

NEWS AND ANALYSIS

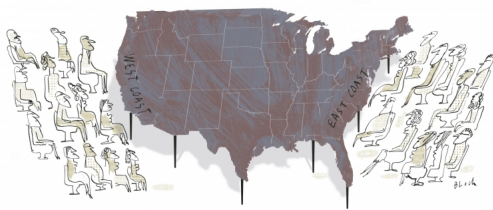
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✓ PREMIUM

## Who's at the Board Table?

**'Coastal elites' dominate trustee rosters at most of America's largest foundations, according to a Chronicle analysis. What does that mean for grant making?**

By Drew Lindsay and Rebecca Koenig



SERGE BLOCH, FOR THE CHRONICLE

Darren Walker is a gay black man, a rarity in foundation executive suites. Since he became president of the Ford Foundation in 2013, the grant maker has added seven members to its board, none of them white men. Indeed, Ford's 17 trustees are among the most racially and ethnically diverse in major

philanthropy.

With seven black people, two Asians, and two Latinos, the board embodies the melting pot that America claims to be.

Yet Ford has selected trustees who, by its own admission, represent a relatively narrow slice of America in other ways. Ten live hard by Amtrak's Northeast Corridor line. Seven are in metro New York,

some only a cab ride from the foundation's Manhattan headquarters. Just two live west of the Mississippi River.

The Ford board is also tinged with privilege. Though Mr. Walker prides himself on being educated exclusively in public schools, only three other board members graduated from a state college or university.

A similar portrait emerges when looking at Ford's peers. *The Chronicle* analyzed the board makeup of America's 20 wealthiest foundations (not including community foundations and regional grant makers). Collectively, the men and women governing these big philanthropies could easily be depicted as the "coastal elites" excoriated in last year's political campaign. Few live in regions that are home to the "forgotten men and women" President Trump spoke of at his inauguration. The vast majority have degrees from top private colleges.

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## BY THE NUMBERS

Of the 232 trustees on the boards of America's 20 largest foundations with national reach:

- 52% live in California or the Northeast
  - 28% live in the New York area
  - 1 lives in one of the five states with the highest poverty rates
  - 77% graduated from a private university
  - 2 have had careers in the military
  - 56% have a Ph.D., an MBA, or a law degree
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In short, the lives of many trustees give credence to the charge that major philanthropic institutions are insular, well-heeled, and out of touch with average Americans. Consider these numbers from an

analysis by *The Chronicle* of the 232 trustees of these 20 grant makers:

- More have a degree from Harvard (52) than live in "flyover" states (51).
- More than half live in the Northeast or California.
- Only a handful live in the country's poorest states, which are in the interior Southeast, the Southwest, and Appalachia. Ford and Open Society Foundations trustee Bryan Stevenson, head of the Equal Justice Initiative in Alabama, is the only one of the 232 board members who lives in a state with a poverty rate among the five highest in the country.
- Eight in 10 trustees have graduate degrees. Nearly four in five graduated from private colleges or universities in the United States, with 40 percent earning an Ivy League credential.
- Sixteen are former or sitting presidents of universities, including Yale, Columbia, Stanford, the Massachusetts Institute of Technology, and Duke. Dozens come from the worlds of business and finance, yet only two trustees have had careers in the military, and just four are religious leaders.

Such head counts do not precisely reflect a board's range of perspectives or backgrounds; a degree from Harvard or a home in Palo Alto does not necessarily mean someone came from wealth or is out of touch with the working class. Nor does every board set its foundation's agenda.

But *The Chronicle's* analysis for the first time puts data behind the longstanding concern that elite perspectives shape the views and work of large philanthropic institutions. These 20 foundations control \$162 billion in assets and wield enormous power to do good, but critics say their impact suffers when they are so far removed from the lives and struggles of average Americans.

"Given the fact that many of these foundations attempt to address issues affecting working families and the poor, there's no good excuse for not having significant socioeconomic diversity on their boards," says Albert Ruesga, former president of the Greater New Orleans Foundation. "It's a cop-out if they don't, and their missions suffer as a result."

Despite a half-century of efforts by foundations to increase their racial, ethnic, and gender diversity, *The Chronicle* analysis suggests they need to consider diversity more broadly, says Robert Ross, head of the California Endowment and a co-chair of D5, a coalition of grant makers that promotes diversity in philanthropy.

