CRC CAPITAL RESEARCH CENTER

Foundation Watch

Race and Gender Quotas for Nonprofits: How California Bill AB 624 Threatens Foundation Philanthropy

By John Gizzi

***Summary**: This year California lawmakers considered unprecedented legislation imposing politically correct reporting standards on the state's foundations. Championed by left-wing activist groups, Assembly Bill 624 would have required foundation grantmakers to publicly disclose the race, gender and ethnicity of their board trustees and the boards and staff of their grantees. The bill was withdrawn at the eleventh hour after California's largest foundations promised to lavish millions of dollars on minority communities. Because caving in to liberal pressure groups never placates them, expect this philanthropic shakedown in your state or Congress soon.*

California Assemblyman Joe Coto, a Democrat representing San Jose, is the lawmaker who led the charge for politically correct legislation requiring foundations to report the race and gender of staff and grantees. Here Coto (at lectern) speaks at a January 28 rally in Sacramento at which he endorsed Barack Obama for president.

When a liberal California lawmaker abruptly withdrew his proposed "Foundation Diversity and Transparency Act" on June 23, the legislation became a case study in the annals of big-money shakedowns. The bill, passed by the California State Assembly on January 29, would have forced well-endowed foundations to report to the state the race, sex, and sexual preference of their boards and similar data on grant recipients. On June 23, the day a State Senate committee was scheduled to vote on the measure, Assemblyman Joe Coto announced he was pulling the bill because 10 of California's largest foundations had suddenly agreed to make a "multi-million, multi-year" investment in minority communities, the Sacramento Bee reported.

Coto admitted that pressuring those wealthy charities had been the goal of his legislative proposal all along. There was "evidence that the level of investment by these foundations in minority communities was inadequate compared to the level of investment they are making elsewhere," he said. By asking foundations "to shed some light on their investments," Coto said he hoped "they would then be in a position to make greater investments."

The group of foundations, including the William and Flora Hewlett Foundation, Annenberg Foundation, David and Lucile Packard Foundation, Ahmanson Foundation,

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Weingart Foundation, and The California Endowment, surrendered in the face of Coto's not-so-veiled threat. Chastened, they issued a joint statement re-affirming their commitment to minority causes and vowing to release annual reports detailing their efforts. "By the end of 2008, we plan to announce a comprehensive set of grant-making activities, which we expect to be overall in the multi-million dollar range and over several years," they said in the statement.

But not all foundations signed on to the manifesto.

In a letter published the same day in the Sacramento Bee, Richard Atkinson, a member of the Koret Foundation's board and president emeritus of the University of California, attacked Coto's bill. Atkinson wrote that the measure was an "intrusive attempt to redirect the distribution of charitable dollars away from legitimate nonprofits" to others "anointed as more 'worthy' by the state."

AB 624: The Basics

On January 29 by a party-line vote of 45-to-29, the Democratic-controlled California State Assembly passed Assembly Bill (AB) 624, which would have required "every private, corporate and public operating foundation" with "assets over $250 million" to make certain public disclosures that are unprecedented. They include making known the

Journalist Matthew Continetti wrote that Assemblyman Coto's bill was "based on seriously flawed research."

- "race, gender, and sexual orientation" of the foundation's board of directors;
- "the number of grants and percentage of grant dollars" awarded to groups "serving specified communities;" and
- "the number of grants and percentage of grant dollars" awarded to groups "where the grantee's board of directors and/or staff" belong to "specified groups."

At first glance, the bill's language did not seem overly restrictive. AB 624 didn't require a foundation to do anything except disclose information. But, as a legislative staffer in Sacramento explained to *Foundation Watch*, "AB 624 has been amended three times since the Assembly passed it, and the last time had five provisions, all of them bad."

The staffer was referring to the frequent changes to language in the bill that would have mandated reports on the "number and percentage" of foundation board members and staff by their race, ethnicity and gender. The bill also contained language requiring foundations to report on the numbers of "business contracts" and "grants and grant dollars" awarded to groups "specifically serving African-American, Asian-American, Pacific Islander, Caucasian, Latino, Native American, and Alaskan Native communities, lesbian, gay, bisexual, and transgender communities, and other underrepresented communities." That amplifier word "specifically" is a potential minefield for grantmakers.

The staffer added: "The inclusion of the word *'specifically'* strongly suggests that rather than being able to include broad, community-based organizations which indirectly serve the affected communities in their reporting, entities will need to give funds to particular groups which themselves determine that they serve a particular community, lest any entity be charged with either filing its reports incorrectly or failing to serve specified communities."

