

DIVERSITY EQUITY AND INCLUSION

Audit Report

THE CALIFORNIA ENDOWMENT
AUGUST 2017



SOCIAL POLICY RESEARCH ASSOCIATES

www.spra.com

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We concluded that we needed to ratchet up the seriousness of our resolve. The question that arose: Are we, as a foundation, committed enough to this issue to measure and track improvement?

DR. ROSS, ON THE IMPETUS FOR THE FIRST DIVERSITY AUDIT, CONDUCTED IN 2008



Since its founding, The California Endowment (TCE) has placed a strong value on diversity. As clearly laid out in its Diversity, Equity and Inclusion (DEI) statement, TCE believes that “diversity, equity, and inclusion are essential to organizational effectiveness and excellence, and that program strategies and services are enhanced when organizations are reflective of communities being served.” Further, TCE is dedicated to eliminating the health outcome disparities that are the physical manifestation of the oppression and exclusion facing many marginalized communities and is therefore committed to promoting diversity, equity, and inclusion in its grantmaking and operational activities.

WHY AN AUDIT?

In the late-2000s, the TCE Board of Directors engaged in a conversation about the values of diversity, equity, and inclusion and reaffirmed the institution’s allegiance to the values present at TCE’s founding. Also at that time, according to Dr. Ross, “We concluded that we needed to ratchet up the seriousness of our resolve. The question that arose: Are we, as a foundation, committed enough to this issue to measure and track improvement?”

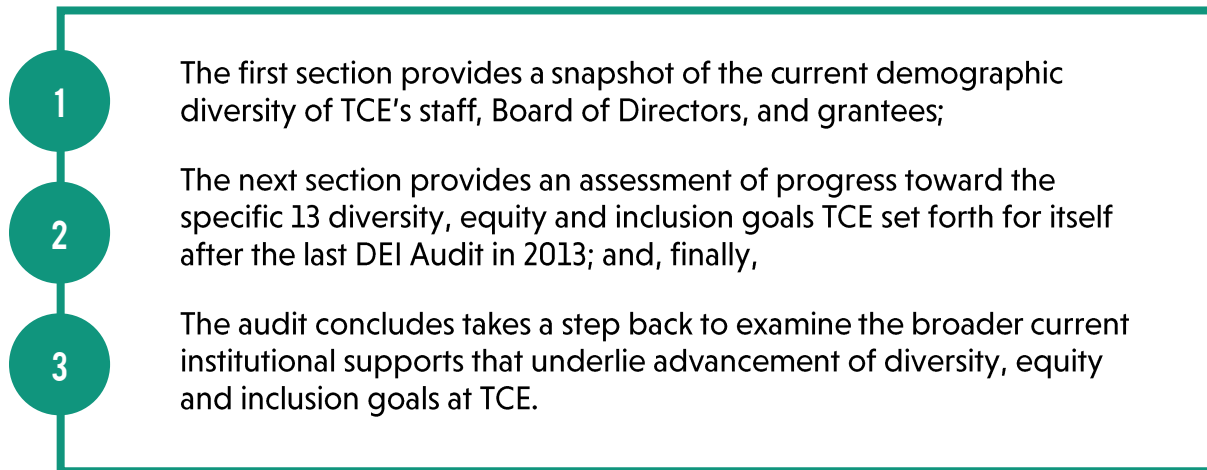
The answer was yes.

Subsequently, in 2008, TCE adopted a Diversity Plan, with 15 targeted goals envisioned to advance TCE’s vision of diversity, equity and inclusion. TCE also engaged an independent partner, Social Policy Research Associates (SPR), to conduct its first organizational audit of the foundation’s diversity and inclusion practices, and produce a TCE Diversity & Inclusivity Report Card. Since 2008, SPR has conducted three additional audits in 2011, 2013, and now 2016. With each audit, TCE’s Board of Directors and internal teams discuss findings, create action steps, and establish revised goals for itself into the future. In addition, TCE endeavors to externally share findings from each audit with philanthropic colleagues, as an opportunity to reflect on deepened philanthropic practice to support diversity, equity, and inclusion at the field level.

Reflecting back, TCE leaders acknowledge the importance of the audit process. Foremost, formally engaging in an audit every three years has allowed TCE to ensure alignment to the values and principles of diversity, equity and inclusion that are at the core of its mission. By collectively reflecting on TCE’s progress, barriers, and blind spots related to diversity, equity and inclusion, the audit process has also intentionally fostered a culture of continuous improvement where TCE challenges itself to do better—for the field, for its staff, and for the diverse communities to whom it is ultimately accountable.

OVERVIEW OF THE 2016 DEI AUDIT

This audit represents TCE's fourth diversity, equity, and inclusion audit. The following pages capture progress since the last audit conducted in 2013, with a specific focus on the 2016 calendar year. The report itself is organized into three parts:



Each of these three sections of the report are informed by four key sets of evaluation activities, that are explained more fully in Appendix B:

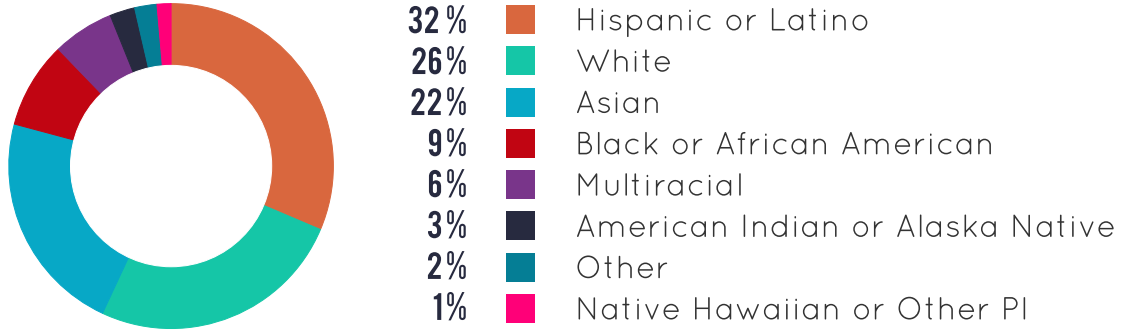
- Review of considerations arising from the previous audit and action steps identified in post-audit processes
- Interviews with 21 key TCE staff members and 1 Board member to understand specific actions taken since the 2013 DEI Audit and their perspectives on TCE's evolution as an equity organization
- Review of selected foundation policies, governing documents, internal meeting minutes, and communications materials
- Analysis of survey data on TCE Staff and Board demographics, as well as Staff and Board perspectives on diversity, equity, and inclusion at TCE through a separate DEI Benchmarking survey.

BENCHMARKING DIVERSITY:

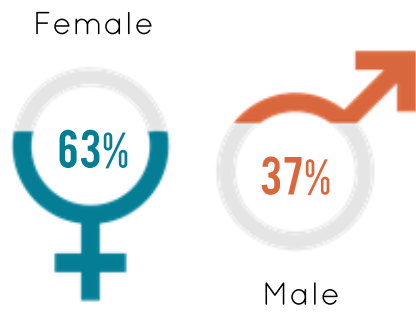
*The California Endowment
Staff, Board, and Grantees*

EXHIBIT 1: TCE ALL STAFF 2016 DEMOGRAPHICS (N=149)

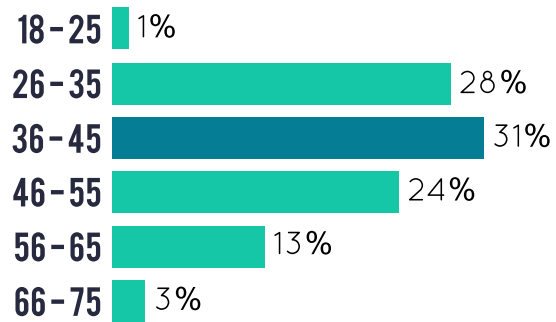
RACE / ETHNICITY



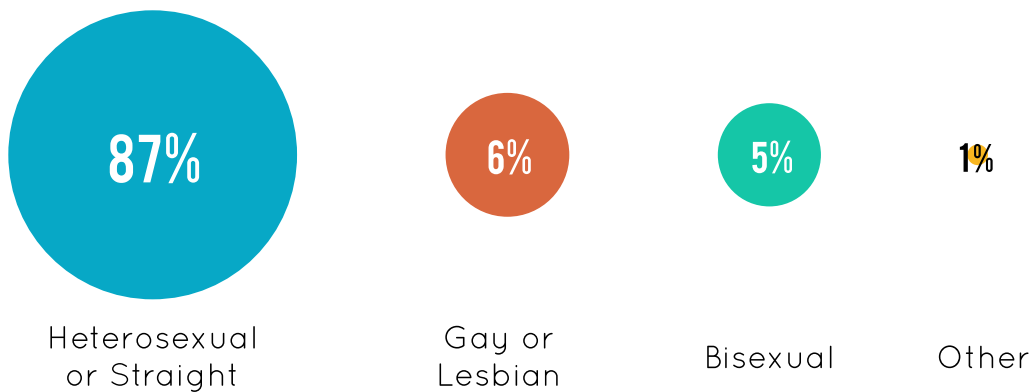
GENDER IDENTITY



AGE



SEXUAL ORIENTATION



Note: Percentages may not add to 100 due to rounding.

TCE STAFF & BOARD DIVERSITY

This section first provides an overview of TCE staff and board diversity. Demographic data was self-reported through the 2016 Staff Demographic Survey¹, and is summarized in Exhibits 1 and 2. For a table of TCE staff and board trend data as compared to state population and national foundation staff and board data, please refer to Appendix A.

WHAT DO THE 2016 NUMBERS SAY OVERALL?

The racial and ethnic diversity of The California Endowment's staff continues to far exceed the broader philanthropic field. While a recent Council on Foundations report² found that, on average, foundation workforces are comprised of just over 24 percent people of color, at TCE, **staff of color represent 72 percent of total staff.**

The racial and ethnic make-up of TCE's Board of Directors similarly exceeds the broader philanthropic field, with its diversity closely mirroring that of California. Whereas only 13 percent of foundation boards are comprised of people of color³, **65 percent of TCE's Board of Directors are people of color.** The percentage of TCE board members is more than double the national average in all racial categories, with the exception of Whites and African Americans.

TCE's percentage of women among staff is slightly less than philanthropic peers. Whereas the Council on Foundations report found that women represented 77 percent of professional positions at foundations, and 60 percent of executive leadership. At TCE, women represent **63 percent of all staff and 50 percent of TCE's executive team.**

While the greatest percentages of staff fall in the 36 to 45 age bracket, the greatest percentage of board members fall in the 56-65 age range.

Just over 12 percent of TCE staff and 13 percent of TCE Board of Directors identify as LGBTQ.

Notably, only 0.7 percent of staff and zero board members identify themselves as having a disability.

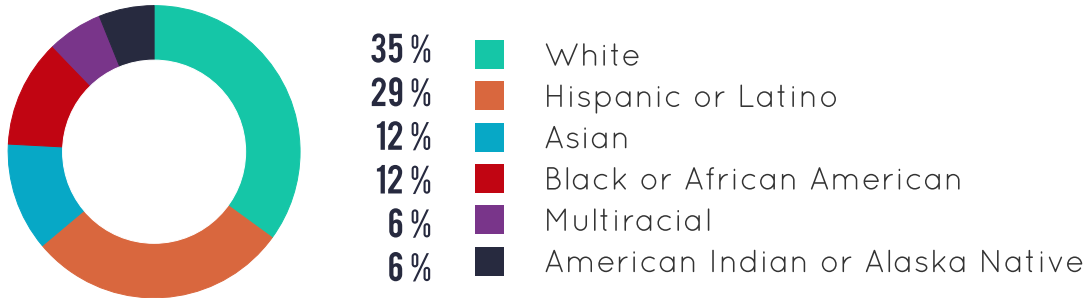
¹ This survey was administered by SPR to all TCE staff employed at the end of 2016. The survey had a response rate of 94% for TCE staff and 100% for the TCE Board.

² [The State of Change: An Analysis of Women and People of Color in the Philanthropic Field](#). Council on Foundations, 2017 [Data from this report draws on 2015 Grantmaker and Benefits Survey]

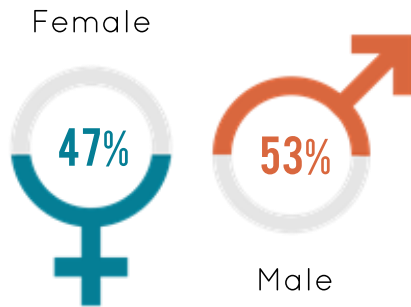
³ [State of the Work: Tackling the Tough Challenges to Advancing Diversity, Equity and Inclusion](#). D5 Coalition, 2014 [Data from this report draws on a 2010 Council on Foundations Management survey of 518 independent, family, community, and public foundations]

EXHIBIT 2: TCE BOARD OF DIRECTORS 2016 DEMOGRAPHICS (N=17)

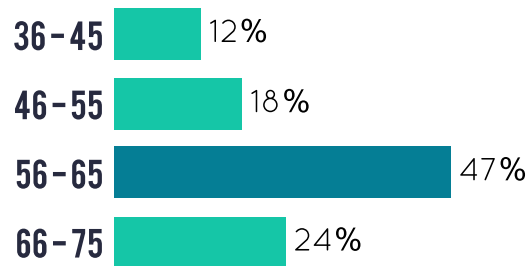
RACE / ETHNICITY



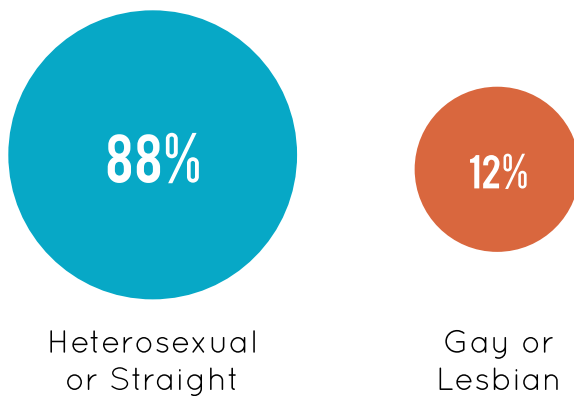
GENDER IDENTITY



AGE



SEXUAL ORIENTATION



Note: Percentages may not add to 100 due to rounding.

