping resident input for decisions, people from marginalized communities leading their own organizing efforts and assuming formal positions of leadership and influence, and structures and pathways in place to enable all of this to continue even after BHC concludes.⁵²

TCE does not expect each site to produce uniform results – the 14 communities are intentionally diverse, with different levels of existing capacity to build upon and different levels of experience with organizing. Keddy notes that the foundation knew it could not prescribe and impose specific expectations onto the sites, but needed to listen to and learn from communities:

“We did not internally generate these goals and outcomes at the beginning of the initiative. Instead, we waited until the sites got through the planning phase and were in early implementation to see what priorities emerged from the local communities. We made grants to these priorities – as well as to big opportunities that emerged like the ACA – then we did an analysis, and then we started identifying outcomes. If we had established these at the beginning of the initiative, we would have gotten most of them wrong.”

An adviser to the foundation notes:

“Movement building adds the capacity of people to move the policies and metrics in a way that actually winds up having them have agency and be authors of the change rather than recipients. That does a lot for people’s internal mental health and self-efficacy. Health outcomes move very slowly. So you do have to come up with intermediate outcomes that you think are directly connected to social determinants that will have an effect on health outcomes.”

Now, a third of the way into BHC's 10-year timeline, these intermediate outcomes are starting to reveal themselves. For example, a recent assessment of BHC by USC's Program for Environmental and Regional Equity points out:

"The most inspiring development and perhaps the least anticipated four years ago: how young people are leading changes in their schools, in their districts and in the state legislature to support their own success in staying in school. ... But more importantly, the young people, many of them in high school, are learning how to organize, speak up and confront those in power – leadership experience that may benefit their communities for decades to come."⁵³

Experience also has helped to clarify processes and identify areas for strengthening. For example, both the USC and FSG assessments point out stumbles with the hubs that were established to help coordinate activity in each site. In most cases, the hubs have been effective at bringing together a cross-section of the community, sometimes including advocates and the system leaders they seek to change on the same side of the table for the first time. But, as USC reports, "In most sites, we found hubs struggling with the tension between a push from the Endowment to get lots of residents involved and the actual capacity for what it really takes to train, outreach and sustain the participation and build power."⁵⁴ TCE is currently working to clarify and strengthen this function and form in BHC sites.

TCE also invests in measuring population-level health changes in certain areas. The foundation has developed a list of schools and school districts in which grantees and district leaders are implementing physical and social-emotional health strategies, tracking changes in these schools over time using data from the FitnessGram, the California

Healthy Kids Survey and other sources, and comparing results in BHC sites to similar communities across the state.

To be sure, TCE is searching for the sweet spot between allowing the 14 communities to define and drive their own change and maintaining some degree of consistency and coherence across the whole initiative. "The overarching tension," USC points out, "is around foundation-driven versus community-driven change – and where the two shall meet."⁵⁵ From its start, TCE's work in learning and evaluation has prioritized grantee engagement and input. Keddy recently convened a two-day learning retreat with about 100 leaders from the local sites to reflect on lessons learned from the cross-site evaluation, which itself was developed collaboratively by evaluators and grantees. "We're not taking the usual top-down approach but are mostly working in a participatory, developmental evaluation approach," he says.

RECOMMENDATIONS

The California Endowment exemplifies strategic social just philanthropy in many ways, including in its attention to continuous learning and improvement. The following recommendations are offered in that spirit.