"The explicit addition of this one-word amendment to the bill will *by itself invite litigation in future years*." [emphasis added]

This is AB 624: The measure would have required California foundation officers to disclose their race, ethnicity and gender and to collect similar information on the "diversity" of their grantees. This requirement inevitably narrows the very definition of "diversity" in a foundation and its grantees. As Heather Higgins, president of the Randolph Foundation, noted in a Wall Street Journal op-ed (May 30, 2008), a foundation that makes a grant to a group dedicated to protecting sea otters could find itself second-guessing whether it is serving the right constituency. Or the Latina director of a community organization might wonder whether she can improve her chances of getting a foundation grant if she puts a white woman or a gay Alaskan Native on her board.

One other provision was added to AB 624: "to require that foundations include the number of grants and percentage of grant dollars 'awarded to predominantly low-income communities.'" However, Michael Seltzer, a member of the Association of Black Foundation Executives, noted that the amendment did not define 'predominately low income' or explain how it should be measured. On the other hand, during the amending process the bill's authors decided to remove a proposal to require foundations to report the percentage of their grant dollars awarded to organizations serving gay, lesbian, bisexual, or transgender (LGBT) individuals.

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The legislative staffer interviewed for this article laid out the threat the bill posed to private giving: "This is a shakedown by the left of foundations and the charitable community. When you start with groups that have 'assets over $250 million,' there is only one way to ratchet it, and it is downward. [The bill] will be expanded to reach most foundations. And then it can go nationwide."

Who's Behind 624? The Greenlining Institute.

In 2006 Coto, chairman of the Latino Caucus in the State Assembly, co-chaired the initial hearings on "foundation diversity practices." His co-chairs were the chairmen of the two other minority caucuses in the Assembly, Alberto Torrico, chairman of the Asian/Pacific Islander Caucus, and Mervyn Dymally, chairman of the Black Caucus.

From these hearings came AB 624. But, as the Los Angeles Times noted, "The bill [was] introduced by Assemblyman Joe Coto (D-San Jose) at the behest of the Greenlining Institute."

The Institute is the offshoot of the Greenlining Coalition, a statewide conclave of leaders in the African-American, Asian-American/Pacific Islander, and Latino communities founded in California in 1971. As a political first cousin to followers of radical community organizer Saul Alinsky and the nationwide activist group ACORN (the Association of Community Organizations for Reform Now), which claims to represent low-income families, the Coalition saw itself as a group dedicated to organizing and mobilizing low-income and minority groups. Its mission was to fight "redlining." In its mission statement, Greenlining defined redlining as "the discriminatory and unprofitable practice of avoiding or refusing investment in inner-city and minority neighborhoods and the overcharging of services and products to these neighborhoods. "

Out of the Coalition emerged the Greenlining Institute in 1993. Among its members are the three largest African-American churches in California, the Hispanic Chamber of Commerce, the Black Business Association, the Latino Issues Forum, and the Mabuhay Alliance of San Diego, a community-based organization of Filipino Americans.

However, in its political strategy and tactics the Institute has gone far beyond the Coalition in combating "redlining" and what it deems "refusing investment" in inner-city and minority neighborhoods. The Greenlining Institute's mission statement says it, "set[s] out to provide an antidote to redlining" and "has successfully connected private enterprise and community organizations in innovative partnerships, garnering over 2.4 *trillion* dollars in investments into traditionally underserved areas." [italics added]

Former congressman Steve Gunderson, now president of the Council on-Foundations, opposed the legislation.

The Institute did not directly provide the $2.4 trillion in investments, but says that over the past 15 years it has played a key role in generating funds from the state's business community for investment in "traditionally underserved areas." Moreover, Greenlining says it has gotten representatives of low-income and minority communities to serve on boards of non-profit organizations. In its own words, the Institute is "'at' rather than 'on' the tables of policymaking."

But Greenlining thinks that achievement is in jeopardy. In testimony at an Overview Hearing on Tax-Exempt Charitable Organizations called by Democratic lawmakers Coto, Torrico, and Dymally, the Greenlining Institute worried that foundations were no longer committed to serving the poor and oppressed. The Institute applauded the civil rights work of foundations going back to the 1960s, but quickly got to the point: "Unfortunately, rather than evolving and growing, many of those efforts have subsided and foundations as a whole appear to be withdrawing from their commitment to justice and equality."