TCE STAFF DEMOGRAPHICS OVER TIME

The 2016 Staff Demographic Survey results reveal small fluctuations in diversity since the last audit in 2013, with some exceptions noted below. For trend data since 2008, please refer to Appendix A. The following present highlights of TCE staff diversity over time:

- Comparing the **race and ethnicity trends between 2016 and 2013**, the proportion of staff identifying with a particular group has remained within two percentage points, with the exception of Latino and White staff. The number of Latinos rose from 27 percent in 2013 to 32 percent in 2016, while the number of White staff decreased from 32 percent in 2013 to 26 percent in 2016.
- An analysis of trend data on **racial and ethnic diversity since 2008** reveals increased percentages of Latino, Asian, Pacific Islander and Native Hawaiian, and Multiracial staff over time. Percentages of Native American staff have remained relatively flat at 1 percent, and –notably–percentages of African American and White staff has continued along a downward trend since 2008.
- Across all TCE staff, the **gender** ratio has remained fairly stable since 2008. Compared to the 2013 ratio of men to women, there has been no change in 2016. (Note: 2016 was the first year the survey offered the options to identify as transgender or gender non-binary.) Where we have seen a marked increase in gender diversity since 2013 is at the leadership level; TCE’s executive leadership team jumped from 35% women in 2013 to now being 50% women in 2016.
- Across **sexual orientation and age**, TCE’s representation at the staff level has not drastically changed since 2013. With regard to sexual orientation, TCE saw a small rise in staff identifying as Bisexual and Other in 2016. TCE’s overall staff was slightly older in 2016 as compared to 2013.
- There has been a *decrease* in the number of staff who identify as having a **disability**. In 2013, 2 percent of staff identified as having a disability; however, only 0.7 percent of staff identify as having a disability in 2016.

BOARD OF DIRECTORS DEMOGRAPHICS OVER TIME

- From 2013 to 2016 the **racial and ethnic composition** of the TCE Board of Directors reveals percentages of Latino, White, and Asian board members have increased, while representation of African American and Multiracial board members has decreased (from 18 percent to 6 percent African Americans and 12 percent to 6 percent Multiracial board members). There has been no percentage change in representation among Native American and Native Hawaiian/Pacific Islander board members.
- In 2016, the **gender** of the TCE Board of Directors was almost evenly split among male and female members. Overall, this represents a continuation in the overall trend of increased female representation, which was 33 percent in 2008.

- The TCE Board of Directors also continues to diversify with regard to **sexual orientation**. Whereas zero members of the Board identified as LGBTQ in 2011, this percentage increased to 6 percent in 2013 and to 13 percent in 2016.
- In 2016 and 2013, zero members of the TCE Board of Directors identified as having a **disability**.

TCE GRANTEE DIVERSITY

As will be discussed in greater detail on page 28, TCE has historically tracked diversity of funded organizations through a voluntary process in which prospective grantees report the diversity of their staff, board, and volunteers, with data captured in a TCE internal database. Since Fall 2016, this process has transitioned to having prospective grantees provide this information through GuideStar (a publicly accessible database that gathers and disseminates information about IRS-registered nonprofit organizations.)

The demographic data reported in Exhibit 3 represents 798 grantee organizations that were awarded grants from TCE in 2016, with data merged across TCE's internal database and GuideStar.

WHAT DO THE 2016 NUMBERS SAY OVERALL?

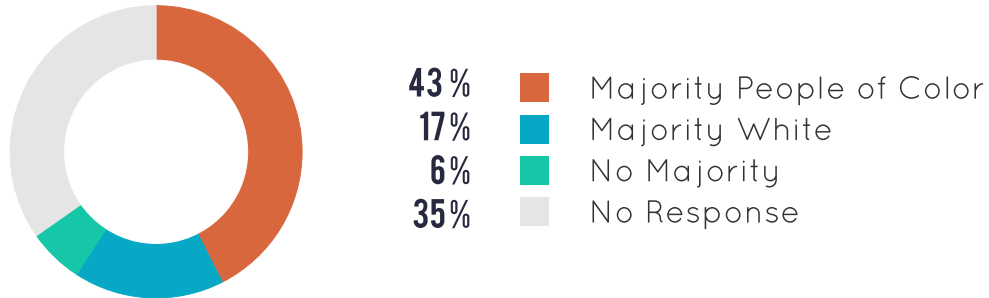
The most notable finding is the high percentages of grantee organizations that opted not to provide demographic information on staff—roughly a third across all categories. This high non-response rate limits interpretation of grantee demographic data.

Approximately 43 percent of grantees (341 organizations) report that their staff are a majority people of color. If non-respondents are not factored into the analysis, 63 percent of the organizations that provided demographic information on staff report that their staff are majority people of color.

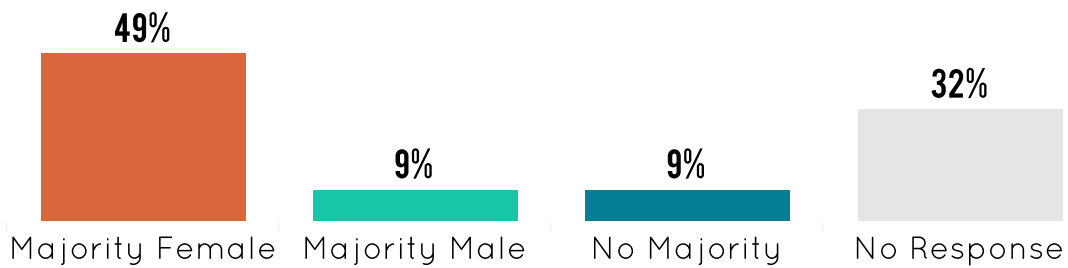
Approximately 49 percent of 2016 grantee organizations are a majority female and 61 percent report being majority heterosexual. When removing non-respondents, these percentages increase to 72 percent and 96 percent respectively. Both percentages do not reflect the state demographics—with both women and heterosexual individuals over-represented within grantee organizations.

EXHIBIT 3: TCE GRANTEE 2016 DEMOGRAPHICS (N=798)

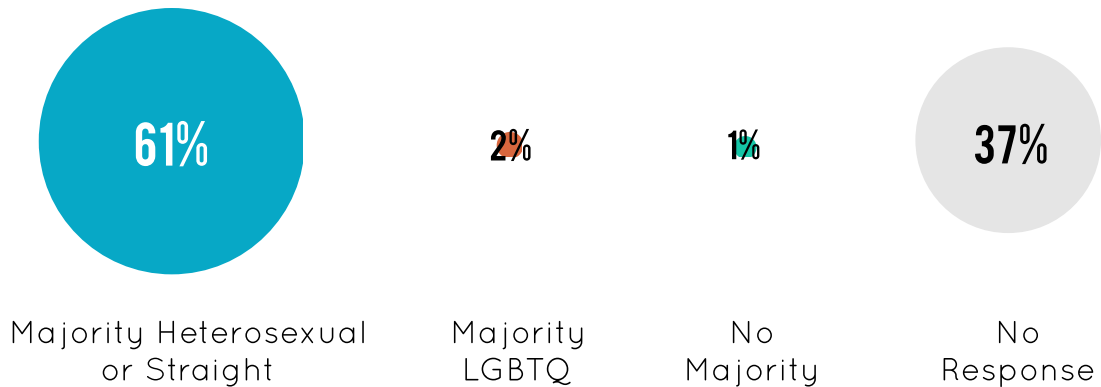
RACE / ETHNICITY



GENDER IDENTITY



SEXUAL ORIENTATION



ASSESSING PROGRESS:

*Toward Diversity, Equity,
and Inclusion Goals*

TCE'S DIVERSITY, EQUITY AND INCLUSION GOALS (2013-2016)

1. **Communicate a clear statement and definition of diversity** as a measure of philanthropic effectiveness, including operations and grantmaking to both external and internal stakeholders.
2. **Engage Board of Directors/Trustees** in endorsing/supporting an organizational Diversity Plan.
3. Include **diversity-related measures in the performance goals** for the CEO and other managers, as appropriate.
4. Identify and implement a plan for any additional **staff orientation and training** on issues related to diversity, equity, and inclusion (e.g., race/ethnicity, gender, sexual orientation, disability).
5. Ensure **compliance with accessibility requirements** of the Americans with Disabilities Act for all offices and implementation of best practices for accessibility of communications formats (e.g., website accessibility for persons with visual and physical disabilities, appropriate translations of written materials in other languages, etc.).
6. Develop and **adopt appropriate diversity indicators for Board, management and staff**; collect baseline data and implement and publicly report periodic collection of data.
7. Conduct proactive **outreach and recruitment for diverse candidates** for Board, management and staff positions.
8. Continue **collecting and documenting diversity-related information** about grantees, especially populations/communities served.
9. Continue strategic focus serving diverse populations and communities and to **address themes of diversity, equity, and inclusion through grantmaking**.
10. Review and make appropriate changes to contracting policies regarding sole source vs. competitive bid contracting, and **promote equal opportunity and diversity in contracting**.
11. Explore, review and consider efforts to **promote diversity among investment managers**.
12. Explore, review and consider efforts to **promote mission or program related investments**.
13. Engage in **collaboration and field building activities** among foundations, colleagues, and philanthropic affinity groups, including, but not limited to: (a) sharing grantmaking data (e.g., number and description of grants serving specific populations/communities) (b) standardized diversity indicators of grant, staff and board demographics; and (c) dissemination and support adoption of best practices with peer foundations in key philanthropic venues.

The focus of this next section is a specific assessment of progress toward the 13 goals that comprise TCE's current DEI Plan. First adopted in 2008, the DEI Plan and stated goals have been updated every three years to reflect shifting TCE priorities for attention envisioned to advance diversity, equity, and inclusion priorities at TCE. The current goals are included on the opposite page, and encompass a range of priorities for engagement and accountability around diversity, equity, and inclusion across different TCE departments and processes. The goals include a focus at the board level, within the executive leadership team, as well as with specific teams charged with specific functions such as grantmaking, data management, human resources, facilities, communications, and mission and program-related investments.

Each goal is discussed separately in the following pages, and a summary of ratings is included on page 40. For each, we highlight key actions since the last audit in 2013, provide a more nuanced analysis of progress resulting from these actions, and include some considerations for the work moving forward. In order to provide a temperature read of progress toward each goal, progress for each is also characterized in one of four ways:

EXCELLENT PROGRESS (this goal has largely been achieved)

GOOD PROGRESS (progress, but still opportunities to lean further into this goal)

SOME PROGRESS (mixed progress, as some concerns or challenges have been noted)

HOLDING THE LINE/NOPROGRESS

Overall, the following pages suggest that TCE continues to make important progress toward the DEI goals that it has set forth for itself. Since the last audit, a number of strategies have been launched or deepened to support integration of DEI into grantmaking and organizational practices.

- The **greatest strides** are connected with clearer articulation of TCE's definition of diversity, equity and inclusion. The introduction of both a set of organizational core values and north star goals have set the table for the organization to begin to align hiring, performance reviews, grantmaking and evaluation practices, as well as to engage in deeper dialogue about how to collectively engage in advancing DEI within TCE's programming and operations.
- TCE also **continues to make progress** on goals related to fostering a strong authorizing environment, with active engagement of both the TCE Board of Directors and the broader philanthropic field in its DEI efforts.
- **Areas for further growth and development** suggest the importance for further investments in organization-wide staff training and dialogue, as well as additional attention to supportive and aligned infrastructure (e.g., data tracking and reporting systems, decision-making tools and processes, accountability systems) already underway.

GOAL 1

COMMUNICATE A CLEAR STATEMENT AND DEFINITION OF DIVERSITY AS A MEASURE OF PHILANTHROPIC EFFECTIVENESS, INCLUDING OPERATIONS AND GRANTMAKING TO BOTH EXTERNAL AND INTERNAL STAKEHOLDERS

ACTIONS SINCE THE LAST AUDIT

Over the last three years, one of the greatest areas of investment and progress has been centered on sharing TCE's vision for diversity, equity and inclusion, and its relationship to effective programming and operations at TCE. Key actions include:

- Since the last audit, TCE's Diversity Statement has been "refreshed" to include a focus not just on diversity, but also an explicit focus on equity and inclusion. Individual DEI Audit goals were also updated.
- TCE also developed and publicly shared a set of "Core Values" that are intended to guide grantmaking and operations. The values explicitly focus on intersectionality, lift up the importance of resident and youth voice, and acknowledge the impact of trauma and importance of healing.
- Findings from the last audit have been shared with philanthropic colleagues via TCE's website and through multiple presentations at venues such as Grantmakers for Effective Organizations (GEO) and Northern California Grantmakers Association.
- The Equity & Inclusion Workgroup produced and disseminated two videos that tell the 20-year history of TCE's journey toward diversity, equity and inclusion. It was shown at TCE's 20th anniversary, and it continues to serve as a historical resource for staff.
- Finally, TCE has established clear North Star Goals and Indicators to guide grantmaking and evaluation planning that are centered on health equity and health justice for all Californians.