"Geographic diversity for large national foundations may be one of the next hills to climb," he says. Diversity is not a function solely of race, ethnicity, or gender, he adds: "The unemployed white coal miner in Kentucky and the unemployed African-American auto worker have a lot more in common than meets the eye."

### **'Breadth of Vision'**

A McCarthy-era congressional investigation of foundations may have been the first public effort to raise warnings about geographic diversity and grant-maker boards. That investigation's report in 1953 noted that most foundations were based in New York and their trustees lived nearby, according to scholars Stanley Katz and Benjamin Soskis.

The lawmakers in their report recommended "a sustained search for qualified individuals residing West of the Hudson River." The goal: "to maintain the freshness of approach, flexibility, and breadth of vision for which [foundations] profess to strive."

New York remains the epicenter of major philanthropy; nine of the 20 foundations in the *Chronicle* review are headquartered in the city or its orbit. But a westward expansion has created a second hub in the San Francisco area, and large national grant makers now dot the map of the middle of the country.

Still, it's not clear that the widening footprint of big philanthropy has led to boards that offer the "freshness" and "breadth of vision" that Congress wanted. *The Chronicle* analysis shows that foundations, particularly those with living donors, tend to pick trustees who live relatively near their offices and who share a great deal in common.

Bloomberg Philanthropies is a prime example. Twenty of its 24 board members live or work on the East Coast, 14 in the New York area. Most have enjoyed Michael Bloomberg-like fame and power at some point in their careers; the roster includes two former U.S. senators (David Boren and Sam Nunn), a former treasury secretary (Henry Paulson), and a former chairman of the Joint Chiefs of Staff (Michael Mullen). The corporate world is also well-represented in the form of sitting or former CEOs of American Express, Disney, IBM, and other major companies.

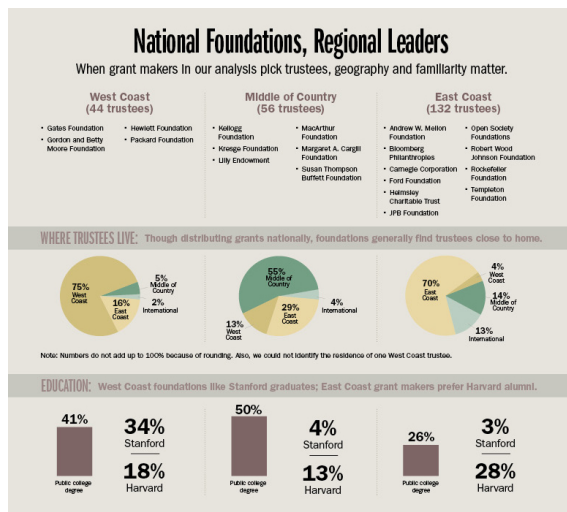
Ten of the trustees have Harvard degrees, like Mr. Bloomberg (MBA, 1966). Only six are women, among them, his daughters Emma and Georgina. At least six have a history as notable athletes, including Tenley Albright, an Olympic gold medalist in skating who now heads an MIT health collaborative.

The strong affinities of trustees at other foundations suggest just how cozy boards can be:

- Five of the nine Lilly Endowment trustees are lawyers, each of whom has at some time worked at the same prominent and politically connected law firm. Among these trustees: Jennett

Hill, one of only two women on the board and its only person of color. Every member save one lives in or around Indianapolis, where the foundation is headquartered.

- Ten of the 15 members of the U.S. programs board for George Soros’s Open Society Foundations have a Harvard degree. Thirteen are from the East Coast, with nine living in New York.
- Carnegie Corporation of New York has four board members who live abroad but just two from the middle of America and only one from west of the Mississippi. The roster includes a former president of Portugal, three current or former college presidents, the president of the National Academy of Sciences, and an ex-U.S. ambassador.
- All but one of the 12 trustees of the Gordon and Betty Moore Foundation live in the Bay Area. All are white, and five of the six who are not members of the Moore family have a Ph.D., as does Gordon Moore, an Intel co-founder.