Greenlining said more research was needed and cited what it considered an authoritative source, the Council of Foundations, whose president is former U.S. Representative Steve Gunderson (R-Wisconsin). Gunderson has said: "There is not a study out there that says we are appropriately serving minority communities on a percentage basis."

Among the problems the Institute cited were decreases in grants to minority communities. The group cited its own Fairness in Philanthropy study, which showed that the top 50 foundations in the U.S. spent only 3% of their grant dollars on minority-led organizations. It further noted that only 15.7% of total foundation grant dollars (albeit from generally larger foundations) went to economically disadvantaged population groups, down from 20.4% the year before. The Institute also reported that "available statistics by the Council on Foundations show disproportionately few positions held by minorities at major foundations, especially among top executives."

Citing two of its own studies, Greenlining concluded that there was a "dramatic philanthropic divide" between "minority-led non-profits" and "non-minority led non-profits."

This claim is questioned by journalist Matthew Continetti who takes aim at the Institute's definition of "minority-led," which is developed in its two studies, *Fairness in Philanthropy* (2005) and *Investing In a Diverse Democracy: Foundation Giving to Minority-Led Non-Profits* (2006). The Greenlining studies say staffs and boards of foundations are "minority–led" if they have staffs and boards of directors that are "50 per cent or more minority." But writing in the Weekly Standard (February 25, 2008), Continetti counters that since blacks,

Hispanics, and Asians combined constitute only about a third of the total U.S. population, the 50% or more figure is "ridiculously high" and unrepresentative. In addition, he notes, the studies' authors don't discuss how many of the foundations' grantees meet their own criterion for 'minority led'—probably because there are very few of them.

Since the lawmakers who wrote AB 624 based it on Greenlining's findings, Continetti concludes, "Assemblyman Coto's bill is based on seriously flawed research."

The Foundations' Initial Response

The introduction of AB 624 was a wake-up call for foundations. Three regional associations of grant-makers, representing more than 400 foundations and philanthropic organizations, have expressed their "serious concerns" about the bill to state legislators. As an alternative, they proposed to create an advisory committee of community leaders, who would offer suggestions on how to "strengthen philanthropic support for communities of color," and to hire a "recognized independent research institution to assess the current landscape of nonprofits led by and/or serving people of color in California."

The grantmakers were soon joined by several large foundations—among them

Joe R. Hicks, vice president of Community Advocates, Inc., and former executive director of the Los Angeles City Human Relations Commission, is a critic of the bill.

the California Wellness Foundation and the David and Lucile Packard Foundation—who wrote to the legislators requesting that they not move forward on AB 624, proposing instead to work with bill's sponsors on alternatives measures. In a letter to the Chronicle of Philanthropy, Paul Brest, president of the William and Flora Hewlett Foundation, noted that foundations already provided the IRS with information on the identity of their grantees and the purpose and amount of their grants. This information was available to the public "free on the Internet." He warned that the bill's focus on identity over effectiveness was misguided.

Assemblyman Coto and Greenlining refused to budge. As California's liberal philanthropic establishment was aroused from its slumbers and moved forward with its own diversity studies, Greenlining fired back with a salvo that said its "research efforts are not transparent and will never provide us with the data required under AB 624." The Greenlining Institute argued that the research generated by the foundation grantmakers actually "make a stronger case for the necessity of 624."

Greenlining scoffed at research generated by the Regional Association of Grantmakers (RAGS) and the research-oriented Foundation Center that showed 20% of foundation funding from the 50 largest foundations in California went to "minority serving" causes. "Apparently, many foundations and maybe even the RAGS, are satisfied with this 20% figure," was its cutting response. "Unfortunately, this percentage is embarrassingly low in a state where 55% of the population is a minority, where minorities disproportionately represent children, the 'needy,' and 'economically disadvantaged.'"

Dismissing voluntary disclosure, the Greenlining Institute made clear what it wanted—the equivalent of enacting 624: "[The grantmakers and foundations] could do one simple thing to avert legislation. They can simply disclose how the top 50 foundations are doing individually in their diversity efforts related to board, staff, and grantmaking."

AB 624 would have required foundations incorporated in California to have a standard of transparency unmatched by any rules governing charities and foundations in the U.S. More significantly, by requiring foundations and charities to disclose the race, gender, and sexual preference of their board members, the bill took a major step toward increasing government control over how private money is spent. Enactment of 624's disclosure rules opens the door to further legislative mandates by Assemblyman Coto and his colleagues—and to lawsuits by groups like

the Greenlining Institute.