ASSESSMENT OF PROGRESS: EXCELLENT PROGRESS

A major development in the last three years has been broadening TCE's focus on diversity to also include focus on equity and inclusion. The addition of these two concepts in TCE's Diversity Statement, in combination with an explicit commitment to health equity and health justice in TCE's Core Values and theory of change, has shifted the conversation around diversity. Namely, it allows dialogue to move beyond diversity "counts" of individual groups, and toward an intersectional examination of the structural barriers and power structures that affect diversity.



In the last three years, the biggest step forward is moving from a "diversity" to more of a "diversity, inclusion, equity" frame. These things are necessary compliments of one another, and important to keep sort of blended and integrated together because singly and separately they're not as powerful as working in a triad.

- TCE Staff

Multiple TCE staff notably credited Building Healthy Communities, and more specifically, the communities themselves for lighting a path forward for a deepened approach to diversity. As shared by one individual, "it has forced...a deeper conversation about equity. While conversations of equity have always been a part of TCE, five years into BHC has really created opportunities to go much deeper into what that really means. And that has definitely influenced our core values."

The clarity with which TCE has articulated its DEI vision and values provides an important springboard for engaging in dialogue—both externally with foundation colleagues and internally with TCE staff. At this point, however, interview and survey data (discussed in more detail on page 45) suggest that, within TCE, there is still growing understanding and engagement with TCE's broader framing of diversity, equity and inclusion.

CONSIDERATIONS

1. Refocus this specific goal around staff *engagement* around TCE's DEI vision and values and its relationship to philanthropic effectiveness.
2. Make explicit TCE's evolving definition of DEI to ensure an internal paradigm shift from thinking about diversity as representation and counts, to a broader systemic and intersectional examination of power structures and systems.
3. Strategic dissemination and engagement of philanthropic colleagues around TCE's core values and how they offer both programmatic and operational guidance at TCE.

GOAL 2

ENGAGE BOARD OF DIRECTORS/ TRUSTEES IN ENDORSING/ SUPPORTING AN ORGANIZATIONAL DIVERSITY PLAN

ACTIONS SINCE THE LAST AUDIT

Between 2013-2016, TCE has continued to engage the Board of Directors on DEI-related organizational developments and field-building activities. In turn, the Board has continued to support TCE's diversity, equity, and inclusion values. Examples of new and continued engagement include:

- The CEO regularly updates the Board on field-building activities with D5 Coalition.* TCE continues to invest time and resources into this partnership with diversity, equity, and inclusion at its core.

- In May 2016, a panel of TCE staff presented progress on TCE's internal DEI work. Specifically, the Board was provided an overview progress since the last DEI Audit, including of internal efforts to collect and share grantee data with the broader philanthropy field through Guidestar, DEI-related workgroups and TCE's broader field-level efforts with the D5 Coalition.

- Following the 2016 Presidential election, the Board released a collective statement urging the philanthropy field to join TCE in "taking bold and courageous stands, and in making the investments necessary to make a vision of health and justice for all a lived reality." This statement was followed by a Board-approved Fight4All Initiative.

*D5 is a five-year coalition to advance philanthropy's diversity, equity, and inclusion, of which TCE is a part.

ASSESSMENT OF PROGRESS: GOOD PROGRESS

The TCE Board of Directors is receptive to and actively engaged in TCE's commitment to diversity, equity, and inclusion. This top-level dedication is embodied in TCE Board's engagement with the DEI Audit goals and progress. At a recent board meeting, one member went as far as to suggest more frequent review of DEI data in conjunction with the annual financial audit process.

Their dedication is also evident through public statements such as those related to the Fight4All initiative, which publicly pledged resources to support communities negatively targeted by the new administration. Through outward statements, the Board signals to the organization, philanthropy field, and public at large that TCE's values are more than statements on paper.



The Board took it upon itself to stand in solidarity with people under fire.

- TCE Staff commenting on the Fight4All Initiative

Staff express appreciation not only for the Board's responsiveness to emerging needs, but also for supporting action and strategy. By serving as visible champions on issues of diversity, equity and inclusion, the Board is seen as creating the space for staff and grantees to develop initiatives and strategies that support an equitable and inclusive California.

TCE board members report continuing to push themselves to consider diverse opinions and perspectives, particularly those that are not represented within the composition of the current board. Since the last audit, community members and youth have been invited to share their perspectives at board meetings, and surveyed board members highlighted the need to continue to push themselves on inclusion of missing perspectives. The Chairman of the Board suggests, "If there is a recommendation I would make [it would be that] those alternative voices that aren't necessarily second nature to us, that we continue to think about those and expose the board to those vantage points. That, I think, will help drive the discussion."

CONSIDERATIONS

1. Consider which DEI Audit metrics can be reviewed by the TCE Board on an annual basis to more frequently benchmark progress.
2. Continue to be self-reflective on missing perspectives in the board room, as well as actively seek out hearing those voices.
3. Assume the role of "more visible champions of diversity, equity, and inclusion." In an effort to build the field, board members can engage other foundation directors/trustees in setting an authorizing environment for DEI-related programmatic and operational strategies.

GOAL 3

INCLUDE DIVERSITY-RELATED MEASURES IN THE PERFORMANCE GOALS FOR THE CEO AND OTHER MANAGERS, AS APPROPRIATE

ACTIONS SINCE THE LAST AUDIT

Traditionally, performance goals and measures signal core priorities within a workplace. As such, in 2008, TCE set a goal for itself to explicitly include diversity-related criteria measures in the performance goals of the CEO and other managers. Key activities since the last audit:

- The performance review system in place in 2014-2015 included two specific diversity-related criteria in manager performance reviews (“demonstrates respect for TCE’s diversity goals” and “creates an inclusive work environment.”)

- In 2016, TCE adopted a new performance review system. Within this new system, all staff are prompted to tie each performance goal to one of TCE’s core values, all of which related to DEI themes directly or indirectly.

- While leadership on DEI is not named as an explicit criterion, Dr. Ross’ CEO goals and performance continues to be implicitly tied to leadership on issues of diversity, equity and inclusion at TCE. Starting in May 2017, TCE’s north star goals—which include a central focus on health equity and health justice—are a part of Dr. Ross’s CEO goals and will be used as a framework for assessing his and TCE’s organizational performance.

ASSESSMENT OF PROGRESS: SOME PROGRESS

The adoption of a new goal-based Partnering for Performance (P4P) review system in 2016 represents new opportunities for integration of diversity, equity and inclusion at TCE. Namely, the requirement to connect each performance goal with one of the the TCE Core Values has created an important opening for individual staff to interface with each of the Core Values and reflect on how their job duties and annual goals can serve to advance the equity-focused values at TCE. Further, placing the Core Values front and center in the performance review process serves to reenforce a strong priority for diversity, equity, and inclusion at TCE.

At the same time—acknowledging that TCE is early in its adoption of this new system—there appear to be some early trade-offs to moving in this direction. The new system loses the explicitness of manager expectations laid out in the previous criteria-based performance review system. Further, feedback from some staff suggest that operationlization of Core Values is not always easy for individual staff to make within their specific job duties. For non-program staff who do not feel they have regular interaction with or exposure to the values, this aspect of the goal setting process has felt abstract and therefore frustrating.



It does not make a whole lot of sense, and can be irrelevant to the work some do in the way that it's written. [Some non-programmatic job duties] just don't fall into a core value per se. I mean you can make it, but we're really stretching.

-TCE Staff on aligning job duties with TCE Core Values

CONSIDERATIONS

1. Include guidance in the P4P manual to support staff in the process of connecting job duties to TCE Core Values. This is particularly important for non-program staff whose job functions may feel a step removed from TCE's direct grantmaking functions.
2. Train managers to support dialogue about connecting job duties to TCE Core Values. Guidance and tools to support this process could take the form of questions that recapture the explicitness of the previous performance review system (i.e., How do TCE's core values show up in your day-to-day work? What specific aspects of your job duties serve to promote an inclusive work environment? What are opportunities for promoting authentic engagement of diverse TCE stakeholders?)
3. Consider introducing leadership on diversity, equity, and inclusion as an explicit element within the CEO performance as well. While naturally integrated in the performance of TCE's current CEO, a clear articulation of what effective and engaged DEI leadership looks like can be powerfully instructive for the field.

GOAL 4

IDENTIFY AND IMPLEMENT A PLAN FOR ANY ADDITIONAL STAFF ORIENTATION AND TRAINING ON ISSUES RELATED TO DIVERSITY, EQUITY, AND INCLUSION (E.G., RACE/ETHNICITY, GENDER, SEXUAL ORIENTATION, DISABILITY)

ACTIONS SINCE THE LAST AUDIT

Since 2013, TCE has expanded the type, frequency, and reach of DEI trainings offered to staff. Examples of demonstrated progress in this area include:

- TCE's Core Values are now included in the staff handbook and onboarding process. Newly hired staff receive an introduction to TCE's commitment to these values as part of their initial orientation.

The Equity and Inclusion workgroup established a 2014-2017 Framework, as well as held trainings at Strategy Learning and Implementation Meetings (SLIM) on Intersectionality; LGBTQ Equity and Inclusion; Gender Justice; and Geographic Equity and Inclusion.
- During all-staff meetings, grantees were invited to discuss health justice and equity work. These opportunities provide a glimpse into community-based work, particularly for those staff who do not have regular exposure to it.
- Program staff engaged in a full-day healing circle to process a tragic shooting in current events. Feedback suggests that staff appreciated the dedication of time for this unplanned opportunity to process together on a personal level.
- The Equity and Inclusion workgroup developed and is in the early stages of sharing a tool, called the "E&I Lens for Decision Making," to support staff in integrating equity and inclusion considerations into programmatic and operational decision-making.

ASSESSMENT OF PROGRESS: SOME PROGRESS

The 2013 Audit identified three recommendations associated with Goal 4, including: 1) expanding orientation and training beyond racial equity issues; 2) creating space for reflection; and 3) sharing the work of grantees internally to engage all staff. While TCE has accomplished both the first and third recommendations, staff feedback suggests that there is still room to broaden opportunities for reflection and sharing.



If we really want to stand by our DEI statement, then we really need to bring home those same learnings being offered on the program side to the non-program staff.

- TCE Staff

TCE has made progress in the implementation of a plan to orient staff to the significance of DEI issues. Namely, the newly refreshed Core Values statement and efforts of the Equity and Inclusion workgroup have opened the space for DEI discussions across the foundation. Staff feedback across the foundation, however, suggests that there is still room for growth. While *program* staff are engaged in regular DEI-related trainings through SLIM opportunities, these in-depth trainings are not consistently available to Operations and Administrative staff. TCE has offered some DEI-related trainings as part of all-staff meetings and some SLIM meetings, but the ongoing struggles include: 1) the logistics of engaging in sensitive training topics across five offices; and 2) offering material that is relevant to all staff.

The desire for DEI-related trainings for all staff surfaced as a strong theme in the 2016 DEI Benchmarking survey. Only 66% of staff who completed the survey felt that regular organization-wide trainings were held to enhance all staff knowledge and skill building. Interviewees similarly acknowledged that DEI trainings for non-program staff was a notable omission, with some suggesting that this deemphasized priority may be budget-driven. Interviews with both program and non-program staff suggest there is clear interest and desire to engage in DEI dialogue across all TCE colleagues going forward.

CONSIDERATIONS

1. Prioritize the availability of relevant DEI trainings for non-Program staff.
2. Consider additional orientation and training options during the onboarding process to ensure shared frameworks and language across staff.
3. Particularly given plans to hire a new TCE Talent Development Manager, consider ongoing opportunities for formal DEI-focused professional development.
4. Discuss the potential budget implications of resourcing higher levels of all-staff training, including the potential for in-person trainings across five regional offices, bringing in multiple facilitators, etc.
5. Continue to pilot the Equity & Inclusion Tool and gather staff feedback on its utility.

GOAL 5

ENSURE COMPLIANCE WITH ACCESSIBILITY REQUIREMENTS OF THE AMERICANS WITH DISABILITIES ACT FOR ALL OFFICES AND IMPLEMENTATION OF BEST PRACTICES FOR ACCESSIBILITY OF COMMUNICATIONS FORMATS (E.G. WEBSITE ACCESSIBILITY FOR PERSONS WITH VISUAL & PHYSICAL DISABILITIES, APPROPRIATE TRANSLATION MATERIALS IN OTHER LANGUAGES, ETC.)

ACTIONS SINCE THE LAST AUDIT

Since the 2013 Audit, TCE has continued to provide accommodations for staff and visitors alike. Key actions since the last audit include:

- The Facilities and Events Department reviews and implements ADA best practices in new construction projects. For example, TCE recently installed a second ADA compliant ramp to ensure accessibility from multiple entrances at the Los Angeles office.
- The Communications Department provides translated materials for community campaigns and grantee information.
- TCE continues to be a member in the Building Owners and Managers Association (BOMA) to stay informed around best practice in ADA compliance.
- The Facilities and Events Department continues to provide Assisted Listening Devices and Translation Headsets at each of the three conference facilities.

ASSESSMENT OF PROGRESS: **SOME PROGRESS***

TCE brings a strong commitment to providing appropriate accommodations at each of the regional offices and conference centers. As TCE expands into new buildings (in particular the new office in Oakland), intentional considerations are made to ensure all spaces follow ADA requirements. According to the TCE Facilities Director, with the conference centers in particular, there is a deliberate effort to ensure that these spaces are as inclusive and accessible as possible to maximize community use of these facilities. Despite this progress, staff perception about TCE’s commitment to disabled populations continues to be low, with only 51% of staff believing TCE has committed to promoting and addressing issues related to disability (see page 48 for survey results on staff perception of commitment).