- 1. Continue the explicit and robust commitment to social justice.** TCE is already a national leader, and its current approach clearly is producing important and much-needed results. Specifically, continue prioritizing support of marginalized communities, social change strategies like community organizing and advocacy, and multi-year funding. Additionally, continue to make use of the foundation's leadership voice to influence the philanthropic field and others to invest in social justice.
- 2. Reinvest in building the nonprofit infrastructure for statewide policy advocacy and rekindle closer coordination with partners from that sector.** This is not to suggest an abandonment of TCE's internally directed advocacy and communications efforts, but rather a recalibration between what the foundation funds and what it runs directly. No matter its size and effectiveness, TCE cannot advocate on all issues; having a robust nonprofit advocacy infrastructure means that TCE can focus its efforts without worry that other issues are falling by the wayside. Further, this approach will truly maximize the changemaker orientation because nonprofits can include lobbying in their advocacy efforts, unlike private foundations. Having greater capacity will enable grantees to maximize the foundation's efforts, for example, by being able to more fully respond to and integrate the foundation's messaging around "Health Happens Here."
- 3. Increase general operating support grants.** This will help nonprofit grantees build their capacity while also providing maximum flexibility to engage in the full range of advocacy activities, including lobbying. Also, make sure that grant agreements for project support and the recently designed "program support" do not include language that unnecessarily inhibits grantee advocacy and lobbying.
- 4. Communicate more directly and transparently about the foundation's intentions, outcomes and lessons.** Stakeholders identified at least three opportunities for greater transparency and better communication:
 - Communicate more explicitly to both grantees and staff the links between power building and health improvement outcomes, the indicators that power is being built, and how all the pieces of the BHC strategic framework connect and reinforce each other. This also would help peer funders that are considering embarking on similar, complex work but are more familiar with other points on the health funding continuum and may be wary of efforts that feel too far removed from their health mission. TCE's experience can validate the complexity while also breaking it into more manageable, more achievable and less intimidating pieces. To be sure, identifying outcomes and process indicators for this complex and multifaceted work is not easy, and the foundation is not expected to do this alone. TCE recognizes this is an important process to undertake in concert with BHC com-

munities. Together, the sites and the foundation can track progress and make course corrections to their respective efforts, as well as capture the full range of outcomes that are happening.

- Communicate more transparently about why the 14 communities were chosen and how the local work in them can support and complement work in other communities that are not directly funded. Further, be more transparent about how much each community is receiving. While the foundation is reluctant to share this information because it might create competition, not knowing also creates competition alongside mystery and suspicion.
- Communicate directly and confidently about the focus of support on boys and men of color. For example, publicly articulate the health disparities experienced by this population as well as the dearth of philanthropic and other resources aimed at closing those disparities. Also, note the strategic opportunity of this moment in time, given recent current events and growing political will for these concerns. Continue to position this need as a response to structural barriers, especially as the campaign gets co-opted by more mainstream forces that prefer a narrative of personal responsibility and cultural pathology to one that exposes and works to dismantle structural inequities. Finally, where possible, attend to needs of other marginalized groups as well, and be sure to show how investing in boys and men of color will have ripple effects that benefit others.

5. Involve grantees more directly in strategy development. While grantees are tapped regularly for feedback to inform learning and evaluation, several of the findings point to the value of and need for greater grantee involvement on the front end of crafting strategies. This includes helping with alignment across foundation efforts, identifying and articulating realistic and meaningful outcomes, and ensuring that nonprofit capacity building remains a priority for the foundation. Specific opportunities include creating a formal grantee advisory committee for the statewide policy and strategic communications work. Additionally, following on the work to develop logic models and plans for their respective BHC sites, community residents could play some role in making grant decisions for their communities. This would complement TCE's power building efforts and demonstrate to other institutional and systems leaders that power can be shared and shifted.

6. Align and coordinate the foundation's grant investments across its programmatic areas as well as with mission investments. Internal efforts to promote learning and strategizing across the Healthy Communities and Healthy California teams hold promise. Additionally, while there is some resistance to creating more layers of infrastructure in communities, some greater coordination of both grantmaking and community-based work would be useful. The hubs have not yet found their groove, but if efforts to build hub capacity are successful, they could be one vehicle to help this coordination happen. Finally, program- and mission-related investment strategies could better align with and support the work in the 14 local communities.

7. Invest in comprehensive and continuous professional development and training for staff. TCE has a staff of 135 to ensure its capacity to do social justice giving well. This size also allows staff to be located in or near funding sites as well as have time to connect with communities and build relationships. Especially because the staff is so diverse and dispersed geographically, continuous training, support and internal communications are critical to ensure a unified team. Program staff need support to blend social justice values with the craft of grantmaking. Operations staff need support to make the links between their day-to-day responsibilities and the social justice mission of the foundation. These efforts will enable TCE to shore up its grantmaking function while also strengthening its work as a multifaceted changemaker.