"Historically, foundations have been free to direct money wherever they want," the Weekly Standard's Matthew Continetti observes, "as long as it is being spent on genuinely charitable purposes." Continetti doesn't deal with notorious foundation violations of the rights of donors—the question of "donor intent"—nor does he discuss the constitutionality of current government requirements on foundations that are justified as the price foundations must pay to receive tax exemption and other special tax privileges. But the prospect of state laws that require foundations to disclose such matters as the race, gender, ethnicity and sexual orientation of their boards and staffers and grantees opens up a new frontier in government encroachment on the nonprofit sector.

"Cy Pres" Is Latin for "Lawsuit City"

AB 624 also would have placed an obvious burden on individuals who volunteer to serve on boards and on those who work for nonprofits and do business with them. The California Bar Association came down hard on the requirement to disclose racial, ethnic, and gender data about personnel. In a statement of opposition to the bill, the group's Non Profit and Unincorporated Organizations Committee charged that this requirement "is intrusive to the personal affairs of board members and staff of foundations. The intrusiveness extends beyond the foundations to their grant recipients and to businesses that interact with foundations. Such intrusiveness is in conflict with constitutional rights of privacy."

The California Bar further pointed out that the measure would "impose multiple layers of administration and costs due to its requirements to secure, maintain, and report comprehensive data."

How would AB 624 affect California foundation grant-making to charities? The implications were spelled out by the California Bar statement. If the bill is implemented, "foundations may seek to maintain ethnic and diversity ratios that would then deter them from making grants that would adversely affect such ratios, even if such grants would be in furtherance of their charitable mandate." Even a foundation with high levels of minority representation on its staff and board might be cautious about donating to groups that did not.

Could advocacy groups take legal action to force big foundations to give to their favored causes and groups? A strong case can be made that sponsors of the legislation have exactly this in mind. The proof lies in a recent study undertaken by the Impact Fund, a liberal foundation in Berkeley, California, that funds complex public interest litigation.

The Impact Fund study notes that cutbacks in federal legal services funding necessitate a search for new sources of funding, and it suggests that lawsuit settlements may be a good way to fund left-wing public interest and legal advocacy groups. "Through a seldom-used device known as fluid recovery or cy pres," the study explains, "grants or distribution of unclaimed class action settlement funds may provide a source of funding for public interest and legal services organizations whose work can be said to further the interests of the class."

AB 624 constitutes "an unprecedented intrusion by government into the realm of charitable giving…it is the first step in setting government-mandated priorities as to where charitable dollars should go," say David A. Lehrer and Joe R. Hicks of L.A.-based Community Advocates, Inc.

Under the well-established legal doctrine of *cy pres* (which means "as close as possible"), a court is permitted to ignore a donor's specific intent and distribute a trust, settlement or bequest if it determines that the original intent has become impossible, impracticable, or illegal to carry out. Used properly, the cy pres doctrine allows a court to amend the terms of a settlement to adapt the original intention of the donor to whatever the court decides is a more appropriate or realistic course of action. Thus, a court may decide that a bequest to a charity that is defunct should be transferred to an existing charity doing comparable work.

Orson Aguilar of the Greenlining Institute

In recent years, however, liberal judges have taken advantage of the cy pres doctrine to fund liberal advocacy groups. So a judge may take funds from a trust set up "to improve the community" and give them to a watchdog group that attacks certain government agencies. Or a settlement meant to compensate victims of a crime or accident may go to a public interest legal group that sues corporations.

Agreeing that "most cases using fluid recovery have been in the area of consumer protection or anti-trust," the Impact Fund study notes that "the principles governing cy pres distributions apply equally in civil rights and poverty law cases."

Citing the case of *California v. Levi Strauss* (1986), the study noted that the California Supreme Court "discussed the general rules, as well as the acceptable forms of fluid recovery that could be fashioned by a lower court." The [Supreme] Court noted that "trial courts should have the full range of alternatives at their disposal" and that disposition of the residue "is a matter within the discretion of the trial court."

How much discretion? The Impact Fund study explains that in "virtually all class actions, there will be some class members who

cannot be located because of stale addresses, who will choose not to make the claims, or who will neglect to cash settlement checks. In such cases, the residual may be granted to a public interest organization."