Accessibility is considered within TCE communications as well. As shown in the example below, the Communications Department produces select translated materials for use within grantee communities. The department also reports prioritizing attention to the tone, language, and physical placement of informational materials. Staff acknowledge the need for additional translations for online materials, and there are ongoing conversations around producing accurate and thorough Spanish translations of sections of the website. Currently, the website does not include accommodations for visually impaired users.

DESIGN ESSENTIALS: VOTE WORDMARK (OTHER LANGUAGES)

THE VOTE WORDMARK HAS BEEN TRANSLATED INTO A NUMBER OF DIALECTS TO ACCOMMODATE THE DIVERSE POPULATIONS OF THE REGION. FEEL FREE TO USE THE HEADLINE WHICH BEST REPRESENTS YOUR COMMUNITY.



CONSIDERATIONS

1. Review and implement best practices for website accessibility highlighted by government and non-profit sources.
2. As the Facilities and Events and Communications departments continue to take action around accessibility matters, share progress and solicit feedback through internal communication channels.
3. Establish guidelines around translation processes, including the types of materials that require translation and the appropriate languages based on grantee constituencies. Based on these guidelines, establish a systematic strategy for completing translations.

* Note: The California Endowment has met all ADA requirements associated with this goal.

GOAL 6

DEVELOP AND ADOPT APPROPRIATE DIVERSITY INDICATORS FOR BOARD, MANAGEMENT AND STAFF; COLLECT BASELINE DATA AND IMPLEMENT AND PUBLICLY REPORT PERIODIC COLLECTION OF DATA

ACTIONS SINCE THE LAST AUDIT

This goal was established in 2008 as a means to gather, track and benchmark the diversity of TCE leadership, staff, and Board of Directors. Key actions since the last audit:

- Data on TCE staff diversity has been publicly reported through the dissemination of the 2013 TCE DEI Audit.
- The Human Resources Department continues to gather demographic data as part of its onboarding process. This includes race/ethnicity, gender, sexual identity, age, military status, and disability.
- As part of the 2016 Audit process, SPR re-administered the survey of TCE Board and staff members to self-report their demographic background.
- Individual VPs and Directors report considering diversity when planning for strategic hires, as well as using data to assess potential bias in the hiring or promotion process.
- At the request of TCE, demographic questions related to asking about gender identity in the 2016 Audit survey have been fine-tuned to reflect field-level best practice.

ASSESSMENT OF PROGRESS: EXCELLENT PROGRESS

As reported in the previous section, the diversity of TCE's staff and board continues to lead the field. As such, consistent public reporting of demographic data of the TCE staff and Board of Directors continues to provide valuable information for philanthropic peers to benchmark their own diversity.

At the same time, by having demographic data gathered and reported by SPR as part of the DEI audit process, this demographic reporting occurs only every three years and the resulting summary and trend data are therefore not as internally actionable. Further, in our interviews with TCE staff, many raised questions about TCE's diversity and perceived gaps in diversity, but were unable to engage in productive dialogue about solutions in the absence of updated demographic data.

These suggest that—while TCE continues to maintain excellent progress in this area—perhaps more regular reporting of diversity demographics is appropriate at this juncture in the evolution of the DEI audit, particularly given that Human Resources is already gathering some demographic information as part of the onboarding process. Having data collected in-house and updated in real time may allow for more robust use of staff diversity data for strategic recruitment purposes. Further, regular internal analysis of TCE's diversity by subgroups (i.e., departments, levels, and/or regional offices) can help ensure unintended bias in hiring or promotion.

CONSIDERATIONS

1. Institutionalize collection of staff diversity data within the TCE onboarding process, including inclusion of new categories that align with data gathered through the 2016 DEI Audit process.
2. Consider opportunities for staff to update their demographic information, given shifts in identity that might occur across the spectrum of race, gender and sexuality.
3. Regularly utilize staff and board diversity data for strategic recruitment, and to check for unintended biases in hiring and promotion.
4. Provide annual updates of TCE staff and board diversity, potentially reported in conjunction with the TCE financial audit.
5. Regularly update dashboards on TCE staff and board diversity on the TCE website.

GOAL 7

CONDUCT PROACTIVE OUTREACH AND RECRUITMENT FOR DIVERSE CANDIDATES FOR BOARD, MANAGEMENT AND STAFF POSITIONS

ACTIONS SINCE THE LAST AUDIT

As a sustained goal from the 2013 Audit, TCE's leadership continues to examine ways to increase diversity at all levels of TCE. Key actions since the last audit:

- Since the last audit, TCE increased diversity of its Executive Team with the hires of the Executive Vice President/Counsel, Chief Learning Officer, and the Vice President of Enterprise.
- In March 2015, TCE adopted a Fair Chance Hiring policy that opens opportunities for hire among formerly incarcerated applicants. TCE works with anti-recidivism organizations to share open positions and has made at least one hire as a result.
- As positions open, TCE periodically partners with communities to conduct outreach for available positions. Extra effort is made to ensure that Program Managers and other community-based roles are recruited from within the BHC communities they represent.
- TCE revisited formal education criteria for Program Associates, allowing for the hire and eventual advancement of a new cadre of young professionals. This move was described as diversifying the perspectives and experiences among staff.
- When Board positions open, current members consider factors such as race, geography, gender, sexual orientation, and diverse perspectives in order to build a Board that represents the myriad of identities across California.

ASSESSMENT OF PROGRESS: GOOD PROGRESS

TCE's outreach and recruitment efforts focus on diversity as a representation of the demographics in both BHC communities and California as a whole. Multiple interviewees agreed that who TCE hires directly influences the richness of the approaches taken for addressing challenges and lifting up embedded assets within the rich tapestry of California's diverse communities. This is felt acutely at the board level, where efforts to diversify backgrounds of board members was described as enriching internal conversations, as well as signaling an organizational priority for TCE's commitment to diversity within the communities it supports.



A youth came up to me and shared they are so proud to have someone brown [in a position of power], saying 'With your background, you know where we're coming from.'

-TCE leader of color relaying an anecdote from a recent community event

Most of the outreach and hiring decisions occur within individual departments, providing department leads with the authority to shape the process according to their needs. While no formal guidance exists related to DEI considerations in outreach and hiring processes, across-the-board, department heads indicated diversity was an implicit consideration. Further, they expressed appreciation for the ability to manage their own hiring processes to reach a diverse range of candidates whose skills and experiences align with their specific needs. Formal actions at the organizational-level since the last audit reinforce a priority for outreach and hiring of a diverse range of candidates.

Both interviewees and survey respondents highlighted the need for ongoing attention to TCE's current practices—not just in outreach and hiring, but also in *advancement* practices. They emphasized the necessity of uncovering existing blind spots across different departments, as well as continual self-reflection around the consistency, effect, and formality of current hiring and advancement practices. Many named specific perceived gaps in perspectives among current TCE staff, namely, disabled and transgender individuals across all staff levels, African Americans at the director/manager level, and, at the board-level, inclusion of both youth and transgender voice. Notably, staff shared that—outside of the audit process—it can be challenging to raise concerns about staff diversity at TCE. Some suggested implementing a tool or mechanism to allow staff to raise concerns around internal disparities without assuming personal or departmental risk.

CONSIDERATIONS

1. While maintaining autonomy of departmental hiring and advancement decisions, consider providing specific organizational guidance and/or sharing of best practices in recruitment and hiring taking place across the organization.
2. Target board and staff outreach efforts in areas of named gaps above.
3. Implement an anonymous tool that will allow staff to safely raise concerns around disparities in hiring and advancement.

GOAL 8

CONTINUE COLLECTING AND DOCUMENTING DIVERSITY-RELATED INFORMATION ABOUT GRANTEES, ESPECIALLY POPULATIONS/COMMUNITIES SERVED

ACTIONS SINCE THE LAST AUDIT

TCE has historically placed a high priority on tracking diversity of funded organizations. Resources are in place to collect and report grantee data through (1) a voluntary process whereby prospective grantees are asked to report the diversity of their staff, board, and volunteers; (2) internal codes and coding processes for awarded grants; and (3) a grants database and dedicated team to run analyses. Despite these dedicated resources, TCE's success in gathering and reporting grantee data has been inconsistent, giving rise to some specific actions since the last audit:

- TCE solicited direct grantee feedback on the challenges and barriers to providing diversity data. Findings have been publicly shared through blog posts on the Glasspockets website.
- In 2014, TCE began including a letter from the CEO to inform grant applicants about TCE's rationale behind diversity data collection requests.
- After extensive planning and strategizing, TCE made a major decision to externally collect grantee diversity data through Guidestar in Fall 2016.
- TCE has reconstituted a "coding workgroup" to develop an internal grant coding system that will allow for greater alignment with North Star Goals and Indicators, as well as more nuanced analysis of grantmaking investments.
- Since the last audit, TCE has engaged in a process of identifying a new grants management system that will allow for easier extraction of diversity data on its grantees, as well as the amount of resources dedicated to specific target populations or issue areas. This system is anticipated to be in place in 2018.

ASSESSMENT OF PROGRESS: SOME PROGRESS

The transition to externally collecting and housing grantee data in Guidestar represents a critical development in TCE's commitment to capturing the diversity of its grantees. This shift lessens the burden on grant applicants, and therefore will potentially encourage more organizations to provide this data. Further, because this platform allows information to be shared across all foundations, increased capture of diversity data across nonprofit organizations may also serve to advance integration of DEI priorities within the broader philanthropic field. Meanwhile, as part of its grant application process, TCE continues to ask prospective grantees a yes/no question about whether they are a "minority-led" organization (data from FY15-17 is included in the chart below) and tracks this information internally.

Number of Requests Awarded to Minority-Led Organizations FY15-17

	Direct Charitable Activity	General Operating Support	Matching Gift	Membership	PRI	Program Support	Project	Sponsorship	Small Grants	Grand Total
No	169	16	121	38	3	257	402	235	346	1587
Yes	121	22	127	20	2	506	537	555	839	2729
Did not respond	51	3	82	32	2	15	30	555	483	1253
Total	341	41	330	90	7	778	969	1345	1668	5569

However, there are also trade-offs to moving toward grantee demographic data collection in Guidestar. Namely, Guidestar does not capture *population served* data, a key part of this specific DEI audit goal. This puts more pressure on internal systems still under development to meet this need. TCE staff report significant limitations to current systems—ranging from logistical challenges of extracting data, to major inconsistencies in coding of grants across program teams, to a lack of capacity to query systems to quantify and analyze how TCE resources are benefiting specific populations/communities. Staff feedback also suggests interest and energy around efforts underway that will allow for systematic and strategic population analysis of TCE investments and any unintentional blind spots.

CONSIDERATIONS

1. Ensure that the new coding system includes a specific focus on populations served that acknowledges the intersectional nature of diversity in TCE's funded communities. Couple the launch of the new coding system with clear guidance and training to ensure consistency in coding.
2. Ensure that the new grants management system includes the necessary fields for capturing and analyzing diversity data of grantees and communities served.
3. In the absence of mandatory diversity data collection, continue to be transparent with grantees around the reasons behind requesting demographic data and how the data will be used. Specific strategies might include coaching program staff to have sensitive conversations with potential grantees, or providing technical support and tools to grantees who express challenges in providing demographic information.

GOAL 9

CONTINUE STRATEGIC FOCUS SERVING DIVERSE POPULATIONS AND COMMUNITIES AND TO ADDRESS THEMES OF DIVERSITY, EQUITY, AND INCLUSION THROUGHOUT GRANTMAKING

ACTIONS SINCE THE LAST AUDIT

Through its grantmaking activities, notably the Building Healthy Communities (BHC) initiative, TCE has continued to pursue an intersectional focus. Though the following does not capture the breadth or depth of DEI-related grantmaking work that TCE has engaged in, some of the highlights since the last audit include:

- Within TCE's grantmaking portfolio are a number of efforts targeting diverse populations and communities, for example:
 - Soon after the last Audit, TCE launched Sons & Brothers, a \$50million, 7-year plan to help young people of color reach their full potential.
 - Beginning in summer 2014, TCE hosted its first Sisterhood Rising Leadership Retreat for young women across BHC sites.
 - Following the passage of Proposition 47*, TCE has supported a wide range of outreach, education, and narrative change work targeting individuals involved with the justice system.
 - From 2012-2015, grantmaking targeted LGBTQ populations or issues grew from \$800 thousand in 2012 to \$2.2 million in 2015.**
 - In December 2016, TCE created a \$25million "Fight4All" fund to support California residents and communities negatively targeted by the current administration.

- In 2014, TCE established the Enterprise Team within BHC. The strategic goals of Enterprise are to deepen existing work focused on youth and Sons & Brothers and to spread effective strategies among communities.

- Between 2014-2016, over \$40 million in grants were internally coded as "Equity and Diversity" within the TCE portfolio. These include, for example, support for a governance in racial equity effort, a health equity fellowship program, a Latino health equity leadership project, regional health inequity initiatives, and grants to strengthen local capacity and resident leadership to advance health equity.

- TCE makes a significant number of small grants under \$25,000 to grantees. Staff note that the organizations receiving these grants are often smaller, more diverse, and working with populations with the highest need.

* Proposition 47, the Reduced Penalties for Some Crimes Initiative passed on the California Nov. 2014 ballot.

**Zelmermyer, Karen. "Institutionalizing LGBTQ Engagement at the California Endowment," 2016.

ASSESSMENT OF PROGRESS: EXCELLENT PROGRESS

TCE's grants serve a broad range of communities and initiatives across multiple geographic locations beyond California's major cities. Internally, staff believe in TCE's approach, with 90% of staff agreeing that TCE has demonstrated a commitment to cultural responsiveness and equity in the design and implementation of initiatives or grantmaking programs/priorities. Several interview respondents particularly highlighted the impact of TCE's small grants program as a key vehicle for furthering DEI values, as these grants typically advance work in underrepresented communities by way of small, grassroots organizations. As a new development since the last audit, not only is TCE's grantmaking strategy focused on the range of California's communities, but there is also deliberate attention on deepening understanding of history and trauma within communities. As noted by interviewees, TCE engages in explicit conversations around trauma and healing to inform equitable community work and, ultimately, further goals of long-term policy change.