CONCLUSION

Strategic social justice philanthropy is not easy. But The California Endowment proves that it is possible. With its steadfast commitment to building the capacity and power of marginalized communities, its strategic efforts to connect local work with statewide policy, its deep investment in community organizing, and the many ways it leverages its leadership voice and influence, TCE is well on the way to tapping the full potential of foundations as social change-makers. And it is achieving real, lasting results that people can feel in their lives. The foundation has helped expand

health access and equity in myriad ways. Specifically, TCE supported passage and state implementation of national health reform, catalyzed changes throughout the state and in the public consciousness about school discipline policies, and focused attention on the urgent needs of boys and men of color. Continuing and building upon what works, as well as making strategic adjustments consistent with its values, not only will strengthen the results that TCE achieves but also serve as a beacon of hope to the field and to communities most in need of support.

APPENDIX

THE CALIFORNIA ENDOWMENT'S BUILDING HEALTHY COMMUNITIES STRATEGIC FRAMEWORK

The strategic framework for BHC continues to evolve, and currently includes **four “big results”**:

1. Provide a health home for all children.
2. Reverse the childhood obesity epidemic.
3. Increase school attendance.
4. Reduce youth violence.

BHC also outlines **10 community-level outcomes** that contribute to or indicate progress toward the big results:

1. All children have health coverage.
2. Access to a health home.
3. Health services shift resources toward prevention.
4. Health promoting land use.
5. Neighborhoods safe from violence.
6. Communities support healthy youth development.
7. Healthy neighborhoods and school environments.
8. Health improvements linked to economic development.
9. Narrowing health gaps for boys and men of color.
10. Shared vision for community health.

The outcomes are pursued through various **‘Health Happens Here’** campaigns focusing on schools, neighborhoods and prevention:

Health Happens in Schools

1. School climate
2. School wellness
3. Comprehensive supports

Health Happens in Neighborhoods

4. Healthy food environments and food systems
5. Healthy land-use planning and anti-displacement
6. Healthy community and economic development
7. Environmental health and justice
8. Systems that restore and heal
9. Healthy youth opportunities

Health Happens with Prevention

10. Public health
11. Coverage, care and community prevention
12. Health care services

A final component of the BHC strategic framework is “drivers of change” that describe what influences the intended outcomes and, consequently, what strategies communities (and the foundation) must engage in to effect change:

- Building resident power
- Developing youth leadership
- Enhancing collaboration
- Changing the narrative
- Leveraging partnerships

NOTES

1. Unless otherwise cited, the information in this section is extrapolated from the website and annual reports of The California Endowment.
2. Mary Ann Cryan, "Some Examples of Decisions by Courts and Regulators Holding Blue Cross and Blue Shield Plans to Charitable Trust Obligations," Consumers Union, November 29, 2007, <http://consumersunion.org/research/some-examples-of-decisions-by-courts-and-regulators-holding-blue-cross-and-blue-shield-plans-to-charitable-trust-obligations/>.
3. Based on March 2013 data.
4. See U.S. Census Quick Facts and http://en.wikipedia.org/wiki/Demographics_of_California.
5. Current and projected figures from the California Healthcare Foundation.
6. The initial grantmaking strategy, known as "Communities First," was informed by input gathered at 22 community forums around the state. A primarily responsive approach, it had the goal to "help fill the immediate gaps in health systems, supporting direct services for those who need them most"; but the approach also included an understanding of the need to "strengthen our health policymaking and decision-making framework over the long term."
7. The Centers for Disease Control defines "social determinants of health" as economic and social conditions that influence the health of people and communities. These conditions are shaped by the amount of money, power and resources that people have, all of which are influenced by policy choices. Social determinants of health affect factors that are related to health outcomes. Factors related to health outcomes include: how a person develops during the first few years of life (early childhood development), how much education a person obtains, being able to get and keep a job, what kind of work a person does, having food or being able to get food (food security), having access to health services and the quality of those services, housing status, how much money a person earns and discrimination and social support. See <http://www.cdc.gov/socialdeterminants/FAQ.html>.
8. The 14 communities are: Boyle Heights, Central Santa Ana, Central/Southeast/Southwest Fresno, City Heights, Del Norte County and Adjacent Tribal Lands, Eastern Coachella Valley, East Oakland, East Salinas (Alisal), Long Beach, Richmond, South Sacramento, South Kern County, South Los Angeles and Southwest Merced/East Merced County.
9. NCRP's annual awards recognize and honor foundations for practicing "smart, high-impact philanthropy."
10. As of March 2014.
11. Unless otherwise cited, the information in this section is extrapolated from: Tia Martinez, Arnold Chandler and Nancy Latham, *Case Study: School Discipline Reform in California* (Los Angeles: The California Endowment, August 2013), http://www.calendow.org/uploadedFiles/Learning/School%20Discipline%20study-V2_081413.pdf.
12. The "school-to-prison pipeline" refers to a set of policies and practices that push students out of school and into the juvenile or criminal justice system.
13. "Restorative justice" reflects a set of principle and practices centered on respect, responsibility and relationships. It is an alternative to punitive measures like suspension and expulsion that gained popularity as part of "zero tolerance" efforts to protect students arising in the wake of the shooting at Columbine High School.