If AB 624 had become law, it wouldn't have been too difficult to imagine a court invoking the doctrine of cy pres and ordering a California foundation to redirect its grant-making because it had failed to abide by the mandates in the legislation. As the legislative staffer cited earlier explained, activist groups "through both overt political pressure and threat of litigation, they force entities to directly increase their giving to their favorite liberal, tax-exempt causes. And when any entity dares stand strong and defy them, they are sued, condemned, castigated. And either the groups capitulate and give money to their enemies, or they lose time, money, and market share even if they win their legal case. And if they lose, the settlement dollars go to the very interest groups that initiated the legislation in the first place."

And legislated mandates about grant recipients might not be far behind, according to two officials of Community Advocates, Inc., a nonprofit headed by former Los Angeles mayor Richard Riordan that focuses on human relations and race relations in Los Angeles city and county. AB 624 represents "an unprecedented intrusion by government into the realm of charitable giving…it is the first step in setting government-mandated priorities as to where charitable dollars should go," wrote David A. Lehrer and Joe R. Hicks wrote in The Jewish Journal. (June 12, 2008)

Citing comments made by Orson Aguilar, associate director of the Greenlining Institute, Lehrer and Hicks argue the "real motivation behind AB 624 is – to ultimately direct where charitable dollars go." During a talk show discussion, Aguilar said:

> "We think that foundations have a lot of power in society today. So what we want is to make sure that foundation dollars are reaching our communities so that we can be active decision-makers, discussion-makers, that we can be voters, that we can influence the democracy that we live in. So that's basically what we're asking for, equal opportunities, equal dollar amounts." (A transcript of the June 27, 2007 edition of *Life & Times*, a talk show carried by PBS affiliate KCET, is available at http://www.kcet.org/lifeandtimes/archives/200706/20070627.php.)

What Happens Next?

So long ignored until its potential impact was realized, AB 624 was the subject of recent critical reviews in national press outlets such as the Weekly Standard and Wall Street Journal. The California Chamber of Commerce, the Association of Independent California Colleges and Universities, the California Family Council, and the California Association of Non Profits all joined the California Bar in urging the defeat of the legislation.

Steve Gunderson, president of the Council on Foundations, who was approvingly cited by Greenlining previously, came out four-square against the legislation days after its passage in the Assembly. Referring to 624 as well-intended but unnecessary, Gunderson said "the state-mandated collection of data listed in this legislation is both burdensome to accurately collect and would be onerous to the efforts of grantee organizations, our non-profit partners, in serving their clients. These requirements could divert critical charitable resources away from community programs to bureaucratic recordkeeping and collection."

The Randolph Foundation's Heather Higgins was less worried about the bill's administrative burden than about its legitimacy. Speaking to an audience at the Hudson Institute's Bradley Center on Philanthropy and Civil Renewal, she said it would set four bad precedents:

***** First, it would create a legal claim that private charitable funds are public funds subject to government reporting requirements.

***** It would encourage attempts at public shaming and political extortion by lawmakers and office-holders who disapprove of a foundation's funding strategies.

***** It would actually get in the way of foundation assistance to minorities by giving risk-averse grant-makers an incentive to turn away from controversial areas that might subject them to government scrutiny.

***** Finally, it would violate the rights of donors by subjecting private gifts to lawmaker oversight: "If…some assemblyman can decide that…he's going to direct [private funds] toward his pet cause, people aren't going to set up foundations. It's that simple. If you want to move foundations out of California, if you want to make this national and move them out of the United States, that will be the result." [See page 19: http://www.hudson.org/files/pdf_upload/Transcript_2008_04_07.pdf

What's next—and where? The Greenlining Institute provides its answer when it asks, "More importantly, how will Congress know that these efforts are leading to tangible success?"

Conclusion

Many trends –good and bad–originate in California. Fads from hot tubs to spirit channeling originate in the Golden State, and so do political causes such as property tax ceilings and term limits for elected officials. The common denominator for these developments is their place of origin—the richest and most populous of the 50 states.

California has had a mighty impact on the nation's political culture. Taking advantage of the state's system of initiative, referendum and recall, Californians have passed statewide plebiscites and ousted politicians, launching popular rebellions that Ronald Reagan characterized as "prairie fires." California issues frequently become national causes: the repeal of the state open-housing law in 1964; the limitation on property taxes in 1978; term limitations for state officials in 1990; denying welfare, public education, and non-essential health care to illegal aliens in 1994; and ending bilingual education in the state's public schools in 1998.