Where TCE has made additional strides is in continuing to engage in inquiry and identify gaps in their efforts to advance this goal. For example, as part of its mid-point review of BHC, TCE commissioned an in-depth community/stakeholder engagement study that generated feedback on the inclusiveness of TCE's approach on the ground. In 2016, TCE also commissioned a follow-up report to Institutionalizing an LGBTQ-Inclusive Equity Agenda at The California Endowment, to look at The Endowment's LGBTQ grantmaking activity. While this report was described as presenting a level of strategic data analysis and reflection critical to keeping TCE accountable to its DEI values, limitations of the current grant coding and management system makes conducting this analysis across multiple strategic areas a resource-intensive, challenging endeavor. Current efforts to strengthen grant coding and analysis (see goal 8) will allow for better portfolio-level evaluation related to DEI.

CONSIDERATIONS

1. Modeling after the 2013 and 2016 analysis of TCE's focus on LGBTQ populations and issues, utilize available data to report and benchmark annual spending by various focus areas and target populations. This will allow TCE to benchmark progress and identify any gaps in grantmaking.
2. Continue to address the "inclusion" focus of this goal by establishing strategies or approaches to working with community partners in setting the direction for future grantmaking. This will be increasingly important as BHC transitions in 2020.
3. Engage in portfolio-level evaluations to surface learning and outcomes connected to TCE's Core Values and/or target populations.

GOAL 10

REVIEW AND MAKE APPROPRIATE CHANGES TO CONTRACTING POLICIES REGARDING SOLE SOURCE VS. COMPETITIVE BID CONTRACTING, AND PROMOTE EQUAL OPPORTUNITY AND DIVERSITY IN CONTRACTING

ACTIONS SINCE THE LAST AUDIT

Since the 2013 Audit, TCE revamped its Direct Charitable Activity (DCA) process with the goals of introducing competitive bidding and expanding the pool of potential contractors. As part of this process, the following activities occurred:

- In 2016, TCE hired a consultant to lead the DCA revision process and convene staff meetings across departments. The finalized process requires competitive bidding for contracts over \$200,000 in an effort to open and diversify opportunities among contractors.
- An internal TCE workgroup was formed to provide ongoing feedback during the DCA revision process. The workgroup included staff across levels of the organization, and met once a month.
- Program staff were trained on the new DCA process. As areas for improvement were identified through the implementation process, the process accommodated adjustments.
- The online grant and contract application continues to describe TCE's commitment to diversity, as described in a letter from the CEO.

ASSESSMENT OF PROGRESS: SOME PROGRESS

TCE launched the new DCA process in November 2016, accompanied by a comprehensive handbook that outlines key steps and considerations. In addition, driven by a desire to expand the pool of contractor candidates, competitive bidding was added as a requirement for DCA contracts over \$200,000. Further, within the new evaluation criteria, diversity (defined as minority- and women-owned business status or having diverse demographics among board, management, and staff) is a factor that is weighed in an application.

Despite the intentions behind this effort, staff have raised concerns about the effects of particular provisions within the new DCA process. Specifically, the revised DCA process introduces new due diligence screening and requires sole proprietor and LLCs with fewer than five employees to pass an Independent Contract Review or become a payroll employee of the compliance firm charged with doing the screening. Multiple staff shared fears that this will hinder the applications and/or hiring of small, minority-led organizations or consultants. Because data on contractor and vendor diversity continues to be limited, it will be difficult to determine the actual effects of the new DCA process on the diversity of TCE consultants.

Unexpectedly, the DCA revision process itself was raised as a concern by multiple staff as well. There appears to be genuine confusion about the motivation behind DCA revision process—with some questioning whether it was driven by process-driven priorities to minimize financial risk and standardize procedures, versus a desire for increasing diversity of consultants rooted in TCE's shared values. This confusion introduced tension around the revised process that has colored the perspective of those who were not even directly involved in the process itself, suggesting opportunity for further engagement and transparency going forward.

CONSIDERATIONS

1. Collect and review data collected under the new DCA process. Establish metrics on a) the pool of applicants, b) the organizations awarded contracts, and c) the rationale behind awards. To reduce tension and increase transparency, assess and share this information on an annual basis to evaluate changes in time.
2. Particularly given TCE's recent transition to collecting grantee data through Guidestar (see Goal 8), consider alternate ways to gather data on DCA contractors who are not a part of the Guidestar database (i.e., individual consultants and/or for-profit organizations).
3. Reconvene the DCA workgroup to address implementation challenges, continuous improvement, and data analysis strategies.

GOAL 11

EXPLORE, REVIEW AND CONSIDER EFFORTS TO PROMOTE DIVERSITY AMONG INVESTMENT MANAGERS

ACTIONS SINCE THE LAST AUDIT

At the time of the last audit, TCE had recently completed an intensive search for minority-led and women-led investment managers. Since that time, TCE has been committed to maintaining the investment manager diversity that resulted from this intensive search:

- Currently, TCE continues to engage with seven minority-led investment firms, identified prior to the previous DEI audit. The investment with these firms represents 6-7% of TCE's overall investments.

- TCE has an ongoing priority for hiring diverse investment managers. Whenever a search for investment managers takes place, there is a concerted effort to ensure at least one minority-owned firm is being considered.

- In the updated TCE Investment Policy Statement (effective May 2017), TCE laid out five overarching goals for the years ahead, one of which focuses on strengthening the inclusion of women and minority-owned forms in the investment portfolio, and one focusing on assessing the capacity of investment managers to incorporate Environmental, Social and Governance (ESG) principles into the investment process, specifically as they relate to TCE's values and mission.

ASSESSMENT OF PROGRESS: **HOLDING THE LINE/NO PROGRESS**

In part, progress is limited on this goal because of the constraints of the larger field of investment management. TCE's Chief Investment Officer estimates that 6 to 7 percent of TCE's invested dollars are with minority-owned firms. Particularly given that the limited diversity in the universe of women- and minority-owned investment firms*, she believes that this figure continues to be the right level. She elaborates on some specific challenges facing TCE:

- While the first three years of the CIO tenure saw a lot of changes to the portfolio that allowed for identification of new managers, TCE has not had a lot of opportunities to hire new investment managers since the last audit.
- The reality of the lack of diversity within the larger investment management field continues to serve as a significant barrier.
- Work begun just prior to the last audit with American Black Foundation Executives (ABFE) to build a database of minority investment managers did not come to fruition.

At the same time, some in the broader philanthropic field continues to wrestle with this challenge. ABFE continues to have a dedicated program focusing on diversity of investment managers, and offers a "diversity investment management pledge" to encourage funders to assess diversity of their investment managers, engage in conversations with their respective boards and staff, and ultimately commit to more inclusive investment management practices. Since the last audit, both the [Silicon Valley Community Foundation](#) and the [W.K. Kellogg Foundation](#) have offered insights and lessons learned in their own journeys in this area. The Silicon Valley Community Foundation also published a public [report](#) that benchmarks investment manager demographics over time.

CONSIDERATIONS

1. Become a signatory to ABFE's investment manager diversity pledge, to publicly signal a commitment to diversity and inclusive investment management practices to potential investment management firms.
2. Publicly share TCE benchmarking of investment manager diversity.
3. Continue to engage philanthropic colleagues on this issue, and consider engaging the Board of Directors in field-level discussions of strategies and lessons learned about diversifying investment managers.
4. Set specific benchmarks for increased diversity of TCE's investment managers and/or decide whether the goal should be refocused on maintaining current diversity.

GOAL 12

EXPLORE, REVIEW AND CONSIDER EFFORTS TO PROMOTE MISSION OR PROGRAM RELATED INVESTMENTS

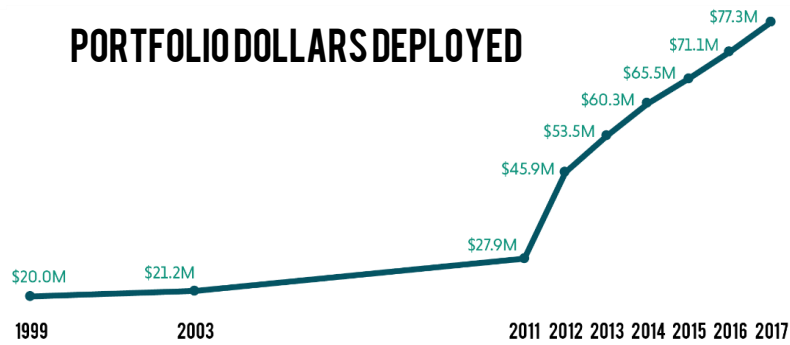
ACTIONS SINCE THE LAST AUDIT

This goal was newly established as a stand-alone focus after the last audit. Prior to then, this focus was folded into broader goals related to socially responsible investments and diversification of investment managers. Key actions since the last audit include:

- In February 2014, the Board approved a \$100 million allocation for program-related investments, representing approximately three percent of investment corpus at the time.
- In 2015, a Program-Related Investment Policy was formalized that includes diversity and equity-related criteria. Since 2015, \$10.8 million in program-related investments have been made using these criteria.
- In 2015, TCE hired a new Director of Program-Related Investments to oversee the growing PRI portfolio.
- In 2015, TCE also formed a PRI workgroup comprised of grantmaking and investment staff to provide guidance on and discuss program-related investments.
- In December 2015, TCE announced that it will not invest in companies profiting from for-profit prisons, jails, and detention centers.

ASSESSMENT OF PROGRESS: EXCELLENT PROGRESS

TCE's first Program-Related Investment (PRI) was made in 1999. The program, however, was relatively dormant until 2011 when, with the support of its Board of Directors, TCE launched a new formal commitment to PRIs. Significant progress has been made since the last audit, spurred in large part by Board approval of a \$100 million allocation for PRIs in 2014.



*TCE Program-Related Investment Portfolio Dashboard (As of June 30, 2017)

In addition to increasing staff capacity of the PRI department itself, in 2015, TCE formalized an investment policy that includes 10 programmatic criteria for consideration in its PRIs.

Two explicitly focus on equity and diversity:

- **Health Equity:** Would the investment eliminate a health inequity for our target population, and address a social determinant of health?
- **Target Population:** Would the investment benefit our target populations and are they engaged in the project: disconnected youth, people of color, and lower income people?

While these were always implicit priorities in their PRI work, according to TCE staff, formalization of the criteria has ensured systematic review and implementation.

Progress has been made in the area of mission-related investments as well. Since the last audit, three investments have been made in private equity funds with a mission focus totaling \$11 million. DEI-focused language also has been added to the Investment Policy specifically addressing MRIs. Further, in December 2015, TCE announced that it will no longer make direct investments in companies profiting from for-profit prisons, jails, and detention centers. President and CEO Robert K. Ross explained the decision, writing, "It is essential our investment strategies take into account the potential impacts they could have on the communities we serve."

CONSIDERATIONS

1. With investment guidance now in place, consider establishing a means for benchmarking progress towards health equity and target population criteria. Social impact data already being gathered might serve a similar purpose of telling a broader story of impact of TCE's program-related investments.
2. Engage in field-level dissemination of lessons learned from TCE's aligned program-related investments and grantmaking, particularly within Building Healthy Communities sites.

GOAL 13

ENGAGE IN COLLABORATION AND FIELD BUILDING ACTIVITIES AMONG FOUNDATIONS, COLLEAGUES, AND PHILANTHROPIC AFFINITY GROUPS, INCLUDING, BUT NOT LIMITED TO: (A) SHARING GRANTMAKING DATA; (B) STANDARDIZED DIVERSITY INDICATORS OF GRANT, STAFF AND BOARD DEMOGRAPHICS; AND (C) DISSEMINATION AND SUPPORT ADOPTION OF BEST PRACTICES WITH PEER FOUNDATIONS IN KEY PHILANTHROPIC VENUES

ACTIONS SINCE THE LAST AUDIT

Following the 2013 Audit, TCE combined four related goals into the current Goal 13. With a focus on field-building and collaboration, key activities made since the last audit include:

- As a co-leader in the D5 Coalition, TCE's President and CEO is active in field discussions around equity and inclusion both in grantmaking and internal foundation operations.
- TCE program staff report regularly presenting at a range of conferences and panels, as well as serving as key thought leaders in journals and other publications. These field-building efforts have focused on the incorporation of DEI values in the BHC theory of change, advancing health equity in communities, as well as practices around changing the narrative around DEI.
- TCE staff have made presentations on their DEI journey (highlighting Equity and Inclusion program strategies, 2013 DEI Audit findings and grantee data collection activities) at grantmaking affinity group convenings such as Grantmakers for Effective Organizations, Northern California Grantmakers, and Grantmakers Network.
- To support standardized grantee diversity metrics across the broader field, in Fall 2016, TCE transitioned to having grantees provide demographic data through Guidestar versus collecting and storing it in-house.
- Notably, non-program leaders are also actively involved in reflecting on DEI-related practice with foundation colleagues through presentations, blogs and panel discussions. For example:
 - TCE's Director of Grant Operations is active in sharing TCE's data collection practices with the broader field.
 - TCE's CFO has made presentations to highlight the significance of DEI values as they relate to the private sector.
 - The Director of Human Resources has engaged with the Council on Foundations on issues related to equity in the workforce.
 - Learning and Evaluation staff are involved in an equitable evaluation discussion with foundation colleagues.