14. “Willful defiance” is a broad and vague category of student misbehavior that is determined subjectively by the authority figure who reports it. It is often cited in minor incidents that escalate when the educator believes the student is being disrespectful or rude. The *Los Angeles Times* describes this term as “an offense criticized as a subjective catch-all for such behavior as refusing to take off a hat, turn off a cellphone or failing to wear a school uniform.” See Teresa Watanabe, “L.A. schools will no longer suspend a student for being defiant,” *Los Angeles Times*, May 15, 2013, <http://www.latimes.com/local/lanow/la-me-ln-lausd-suspensions-20130515-story.html>.
15. Teresa Watanabe, “LA Unified bans suspension for ‘willful defense,’” *Los Angeles Times*, May 14, 2013, <http://articles.latimes.com/2013/may/14/local/la-me-lausd-suspension-20130515>.
16. “State Schools Chief Tom Torlakson Reports California Sees Significant Drops in Student Suspensions and Expulsions,” California Department of Education News Release, January 29, 2014.
17. Unless otherwise cited, the information in this section is extrapolated from “The California Endowment Celebrates California’s Local Control Funding Formula to Support High-Need Students,” California Endowment Press Release, July 1, 2013; and *California Speaks on Fair School Funding: Final Report of the School Success Express* (Los Angeles: The California Endowment, November 2013), http://www.calendow.org/uploadedFiles/Health_Happends_Here/In_Schools/HHH_School_Success_Report_11202013.pdf.
18. LCFF was enabled by the passage of Proposition 30 in 2012, which raised taxes on millionaires for schools. With this influx of revenue, education advocates were able to direct more funding to low-income schools. TCE did not directly fund the Proposition 30 or LCFF campaigns, but its long-standing efforts to build the organizing infrastructure in the state enabled grantees to lead this kind of work.
19. Unless otherwise cited, the information in this section is extrapolated from: *Sons and Brothers Building Healthy Communities: Case Study* (Boston, Geneva, San Francisco, Seattle, Washington, DC: FSG, November 2013), http://www.calendow.org/uploadedFiles/Learning/Strategic%20Review_Sons%20-%20Brothers%20Case%20Study_January%202014.pdf; and www.calendow.org/sonsandbrothers.aspx.
20. “Sons and Brothers Building Healthy Communities,” op cit.
21. *Striving for Health Equity: Opportunities as Identified by Leaders in the Field* (Washington, D.C.: Grantmakers in Health, July 2012), http://www.gih.org/files/FileDownloads/Striving_for_Health_Equity_July_2012.pdf.
22. “Health Happens Here: Overview of Funded Strategies,” The California Endowment, February 2013.
23. NCRP recommends that a minimum of 50 percent of grant dollars go to marginalized groups and 25 percent to social justice strategies. See Niki Jagpal, *Criteria for Philanthropy at Its Best: Benchmarks to Assess and Enhance Grantmaker Impact* (Washington, DC: National Committee for Responsive Philanthropy, March 2008), <http://www.ncrp.org/paib>.
24. Rick Cohen, “Intersection of Community Organizing and Racial Justice Funding: Limited Data and Limited Dollars,” in “Mobilizing Community Power to Address Structural Racism,” *PRE Critical Issues Forum*, Volume 4, September 2012, <http://racialequity.org/docs/CIF4Full-Web.pdf>.
25. “Member Spotlight: The California Endowment,” *Responsive Philanthropy*, Winter 2011/2012, https://www.ncrp.org/files/rp-articles/ResponsivePhilanthropy_Winter2011-12_Member-CAendowment.pdf.