Most recently, in a 4-to-3 ruling the California Supreme Court gave its blessing to same-sex marriage. The headline-making decision focused international attention on California, and has advocates of traditional marriage in other states worried that they will be forced to accept same-sex marriage too.

The big California foundations that surrendered to the Greenlining Institute and Assemblyman Coto and his colleagues may think they avoided the drastic impact of AB 624, but pandering to liberal advocacy groups will likely only spur them on.

Should foundations in the other 49 states brace themselves for a nationwide 624?

John Gizzi is the political editor for Human Events, a weekly Washington news journal.

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Editor's Note: This article is the first in a two-part series. Next month, John Gizzi profiles the Greenlining Institute.

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Terrence Scanlon, President

PhilanthropyNotes

Al Gore denies that he wants to make a bundle off global warming, but he has been less than truthful about his investments in the global warming industry. **Noel Sheppard** of **NewsBusters** reports that Gore's investment firm, **Generation Investment Management** (GIM), acquired a 9.5% stake in **Camco International Ltd.**, a carbon asset developer. The revelation came weeks after a Gore spokesman strenuously denied that the former vice president had invested in the global warming industry. (For more information on Gore's money-making machine, see "Al Gore's Carbon Crusade: The Money and Connections Behind It," by **Deborah Corey Barnes**, *Foundation Watch*, August 2007.)

Public Affairs Books caused a stir when it recently published *What Happened: Inside the Bush White House and Washington's Culture of Deception*, by **Scott McClellan**, President **George W. Bush**'s former press secretary. Surprise: NewsBusters' **Brent Baker** reports that **Public Affairs Books** has ties to philanthropist **George Soros**, America's most ardent funder of left-wing causes. "Public Affairs has a roster of authors who are nearly all liberals and/or liberal-leaning mainstream media figures, including six books by far-left bank-roller George Soros," Baker writes. The publishing house is affiliated with the far-left Nation magazine and is the publisher of *The Prosecution of George W. Bush for Murder*, by **Vincent Bugliosi**.

Pew Charitable Trusts, one of America's largest nonprofits, bought a 10-story office building in downtown Washington, D.C., and plans to rent out 90% of the building to other nonprofits at up to 15% below market rates, the Washington Post reports. The liberal behemoth plans to lease space in the building located near FBI headquarters to other left-leaning nonprofit groups. Pew also plans to environmentally retrofit the building in the hope of securing the environmental gold star: LEED (Leadership in Energy and Environmental Design) certification for the overall building and LEED gold certification for the actual office space.

The liberal **Nathan Cummings Foundation** filed a shareholder resolution with **Centex Corp**., a homebuilder, calling on the company to adopt specific, measurable goals aimed at reducing greenhouse gas emissions. The foundation, which is a member of Ceres' alarmist **Investor Network on Climate Risk**, has been filing such resolutions with Centex every year since at least 2006.

Private philanthropy in China didn't wait for government approval to help earthquake victims in Sichuan province, the New York Times reported in May. Following the natural disaster, there was an "unprecedented outpouring of charity" totaling $1.3 billion so far, with 85% raised within China. The earthquake seems to have had the unintended consequence of strengthening Chinese civil society and that nation's nonprofit sector. The public response "shows how rising wealth, cellphones, text messaging and mass transportation now make it much harder for the authorities to control popular reaction to a major event." (For more information, see "Nonprofits in China: Blessing or Vexation?," by **Tang Sin Tung**, *Organization Trends*, December 2007.)

There were more than 76,000 foundations in the U.S. at the end of 2005, an increase of 49% since 1995, reports the Urban Institute's Center for Charitable Statistics, and two-thirds have less than $1 million in assets. Another 27% have assets of $1 to $10 million. The New York Times reports that many small foundations can't find good places to invest their funds. A volatile stock market, the required 5% pay-out rule, and the high minimums required by large investment firms has put pressure on small foundations to find better investment options.

Years after **Bill Clinton** promoted midnight basketball leagues to get inner-city youth off the streets, the U.S. Department of Justice gave $500,000 to the **World Golf Foundation** for its "First Tee" program designed to get young people interested in golf, the **Sam Adams Alliance** reports. "We need something really attractive to engage the gangs and the street kids: golf is the hook," said DOJ official **J. Robert Flores**, who approved the grant. Perhaps a yachting or polo foundation will get the DOJ's next grant.