ASSESSMENT OF PROGRESS: EXCELLENT PROGRESS

As the philanthropy field moves toward a greater recognition of the importance of equity and inclusion, TCE continues to play a pivotal leadership role. Of particular note, is the *range* of TCE leaders and staff that are directly engaged in pushing the conversation around DEI values and practice forward—not just engaging philanthropic colleagues around TCE’s equity-focused investments in diverse communities, but also what TCE is learning about what it takes to pursue an equity and inclusion-driven culture and grantmaking strategy. These engagements have taken the form of formal keynote and panel presentations at funder affinity group conferences, as well as informal engagement through participation in field-level dialogue through advisory roles, blogs, and affinity group membership. TCE also maintains an active social media presence that highlights grantee activity, successes, and personal stories.



My impression is that the field has moved incrementally in a better direction. Equity, diversity, and inclusion come up more frequently now as part of philanthropy conferences...And I think we’ve had a positive impact on that conversation.

-TCE Staff reflecting on DEI in the philanthropic field

Importantly, in this round of interviews, several leaders specifically noted that, to be a meaningful agent in field-wide growth, TCE must recognize the long-term nature of this work and to stay attentive to its own trajectory as an equity organization. Many noted opportunities for further growth and development as an organization related to understanding and advancement of DEI, and emphasized the importance of continuing to do the hard work internally before asking others, whether grantees or other foundations, to do the same.

CONSIDERATIONS

1. Consider rewording of this goal such that—beyond sharing best practices—TCE can seek out opportunities to engage the field in an honest dialogue about the *challenges* of advancing DEI. Previous field-level sharing about the challenges of gathering diversity data on grantees might serve as a useful model.
2. Particularly given this goal’s focus on grantee data, as TCE transitions to the new grants management database, it will be important to actively keep in mind not just internal reporting vehicles, but dissemination of public grantee diversity reports that could serve as models for the field.
3. Consider tracking and creating a centralized database of field-level DEI presentations, papers, blogs, articles, and other external communications.

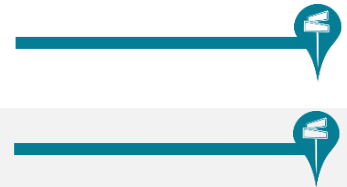
TCE 2016 DEI AUDIT GOALS PROGRESS

(Numbering reflects specific goal numbers, as ordered on page 12.)

Holding the line / No
Some
Good
Excellent

Shared Vision

- 1. **Communicate a clear statement and definition** of diversity as a measure of philanthropic effectiveness, including operations and grantmaking to both external and internal stakeholders.
- 13. Engage in **collaboration and field building activities** among foundations, colleagues, and philanthropic affinity groups.



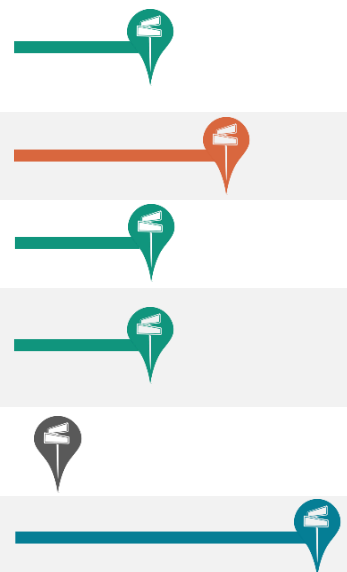
Authorizing Environment

- 2. **Engage Board of Directors/Trustees** in endorsing/supporting an organizational Diversity Plan.
- 3. Include **diversity-related measures** in the performance goals for the CEO and other managers, as appropriate.
- 6. Develop and adopt appropriate **diversity indicators for Board, management and staff**; collect baseline data and implement and publicly report periodic collection of data.



Policies & Structures

- 5. Ensure **compliance with accessibility requirements** of the Americans with Disabilities Act for all offices and implementation of best practices for accessibility of communications formats.*
- 7. Conduct proactive **outreach and recruitment for diverse candidates** for Board, management and staff positions.
- 8. Continue **collecting and documenting diversity-related information** about grantees, especially populations/communities served.
- 10. Review and make appropriate changes to contracting policies regarding sole source vs. competitive bid contracting, and **promote equal opportunity and diversity in contracting**.
- 11. Explore, review and consider efforts to **promote diversity among investment managers**.
- 12. Explore, review and consider efforts to **promote mission or program related investments**.



Staff Practice

- 4. Identify and implement a plan for any additional **staff orientation and training** on issues related to diversity, equity, and inclusion.



Strategic Grantmaking

- 9. Continue strategic focus serving diverse populations and communities and to **address themes of diversity, equity, and inclusion through grantmaking**.



* Note: The California Endowment has met all ADA requirements associated with this goal.

TOWARD A CULTURE OF EQUITY:

*The California Endowment's
Journey*

TCE'S "CULTURE OF EQUITY"

A recent field scan of foundations that are embracing equity as a primary focus affirmed that incorporating an equity lens entailed, not only integrating equity into foundation's grantmaking, but also fostering a broader 'culture of equity' to support this grantmaking.⁴ This third and final section takes a step back from TCE's current Diversity, Equity and Inclusion goals, and holds a mirror up to TCE's broader organizational journey toward fostering its own culture of equity.



We need to hold that mirror up in terms of what kind of internal culture we want to have that's not finger pointing, but that really helps build capacity for us to be better employees, better representatives of the foundation, better stewards of the funds that are so precious that California expects and needs from us.

- TCE Staff

FRAMEWORK OF INSTITUTIONAL SUPPORTS FOR ADVANCING DEI

As part of our work with a wide range of foundations and community-based organizations over the past two decades, SPR has developed a framework to understand and analyze how institutional contexts support equity-focused work. Drawing from literature on organizational changes critical for the sustainable implementation of diversity principles and updated in the last year based on new thinking about intersectionality and DEI practice, the framework (summarized in Exhibit 4) includes four interrelated areas:

SHARED VISION

A shared vision for diversity, equity, and inclusion is a critical institutional support, as well as a clear framework and shared language for stakeholders from across the foundation to discuss and engage with this vision. Here, a foundation will want to endeavor for not just understanding and buy-in from multiple levels of the organization, but also a shared analysis of how aspects of diversity, equity and inclusion are integrally tied to implementation of a foundation's mission. This shared analysis should specifically include shared understanding of intersectionality and how layered power dynamics can compound the complexity of advancing diversity, equity, and inclusion goals.

⁴ *The Road to Achieving Equity: Findings and Lessons from a Field Scan of Foundations That Are Embracing Equity as a Primary Focus.* Putnam Consulting Group for the Robert Wood Johnson Foundation, September 2016.

AUTHORIZING ENVIRONMENT

Another core institutional support is an authorizing environment that supports engagement in DEI work with the foundation's strong commitment and backing. Visible and engaged leadership on DEI issues is typically a key facilitator in a strong foundation authorizing environment, as is formal articulation of a DEI commitment, clear measurable DEI goals, and dedicated DEI resources. Within foundation contexts, a clear sense of accountability to the diverse communities and constituencies that they ultimately represent and serve is another facilitator in fostering an authentic DEI- authorizing culture.

ORGANIZATIONAL POLICIES & PROCESSES

Reinforcing a foundation's shared vision and authorizing environment are the formal organizational structures and processes that support implementation of DEI values. The degree to which foundations may choose to be prescriptive in this area will range, but may include formal DEI policies or guiding documents, or specific processes and criteria aimed to ensure diversity in hiring, grantmaking, or investments. Strong foundation practice, will always also include organizational capacity to track, benchmark, and analyze data to ensure progress towards DEI goals and/or potential unintended biases in established policies and processes.

STAFF PRACTICE

This fourth element of the framework was put in place to acknowledge that—even with a strong shared vision and authorizing environment supported by robust organizational structures and processes—there is an element of an individual's personal readiness to engage and operationalize DEI values in their respective job responsibilities. As such, focusing on staff practice is included as institutional support that provides a means to develop and deepen individual practice, through ongoing trainings and communities of practice that allow safe space for DEI dialogue and skill building.

This next section uses this framework to offer an analysis of where TCE is with regards to institutional supports in place for advancement of diversity, equity and inclusion, and its longer journey toward a culture of equity at TCE. The findings largely draw from direct TCE staff and board feedback, provided through survey responses and interviews.

EXHIBIT 4. INSTITUTIONAL SUPPORT FRAMEWORK

SHARED VISION

- Clear vision for DEI and its connection to BHC’s and TCE’s mission
- Clear frameworks and shared language to advance DEI
- Understanding & buy-in across multiple levels of the organization
- Shared analysis about DEI and the larger context of barriers to advancing Health Equity and Health Justice for California’s communities.

AUTHORIZING ENVIRONMENT

- Engagement of top-level leaders
- Explicit commitment to DEI in formal documentation and dedicated DEI resources
- Clear measurable organizational DEI goals
- Supportive foundation culture for engaging in DEI work
- Clear lines of accountability to community constituencies for advancing DEI priorities

POLICIES & STRUCTURES

- Policies and processes to promote diversity among board, staff, investment advisors, vendors, grantees, etc.
- Policies and guidance to promote equity and inclusion in Foundation programming and operations
- Examination of potential bias in established policies and processes
- Capacity to track, benchmark, and analyze DEI data

STAFF PRACTICE

- Sense of personal connection with TCE DEI vision & values
- Availability of organizational resources for personal development
- Clarity around specific operationalization of DEI within defined job responsibilities
- Connection to community of practice/relationships to explore, engage, and deepen DEI understanding & skills

TOWARD A SHARED VISION AT TCE

As detailed in the analysis of progress toward Goal 1 on page 14, the last three years has seen tremendous progress in how The California Endowment has articulated its vision for diversity, equity and inclusion. In addition to a refresh of TCE's DEI statement that broadens language to include "equity" and "inclusion," TCE has put forward a set of "Core Values" to guide grantmaking and operations that deeply integrate DEI considerations, and put in place a framework for its grantmaking that holds health equity and health justice for Californians as its north star.

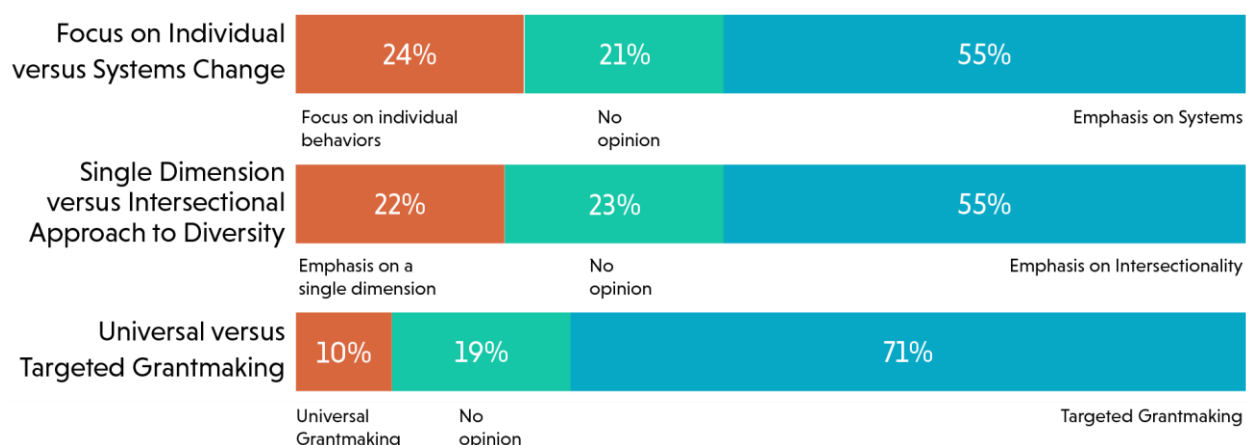


[TCE's] analysis around and focus on root causes of structural inequality and potential solutions are extremely sharp and central to all of our bodies of work."

- TCE Staff

Notably, despite these investments in communicating a clear DEI statement, we see little change in the degree to which surveyed TCE staff and board members are articulating a shared vision about TCE's DEI approach along three key continuums captured in previous audits. Shown below in Exhibit 5, the percentage breakdown of staff perspectives is remarkably consistent to the 2013 DEI Audit, with just slight fluctuations (3 to 5 percent more staff having "no opinion" in each of the three categories).

EXHIBIT 5. PERSPECTIVES ON TCE'S APPROACH TO DEI (2016)



Where we see greater consistency of shared vision is within specific subgroups. For example, in considering a focus on individual versus systems change, 73 percent of program staff share a perspective that TCE's approach emphasizes systems over individuals, and 76 percent of board members. Board members have the strongest shared vision about TCE's approach; 82 percent share perspectives about TCE's approach emphasizing intersectionality (versus a single dimension) and 88 percent share a perspective on TCE's

approach emphasizing targeted (versus universal) approaches to grantmaking. Despite an emphasis on the concept of intersectionality in TCE's core values and in trainings with program staff, program staff perspectives are notably less consistent than would be expected with regard to TCE's approach focusing on a single dimension versus an emphasis on intersectionality: only 59 percent agree that TCE's emphasis is on intersectionality.

An analysis of interview and survey data offers potential areas for attention as TCE continues to deepen shared vision as an organization going forward:

- **Promote Shared Analysis Behind Shared Language.** Overall, TCE staff and board members praised and appreciated TCE's clear expression of core DEI values. At the same time, in their interviews and open-ended survey responses, some TCE staff expressed concern that—in the absence of deeply engaging around terms like diversity, equity and inclusion and their implications—the organization runs the risk of watering down meaning. In our own DEI conversations with staff across the organization, we heard a range of interpretation about what was meant by DEI. Some focused simply on representation of different target groups, and others were more deeply interrogating the systemic barriers that influence diversity. One leader discussed her concerns around the potential implications of a lack of shared analysis behind terms:

TCE has been on the forefront of promoting DEI both within and outside of the Foundation. However... by not having greater rigor in our understanding of these terms, do they become amorphous "feel good" terms?