## When Stature Matters

Foundation officials, scholars, and executive-recruitment specialists say it’s no coincidence that board members often have similar resumes and life experiences. Grant makers typically seek accomplished trustees whose expertise and passions align with their mission. It makes sense, for instance, that the Moore Foundation puts biochemistry, engineering, and environmental-policy scholars on its board given its work on health, science, and green issues. Likewise, Bloomberg may favor trustees with government service because of its focus on policy and

reforming city governance. (Neither the Moore nor Bloomberg foundations agreed to interviews to discuss their board-selection processes.)

What these boards may be missing are significant numbers of experts of a different sort: people who have endured some of the hardships philanthropy often seeks to address.

Their absence is perhaps not surprising: Foundations generally are elite institutions born of the wealth of individuals who are themselves elite. The Rockefeller Foundation board is one of the few in which non-Hispanic whites do not make up the majority; its 11 trustees include nine people of color. Yet it wants people with professional expertise and sound judgment as well diverse backgrounds, says board chair Richard Parsons, an African-American and one of the few chairs in the *Chronicle* analysis who graduated from a public university (University of Hawaii).

"We're looking for people who have stature. Not going to find too many people at the Ford Motor plant in Dearborn who fit that description," says Mr. Parsons, a former CEO of Time Warner.

### **Family and Friends**

Family connections also play a big role. Founders or their relatives are trustees at 12 of the foundations in the *Chronicle* analysis. Generally, these boards are the least diverse. The eight trustees of the Margaret A. Cargill Foundation, for example, include just two women and one person of color. The composition will change over time, according to the foundation, but for now the board is composed largely of individuals who personally knew Ms. Cargill, who died in 2006.

And, of course, personal networks are enormously important. "The world of board recruitment still operates in many ways very much like an old boys' or old girls' club," says Mr. Ross of the California Endowment. Trustees identify trustee candidates by talking to "people they serve with on other boards or maybe see at the tennis club or on the golf course or at the cocktail party," he says.

Many boards feel little need to extend their candidate search beyond the comfort zone of the people they already know, says Vincent Robinson, founder of the 360 Group, an executive-search firm whose clients include foundations.

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## **BOARD DIVERSITY: HOW WE COMPILED THE NUMBERS**

*The Chronicle* analyzed the board makeup of the 20 largest foundations in the country, based on 2014 asset size as reported by the Foundation Center. Community and regional grant makers were not included.

Twelve foundations provided *The Chronicle* with information on the gender, race, ethnicity, education, and residence of their trustees. Some also provided data about board members' ages.

For trustees at the foundations that would not provide the information, *The Chronicle* relied on public sources, including published biographies, networking sites such as LinkedIn, and campaign-contribution records filed with the Federal Election Commission. If a trustee's residence could not be determined, we used the most recent primary place of work.

*The Chronicle* was unable to collect all the information for eight of the 232 trustees currently holding seats at the 20 foundations.

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"People at certain lofty social positions tend to assume that they know everyone worth knowing," he says.



Ultimately, trustees want to invite someone into their circle whom they can trust — someone who will not introduce discord or raise divisive issues and who preferably comes with a fellow board member's endorsement, says Mr. Ruesga, who has served on nominating committees. "There's a lot of jitteriness about anybody known just by reputation."

### **'Now Is the Time'**

Critics argue that foundations can't afford to be so clubby and comfortable. The social and political tumult of recent years is "tearing at the soul of the nation," says Mr. Ross. "Now is the time for philanthropy to set the right example."

The numbers from the *Chronicle* analysis suggest that few trustees come from a working-class background, which can skew foundation strategies and policies, says Aaron Dorfman, head of the National Committee for Responsive Philanthropy. Stacking boards with lawyers, MBAs, and Ph.D.s means philanthropy can suffer the implicit biases of the elite, he says, adding, "People who don't have advanced degrees also have good insights into solving complex problems."

The coastal tilt of boards directly affects grant making, argues Charles Fluharty, president of the Rural Policy Research Institute. He points to a federal study showing that foundations invest more heavily per capita in urban areas than in rural communities.

Culturally, elite boards simply aren't attuned to the problems affecting much of America, Mr. Fluharty says. "We have a national catastrophe in opioid addiction, and it's ripping the soul out of rural communities all across the country. Yet I see no groundswell of interest from American philanthropy to take it on."