26. "People Power in Building Healthy Communities, Resident-Driven Organizing Inventory Results, 2013, The California Endowment.
27. Veronica Terriquez and Abdiel Lopez, *BHC Youth Program Inventory Survey 2013*, USC Program for Regional and Environmental Equity, 2013 <http://www.calendow.org/uploadedFiles/BHC%20Youth%20Program%20Inventory%20Report%202013.pdf>.
28. Deborah F. Ching, "Addressing the Gaps of Place-Based and Regional Approaches," *Report on the Public Hearing of the California Commission on Asian Pacific Islander American Affairs*, National Center for Preservation of Democracy, October 21, 2011.
29. Interview with Robert Ross conducted by James Ferris, Director of the USC Center on Philanthropy and Public Policy, June 28, 2013.
30. The federal Community Reinvestment Act of 1977, often referred to as CRA, aims to remove barriers and increase financial access to low- and moderate-income borrowers by banks and other financial institutions.
31. The Partnership for Working Families explains that community benefit agreements ensure that economic development projects create opportunities for local workers and communities. See <http://www.forworkingfamilies.org/resources/policy-tools-community-benefits-agreements-and-policies>.
32. "Grantee Perception Report prepared for The California Endowment (Confidential)," The Center for Effective Philanthropy, September 2012.
33. Ibid.
34. *Responsive Philanthropy*, op cit.
35. Gwen Walden, "When a Grant Is Not a Grant: Fostering Deep Philanthropic Engagement," *State of Philanthropy 2006* (Washington, DC: National Committee for Responsive Philanthropy, July 2006).
36. Manuel Pastor, Rachel Rosner and Madeline Wander, "Power to the People? Investing in California's Organizing Infrastructure," prepared by USC Program for Regional and Environmental Equity for The California Endowment, April 2014.
37. *The California Endowment's Commitment to Diversity and Inclusiveness: Diversity Data on Who We Are and Who We Fund* (Los Angeles: The California Endowment, March 2012), http://www.calendow.org/uploaded-Files/about/2012_TCE_ED_Data%281%29.pdf.
38. *Responsive Philanthropy*, op cit.
39. Dr. Robert K. Ross, "We Need More Scale, Not More Innovation," *Stanford Social Innovation Review*, Special Supplement on "Smarter Philanthropy for Greater Impact: Rethinking How Grantmakers Support Scale," Spring 2014.
40. FSG, op cit.
41. Dr. Robert K. Ross, "Enough and Now," by delivered as the Association of Black Foundation Executives' Annual James Joseph Lecture, April 8, 2013.
42. Ibid.
43. Ibid.
44. Interview conducted June 28, 2013.
45. The California Endowment, Diversity, Equity and Inclusion Report Card, July 2013.
46. Ross, "Enough and Now" op cit..
47. NCRP recommends that a minimum of 50 percent of grant dollars go to general operating support grants. See Jagpal, op cit.
48. TCE's 2009 990-PF shows a payout of less than 1 percent because the foundation changed its fiscal year and IRS accounting rules resulted in a filing that covered only the one-month transition period. The balance of 2009's financial activity is included in the 2010 990-PF, which had a payout of more than 5 percent.

49. Katelyn Mack, Efrain Gutierrez, Matt Duffy, and Hallie Preskill, "The California Endowment Strategic Review," FSG, October 2013.
50. Excerpted from: "Staff Perception Report prepared for The California Endowment," The Center for Effective Philanthropy, Summer 2013.
51. The California Endowment Strategic Review, FSG, op cit.
52. Excerpted from TCE's internal document, Building Healthy Communities: Drivers of Change and the Twelve Transformational Policies, 2014.
53. Manuel Pastor, Jennifer Ito, and Anthony Perez, "There's Something Happening Here . . . A Look at The California Endowment's Building Healthy Communities Initiative," USC Program for Environmental and Regional Equity (PERE), February 2014.
54. Ibid.
55. Ibid.

ABOUT PHILAMPLIFY

Philamplify is an initiative of the National Committee for Responsive Philanthropy that aims to maximize the impact of our country's grantmakers. At the center of Philamplify is a series of comprehensive reports conducted by highly regarded researchers assessing foundation grantmaking and operations. Assessments include key findings and recommendations, along with in-depth analysis of foundations' funding strategies and feedback from peer funders, nonprofit leaders, issue experts, community members and more. By making these assessments public, Philamplify seeks to build a culture of transparency, mutual accountability and knowledge sharing.

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