- **Aim for Conceptual Clarity About TCE's Approach.** A tension emerged through interviews and open-ended survey responses that may be hindering progress toward shared perception about TCE's focus on intersectionality. Namely, multiple people described TCE's culture as sometimes characterized by "pendulum swings of who to champion" that "pits population groups against each other." Others offered a more neutral perspective, describing a "targeted universalism" approach, where dedicated resources to identified target groups were seen as strategies to achieve broader equity outcomes. The two perspectives below are representative of the two ends of this continuum:

There is an element of almost righteous fundamentalism when it comes to DEI (not everyone, of course)—an almost adversarial (we/them) attitude that equates DEI with "people of color"—mostly "men of color" and rarely mentions other groups.

We're seeing the boys and men of color work as not exclusively just that of men or boys, but really as a way to think about how systems are or are not working for vulnerable populations.

Increased conceptual clarity and transparency around TCE's approach—particularly its focus on identified groups—may lessen this tension that ultimately colors staff perceptions of TCE's inclusiveness as an organization.

TCE'S AUTHORIZING ENVIRONMENT

Overall, TCE staff and board members express little doubt about TCE's commitment to diversity, equity and inclusion; many express a sense of pride for working at a foundation at the forefront of promoting health equity and health justice for California's most vulnerable. Further, looking across survey results of measures intended to assess TCE's authorizing environment, we find that a majority of TCE staff and board members express agreement that TCE's organizational culture supports advancement of DEI work and values. Highlights from these survey results are included in the text box below. While they generally reflect a positive authorizing environment, there are some key areas that merit attention for further attention and development are specifically noted.

FINDINGS FROM THE 2016 DEI BENCHMARKING SURVEY

Commitment to DEI in the Field. Overwhelmingly, 98% of TCE staff and board members agree that TCE has a demonstrated commitment to racial/ethnic diversity in the philanthropic sector. This percentage drops off slightly for TCE's perceived commitment to LGBTQ issues (96%), socio-economic status (92%), and gender (88%). Notably, *only 51%* of TCE staff and board members agree or strongly agree that TCE has made a visible commitment to disability issues. This represents a further drop from 2013 (when this percentage was as 64%).

Commitment to Diversity Within the Foundation. Similar trends exist with regards to staff perception of TCE's commitment to diversity of staff within the organization, with strong majorities of TCE staff and board members agreeing that TCE has a demonstrated commitment to racial/ethnic, gender, and sexual orientation diversity among staff and leadership. The greatest area for potential attention was expressed related to gender diversity among executive staff; 16% of TCE staff and board members expressed disagreement about TCE's commitment to gender diversity at this level.

Leadership Engagement. Survey responses on a set of questions focused on assessing the role of TCE's executive leadership in fostering an authorizing culture for DEI were mixed, particularly when looking at subgroups of respondents. While a majority agreed that TCE executives reinforce an authorizing culture for DEI, means for sub-measures in this category were low relative to other areas. Of particular note is survey feedback on whether staffing decisions are based on factors that include cultural competency; (of those who answered this question) a quarter of staff—and over half of Directors—express disagreement that this is the case.

Culture of Inclusivity. This year, TCE staff and board members were directly asked the degree to which they agree that TCE has an inclusive culture that supports DEI. While 83% agreed that this was the case, a notable 17% *did not*. Individuals expressing some level of disagreement were present in every category and every staff level (except for the Board). Further, those with longer tenure were more likely to express disagreement about TCE having an inclusive culture than those with less tenure.

FINDINGS FROM THE 2016 DEI BENCHMARKING SURVEY CONTINUED

Safety in Raising DEI Concerns in the Workplace. Perhaps related, we found similar responses to whether respondents felt safe raising concerns related to issues of DEI in the workplace. Again, while a majority of TCE staff and board members agree that they feel safe—23% did not. This percentage is higher than in 2013, when only 18% expressed disagreement.

Acknowledgement and Rewards. Finally, TCE staff and board members were also asked the degree to which they were formally acknowledged for their work in DEI at the foundation. Here, 53% of all staff indicated that they were rarely or never acknowledged (compared to 50% in 2013). Notable fluctuations exist within subgroups, with approximately 70% of non-program staff and 70% of Director-level staff indicating that they are rarely or never acknowledged. Much higher percentages of staff—in all categories—indicate they are acknowledged *outside* of TCE (77% of total staff and 88% board).

The following offer some considerations for discussion that can deepen an already positive authorizing environment at TCE:

- **Continue to Attend to and Share Power.** TCE staff feedback continues to call attention to the different ways that power manifests itself internally within TCE and externally in its engagement with communities. Most recommendations in this area centered on attending to power—when engaged in Executive Team communications, when recognizing various levels and functions of staff and their contributions to TCE grantmaking outcomes, in discussing gender concerns within the workplace, when engaging community members and especially young people in Foundation discussions, and in scenario planning for grantmaking strategies going forward. A few, however, challenged TCE to consider what it would look like for the organization to meaningfully *share* power, and the necessary changes to structural decision-making and organizational culture that this would entail.
- **Promote Transparency.** The challenge of lived values that are embedded within organizational operations is that an organization's inclusive practices are not always on the radar of staff. When developments happen or decisions are made—for example, building design decisions related to building accessibility, or hiring discussions that explicitly value community experience over educational degrees, or running data to ensure gender diversity in promotion decisions, or not renewing a vendor contract because of an association with for-private prisons—to what extent are these lifted up and shared? How can these decisions—and transparency about the issues considered in these decisions—serve as both a reassurance to staff on the outside of these decisions and a reinforcement of TCE's authorizing culture? There is a sense from interviewed and surveyed staff that greater engagement around key operational decisions is needed, with one staff member sharing:

The on-line system of notification does not lend itself to an organization that values conversation, values working out policies that make it work for everyone, and values deeper understanding.

- **Foster Safety.** Declining percentages of individuals who express that they feel safe to raise DEI concerns (approaching a *quarter* of all staff) suggests a potential area for attention. The open-ended section of the anonymous DEI benchmarking survey included some very frank feedback on some staff's experiences within TCE, as well as offered rich constructive feedback for potential improvements. While we endeavored to integrate most feedback within this audit, to what extent is there an openness to hearing concerns and feedback in other ways? Particularly given the passion with which many at TCE approach their work, where are safe spaces for individuals to voice differences of opinion, or challenge thinking? The following represent some of the barriers as expressed by two staff:

I don't feel TCE allows for difference of opinions or thoughts. I feel we only allow for like minds and never take the time to hear the opposite opinion or view point.

We have a culture that somebody has to get loud—which is a risk—to raise issues of concern [related to DEI].

REINFORCING POLICIES & STRUCTURES

From top to bottom, there is widespread agreement that TCE operates as a strong mission-driven organization. As shared by one person, “diversity, equity, and inclusion is in our ethos.” As such, rather than putting in place a lot of prescriptive DEI-related direction, the Core Values—in combination with a robust authorizing environment—are envisioned to operate as guiding principles from which internal and external practice flows. In many cases, this is reinforced by specific language in policy guidance that emphasizes a value for diversity, equity and inclusion in various processes. The implications, according to multiple interviewed staff, are that discussions and decisions of which they are a part naturally integrate DEI considerations as part and parcel of TCE’s approach.



DEI is pretty well-woven into everything that we do...it’s not so much a goal, as much as part of the day-to-day way we do business. And how we talk about things.

- TCE Staff

The structures for carrying out diversity, equity, and inclusion at TCE are fairly decentralized. Whereas in the past, there have been named individuals with significant portions of time dedicated to stewarding DEI at TCE, this is now spread out across multiple individuals and groups. Specifically, an *Equity and Inclusion* workgroup exists to foster shared learning and deeper understanding of equity and inclusion and implications for the work, an *LGBTQ* workgroup exists to create a supportive environment for the inclusion of LGBTQ issues and populations. In addition, every three years with the *DEI Audit*, a portion of one person’s staff time is set aside to manage the audit process and an internal workgroup is convened to process findings and develop action steps from the audit itself. The human resources department carries out onboarding and training of new employees, hiring is carried out under the direction of specific departments or units, and processes that operationally touch on aspects of DEI (i.e., grant coding, DCA processes, etc.) typically fall under the direction of separate workgroups.

The time period in which this audit was conducted (late 2016/early 2017) was one in which TCE was undergoing significant changes associated with the need to review, develop and implement standardized policy and procedures. Many of the tensions that surfaced in this area through staff feedback centered on questions about the degree to which certain processes (e.g., hiring, promotions, vendor selection, investment manager hiring, DCA consultant hiring processes) were being carried out with a DEI lens and in alignment with core values. The decentralized nature of these efforts, in combination with an absence of data that benchmarks progress on these fronts, makes it challenging to determine the degree to which these concerns are true.

The following pose some considerations in optimizing the organizational supports for implementing DEI:

- **Introduce consistency in systems and process development.** Without being prescriptive about how to implement DEI values, TCE may still want to formalize some overarching guidance to support organizational decision-making, particularly with regards to larger policy or internal systems development. This could take the form of a tool with a short list of questions to generate productive dialogue and serve as checks to policy or process decisions (i.e., How does this advance our core values? How have we involved representatives from all key stakeholder groups who will be affected? How have we considered potential biases in our assumptions that might lead to unintended consequences? Have we established a process for monitoring implementation and making mid-course correction?) The Equity and Inclusion workgroup has adapted Race Forward's Equity Impact Assessment Guide and is currently piloting a tool to support equity and inclusion-oriented thinking, which might serve as a starting point.
- **Strengthen accountability loops.** One of the holes in TCE systems appears to be in having easily accessible data available not just for benchmarking DEI progress, but for ensuring and reassuring that organizational policies and processes are aligned with core values and do not have unintended consequences. Especially as the TCE grants management system and coding processes get finalized in the coming year, a real opportunity exists to consider the full range of data that is needed—not just on grantmaking—but across a range of areas to ensure that TCE's policies and structures are reinforcing DEI values.
- **Centralize stewardship of DEI efforts.** There are strong benefits to having shared organization-wide responsibility for advancing DEI values, versus having the issue marginalized as one person's responsibility. At the same time, at this point in the journey, TCE may want to consider whether it makes sense to assign ongoing responsibility for ongoing stewardship and support of DEI. This individual or entity would primarily hold responsibility for connecting the dots across organizational DEI efforts, monitor and share progress throughout the organization, as well as continuously challenge TCE to deepen practice and ensure forward movement on its journey as an equity organization.

DEEPENING INDIVIDUAL PRACTICE

This final area acknowledges that an important aspect of fostering an equity organization must focus on individual practice, therefore ensuring support for making meaning of and operationalizing diversity, equity, and inclusion values.



Ultimately this is the work...if we really are trying to get to a healthy California, recognizing that equity and inclusion are a key piece of that...it [matters] how we as individuals operate, how we operate within our own communities, how we operate within the organization.

- TCE Staff

Building upon TCE’s newly adopted core values, the DEI Benchmarking survey asked TCE staff and board members the degree to which they agreed they were equipped to carry out specific practices that were mapped to core values. Average responses for each are shown in Exhibit 6 below, ordered from highest to lowest average responses (1 being “strongly disagree” and 4 being “strongly agree.”) Overall, survey responses suggest that most individual staff and board members feel that they in fact have the capacity to operationalize TCE Core Values.

EXHIBIT 6. ASSESSMENT OF STAFF CAPACITY TO OPERATIONALIZE CORE VALUES

	MEAN	% AGREE OR STRONGLY AGREE
I understand how inequities lead to real individual and community-level trauma that are important to address through healing within organizations and institutions.	3.21	93%
I feel that I exhibit cultural competence in my interactions with diverse groups.	3.19	91%
I am knowledgeable about the range of barriers to equal opportunity and structural inequities in my area of focus—how they are produced and how they can be reduced.	3.17	93%
I feel equipped to approach my area of focus with a lens that considers a wide spectrum of diversity (e.g., gender, race, color, ability, marital status, geography, age, income, faith, sexual orientation, gender identity and expression, national origin, language, medical condition, or immigration status).	3.13	88%

	MEAN	% AGREE OR STRONGLY AGREE
I am comfortable discussing issues of barriers to opportunity and inequities with relevant individuals and groups.	3.13	85%
I am equipped to think through strategies for empowering priority populations in my area of focus—for example, underrepresented populations or youth—in my work.	3.01	83%
I feel equipped to talk about health within a justice framework, including the relationship between disparities and systemic racism.	2.96	76%
I can articulate the costs of failing to address barriers to opportunity and inequities.	2.95	80%
I have the networks in place for me to listen beyond my inner circle to inform and strengthen my work.	2.94	77%

Looking at TCE staff and Board member responses disaggregated by race, tenure, function and level, we also see relative consistency across responses regardless of subgroup affiliation across most items. The three exceptions are highlighted in blue text in the exhibit above. On these items, non-program staff agreement lags behind program staff colleagues. Most notably, just **58 percent** of non-program staff agreed that they felt “equipped to talk about health within a justice framework” as compared to program staff colleagues (91%). Also notably, while 83 percent of survey respondents indicate that they feel “equipped to think through strategies for empower priority populations within the area of focus,” we see lower percentages agreeing not only among operations staff (77%) but also staff who have been with TCE over 10 years (75%). Some considerations:

- Provide cross-organizational opportunities for training and engagement.** As noted already, one of the strongest themes from multiple interviews and open-ended survey responses from across the organization was noting the disparities in opportunities to engage in dialogue about DEI issues across program and non-program staff. **Over a third** of TCE staff and board members disagreed that one of TCE’s DEI practices included regular organization-wide trainings to enhance staff knowledge and skill building related to DEI. The implications are not only tied to a perceived sense of inequity within the culture, but also serves as a real barrier for fostering shared understanding and, ultimately, all individuals connecting their job duties to TCE’s core mission and values. As shared by one individual:

We don’t have a lot of ways talking about diversity, when you’re not out in the field...if we really want to stand by our DEI statement, then we really need to bring home the same learnings that are being offered on the program side, to the non-program side. So how would intersectionality look, if you are someone who cuts the checks for The Endowment? What does that mean?