To be sure, a few major foundations are investing in nonprofits serving middle-of-the-country regions of deep poverty.

Foundation Center data from 2012, the most recent available, shows that the W.K. Kellogg, Bill & Melinda Gates, and Robert Wood Johnson foundations are among the top grant makers to charities in several of the nation's highest-poverty states.

Still, the Foundation Center data suggests that such work by the grant makers in *The Chronicle's* analysis is rare and relatively limited. For example, the biggest grants from these 20 foundations to West Virginia charities were \$450,000 from Kellogg and \$400,000 from Robert Wood Johnson. Some foundations could be supporting nonprofits based elsewhere that work in West Virginia, but the total is still remarkably low.

It's impossible to know what role board makeup plays in grant making. But the work of the Leona M. and Harry B. Helmsley Trust suggests that a board member's life experience can directly influence a foundation's investments.

One of its three trustees is Walter Panzirer, a grandson of Ms. Helmsley, the late New York hotel magnate. A former paramedic and firefighter who lives in Pierre, S.D., he has helped steer significant Helmsley funds to rural health care and hospital emergency care in places like Harlan County, Ky.; Baker, Mont.; and Eureka, S.D.

The Manhattan-based Helmsley Trust provided more grant dollars than any other foundation to nonprofits based in South Dakota, North Dakota, and Wyoming in 2012.

"There aren't any other big foundations here," says Shelley Stingley, program director for Helmsley's Rural Healthcare Program. "Maybe they don't see the needs because they don't live here."

## Building a Better Board

Some foundations believe that they have work to do with regard to diversity. For decades after the William and Flora Hewlett Foundation was established in 1966, its board consisted chiefly of relatives, friends, and trusted advisers of the founders; most served long terms. In 2011, however, the foundation adopted new board policies, including term limits and a cap of four family members among the 12 trustees.

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### CHRONICLE REVIEW SHOWS 'COASTAL ELITES' DOMINATE BIGGEST FOUNDATIONS' BOARDS

Our review shows that the roster of trustees governing the wealthiest U.S. grant makers looks little like America when it comes to class, race, and gender. The package includes data on 20 foundations, expert commentary, and steps boards can take to become more diverse and inclusive.

- [Inside Philanthropy's Boardroom 'Bubble'](#) ✓ **PREMIUM**
  - [Progress Slow in Push for Racial and Gender Diversity on Foundation Boards](#) ✓ **PREMIUM**
  - [Why and How to Build a Diverse Nonprofit Board](#) ✓ **PREMIUM**
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Since then, Hewlett has designed a matrix to identify whether its board falls short on measures of race, gender, ethnicity, geography, and more. It's also building what trustee and Silicon Valley entrepreneur Patricia House calls "talent pipelines," working with staff and others to identify board candidates before there's an opening.

Four of Hewlett's eight nonfamily trustee spots have come open since 2011, and each was filled by a woman or person of color. While its board includes only three women and only four people who live outside the Bay Area, Ms. House, a Michigan State graduate, says trustees have a range of life experiences and an expansive view of the world "not colored by where they pick up their mail."

The Kellogg board currently has gender balance (four men, four women) and five people of color. Each trustee has a degree from a public college. The foundation picks trustees based on their work on and commitment to its core issues, says President La June Montgomery Tabron. "For us, the best credential is street cred — what you've done on the ground."

Kellogg has traditionally identified board candidates by word of mouth, but it recently began using an executive-search firm to broaden its pool. One concern: All the Battle Creek, Mich.-based grant maker's trustees live in Michigan or nearby states, though its priority grant-making areas include Mississippi, New Mexico, and New Orleans.

At Ford, Mr. Walker says the board wants to change its membership to reflect various priorities of the foundation's social-justice work. Given Ford's recent focus on mass incarceration, for example, he expects the election of a trustee who has spent time in jail. Mr. Walker says he's also pushing the board to look beyond traditional avenues for candidates. Among trustee selections he has

championed: fellow University of Texas alum Francisco Cigarroa, a San Antonio pediatric surgeon, and Mr. Stevenson of the Equal Justice Initiative.

"A board made up primarily of people from New York and the West Coast should really interrogate itself," Mr. Walker says. "And that includes the Ford board."

*Send an e-mail to Drew Lindsay and Rebecca Koenig.*

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