- **Implement staff-raised priorities for future training and learning.** The DEI benchmarking survey solicited open-ended feedback from TCE staff and board members about their training priorities in an effort to chart a DEI learning agenda going forward. Notably, staff described a range of formats for learning beyond all-staff trainings, that included small groups, within-department trainings, structured dialogues, workshops, lectures with external experts, and sharing of resources (e.g., webinars, tools, articles, data updates, etc.). Topics identified across staff and Board fell into some specific categories:
 - **Population-specific training.** Feedback suggests that there is a desire to deepen not only understanding of lived contexts and health issues of specific groups, but to grow capacity for engagement. Named examples of populations included rural whites, political conservatives, new immigrant and refugee groups, disabled populations, communities whose health is impacted by mass incarceration, LGBTQ populations generally and transgender populations specifically, woman and girls, and Native populations and Southeast Asians (particularly related to healing practices).
 - **Cultural competency.** This emerged in terms of requests for trainings to better engage internally with each other, as well as to gain better skills for engagement in TCE places and conference centers.
 - **Strategy-specific capacity building.** Another final theme focused on a desire to build greater capacity to more deeply engage with specific strategies—such as narrative change, authentic youth power building, or healing.

THE JOURNEY FORWARD

The findings presented in this 2016 Diversity, Equity, and Inclusion Audit suggest that The California Endowment continues to deeply live out its commitment to the diverse communities that it serves, through its vision, leadership and staffing, operations, and grantmaking. The findings also point to measurable progress toward its 2013-2016 DEI goals, indicating continued forward momentum on this long-term journey toward becoming an authentic equity organization.

At the same time, among leadership and from staff at multiple levels we also heard some common concerns about where TCE is in the journey, and the implications for the work ahead. Namely, many expressed a fear about getting “too comfortable” with the progress made thus far, and not taking the opportunity to lean into the remaining gaps and challenge the organization to push itself do even better—not just for the foundation, its staff, and the diverse communities which it serves, but for the broader field of philanthropy where TCE continues to aim to lead by example.



In this [DEI] work, you cannot get too comfortable with yourself. And I worry a little bit about us getting too comfortable with where we are and not pushing forward. That’s one of the areas to think about and look at as the DEI audit results come in.

We sincerely hope that the findings and considerations offered through this 2016 Diversity, Equity and Inclusion Audit provide useful mirror for organizational self-reflection and growth toward that end.

APPENDICES



APPENDIX A: TCE DEMOGRAPHIC TRENDS

RACE/ETHNICITY

	TCE BOARD				EXECUTIVES AND VPS				ALL STAFF				CA *	FOUNDATION STAFF**	FOUNDATION BOARDS***
	2009	2011	2013	2016	2009	2011	2013	2016	2009	2011	2013	2016	2016*	2015	2014
Latino	22%	23%	24%	29%	50%	42%	38%	25%	26%	32%	27%	32%	38.4%	6.9%	4%
White	28%	27%	35%	35%	25%	25%	38%	38%	36%	31%	32%	26%	38.7%	75.7%	87%
Black	28%	30%	18%	12%	25%	33%	13%	25%	14%	11%	10%	9%	5.6%	9.4%	7%
Asian	6%	13%	6%	12%	0%	0%	0%	13%	21%	21%	21%	22%	13.5%	5.1%	5%
Pacific Islander or Native Hawaiian	6%	7%	0%	0%	0%	0%	0%	0%	0%	1%	2%	1%	0.4%	0.4%	Included in Asian
Native American or Alaskan Native	6%	0%	6%	6%	0%	0%	0%	0%	1%	1%	0%	3%	0.4%	0.4%	0.5%
Two or more races	6%	0%	12%	6%	0%	0%	13%	0%	1%	3%	8%	6%	2.8%	1.2%	n/a
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0.2%	0.7%	n/a

Note: Executive-level trend data must be interpreted with caution due to changing definitions and titles within the last decade.

* Source: American Community Survey 2011-2015 Five Year Estimates

**Source: [The State of Change: An Analysis of Women and People of Color in the Philanthropic Field](#), 2017 [Data from this report draws on 2015 Grantmaker and Benefits Survey]

***Source: [State of the Work: Tackling the Tough Challenges to Advancing Diversity, Equity and Inclusion](#). D5 Coalition, 2014 [Data from this report draws on a 2010 Council on Foundations Management survey of 518 independent, family, community, and public foundations]

GENDER IDENTITY

	TCE BOARD				EXECUTIVES AND VPS				ALL STAFF				CA *	FOUNDATION PROGRAM OFFICERS**	FOUNDATION BOARDS***
	2009	2011	2013	2016	2009	2011	2013	2016	2009	2011	2013	2016	2016	2014	2014
Male	67%	60%	59%	53%	63%	67%	63%	50%	32%	40%	36%	37%	50%	77%	38%
Female	33%	40%	41%	47%	38%	33%	38%	50%	68%	60%	64%	63%	50%	23%	62%
Transgender***	x	x	X	0%	X	x	x	0%	x	x	x	0%	x	x	x
Do not identify as female, male, or transgender*	x	x	x	0%	X	x	x	0%	x	x	x	0%	x	x	x

Note: Executive-level trend data must be interpreted with caution due to changing definitions and titles within the last decade. 2016 Executive-level data reflects the current TCE Executive Team (n=9) and does not include Director-level staff.

* Source: American Community Survey 2011-2015 Five Year Estimates

**Source: [State of the Work: Tackling the Tough Challenges to Advancing Diversity, Equity and Inclusion](#). D5 Coalition, 2014 [Data from this report draws on a 2010 Council on Foundations Management survey of 518 independent, family, community, and public foundations]

*** Not asked on the survey prior to 2016

ADDITIONAL DEMOGRAPHICS

	TCEBOARD			EXECUTIVES AND VPS			ALL STAFF		
	2011	2013	2016	2011	2013	2016	2011	2013	2016
Sexual Orientation									
Heterosexual	100%	94%	88%	83%	83%	75%	90%	91%	87%
Gay or Lesbian	0%	6%	12%	17%	17%	25%	7%	6%	6%
Bisexual	0%	0%	0%	6%	0%	0%	3%	3%	5%
Other**	x	x	0%	x	x	0%	x	x	1%
Age									
18-25	0%	0%	0%	0%	0%	0%	0%	2%	1%
26-35	0%	0%	0%	0%	0%	0%	27%	28%	28%
36-45	7%	12%	12%	0%	13%	0%	33%	35%	31%
46-55	20%	24%	18%	50%	75%	75%	28%	23%	24%
56-65	60%	35%	47%	33%	13%	13%	10%	10%	13%
66-75	13%	29%	24%	17%	0%	13%	2%	2%	3%
Identifies as having a disability									
Identify as having a disability	13%	0%	0%	0%	0%	0%	2%	2%	0.7%

Note: Executive-level trend data must be interpreted with caution due to changing definitions and titles within the last decade. 2016 Executive-level data reflects the current TCE Executive Team (n=9) and does not include Director-level staff.

* The information in this table was not asked prior to 2011.

** This information was not asked on the survey prior to 2016.

APPENDIX B: METHODOLOGY

The assessments presented in the 2016 Audit were informed by four primary activities:

1. Interviews with 22 individuals across departments with key perspectives on TCE's policies and practices.
2. Systematic review of documents and information sources, including internal policies, organizational tools, external reports, and evaluations.
3. Survey results from two staff surveys, including a demographic and an attitudinal benchmarking survey.
4. Grantee diversity data from all grantees reporting information in 2016.

Each of these activities are described in greater detail below.

INTERVIEWS

SPR conducted interviews with 22 individuals at TCE to gauge the perspectives across departments and staffing levels on three key areas: 1) diversity, equity, and inclusion at TCE; 2) progress towards the DEI Audit goals; and 3) recommendations for the future. Interviews endeavored to gauge staff perceptions on consensus and clarity around DEI values, the extent to which an authorizing environment for integrating DEI practices exists within TCE, and whether staff felt they had the knowledge, skills, or capacity to carry out DEI-focused work.

The individuals interviewed as part of this process included:

NAME	ROLE
Leticia Alejandrez	Director, Communications
Amy Chung	Director, Program-Related Investments
Ray Colmenar	Senior Program Manager, Healthy California
Marlon Cuellar	Program Manager, Healthy California
Eddie de la Torre	Director, Events & Facilities
Dan De Leon	Vice President and Chief Financial Officer
Gina Durham	Consultant
Dolores Estrada	Director, Grants Operations
Mary Lou Fulton	Director, Healthy California (Neighborhoods)

NAME	ROLE
Jane Garcia	Chairman of the Board
Anthony Iton	Senior Vice President for Healthy Communities
Mona Jhawar	Manager, Learning and Evaluation
Martha Jimenez	Executive Vice President and Counsel
Rob Ranieri	Director, Human Resources
Castle Redmond	Program Manager, Healthy California
Dr. Robert K. Ross	President and CEO
Beatriz Solís	Director, Healthy Communities (South)
Marion Standish	Vice President, Enterprise Programs
Ruth Wernig	Chief Investment Officer
Sandra Witt	Director, Healthy Communities (North)
Hanh Cao Yu	Chief Learning Officer
Daniel Zingale	Senior Vice President, Healthy California

DOCUMENT REVIEW

To inform the 2016 Diversity, Equity and Inclusion Audit, SPR was provided a range of documents for review and analysis. These included both internal correspondence, meeting minutes, data and evaluation reports, and guiding documents, as well as external reports and communications. As part of this review process, SPR looked for key policy and process changes taking place between 2013-2016; strategic shifts within initiatives and campaigns; internal developments around staff practice and collaborations; field-level presentations made by TCE staff; and external communications highlighting TCE's actions, such as blogs and press releases.

In total, SPR reviewed over 160 documents sent by staff at TCE. Although not an exhaustive list, a sample of key documents reviewed include:

GRANTMAKING-RELATED REPORTS AND COMMUNICATIONS

- TCE website, social media, and press releases
- Staff-written blogs in the field
- Initiative evaluations, including reports and surveys
- Framework strategies, including the North Star Goals and Indicators
- Building Healthy Communities annual progress reports

ORGANIZATIONAL POLICIES AND PROCESSES

- Performance review guidance and tools (both pre- and post-2016)
- Direct Charitable Activity Training Handbook
- Workgroup strategies and tools
- Grant coding framework and tools
- Investment policies and Program-related investment guidance

DATA EXPORTS

- Grantee diversity data exports from 2016 (including both GIFTS and GuideStar)
- FY 2013-2016 DEI grant coding data exports
- Program-related investment data

NOTES, MINUTES & CORRESPONDENCE

- Board meeting agendas
- Workgroup agendas and minutes
- Initiative-related presentations for staff and board members
- DEI-related event announcements
- Internal DEI communications

SURVEYS

In Late Summer/Fall 2016, SPR administered two online surveys to measure both staff and Board demographic indicators and perceptions of TCE's internal and external work around diversity, equity, and inclusion:

- The **2016 Staff and Board Diversity Demographic Survey** collected self-reported demographic information from staff who had not previously taken the survey as part of the 2013 audit and from all members of the Board of Directors. Ultimately, 149 staff members and all 17 board members responded to this survey, for a response rate of 94 and 100 percent respectively. Dr. Ross was included in both the staff and board groups.
- The **2016 Staff Diversity, Equity, and Inclusion Benchmarking Survey** gauged staff perceptions of DEI institutional supports, as well as DEI progress and remaining gaps. 145 staff members and 17 board members responded to this survey, for a response rate of 92% and 100% percent respectively.

Using staff lists provided by TCE, SPR was able to narrow our sample of TCE staff and board members to those whom were at TCE at the end of the 2016 calendar year. SPR linked data from both the 2013 and 2016 diversity demographic surveys to analyze responses to the Benchmarking Survey and analyze subgroup responses by race/ethnicity, gender identity, department, tenure, and position.

GRANTEE DATA DIVERSITY

As TCE embarked on the transition from GIFTS to GuideStar, SPR analyzed demographic data among TCE grantees awarded grants in the 2016 calendar year.* In total, 797 grantee organizations (703 from GIFTS and 94 from GuideStar) were included in our sample. Among those who provided demographic information on their boards and staff between both systems, SPR calculated the racial/ethnic, gender identity, and sexual orientation breakdowns. Specific percentages calculated for the Board of Directors, Senior/Executive staff, and other full-time staff include:

- **Race/Ethnicity:** majority people of color, majority white, and no majority
- **Gender Identity:** majority female, majority male, majority transgender, and no majority
- **Sexual Orientation:** majority LGBT, majority heterosexual, and no majority

*There are significant limitations to the grantee dataset of note. Namely, the optional self-reported nature of data yielded high levels of non-responses, as well as some outliers that are likely due to data entry error.

APPENDIX C: TCE DIVERSITY, EQUITY AND INCLUSION STATEMENT



THE CALIFORNIA ENDOWMENT'S COMMITMENT TO DIVERSITY, EQUITY, AND INCLUSIVENESS

Since its inception, The California Endowment has placed a high value on diversity, equity, and inclusion. We define diversity in broad terms to include race, ethnicity, age, gender, sexual orientation, gender identity, disability, as well as geographic diversity. We believe that diversity and inclusion are essential to organizational effectiveness and excellence, and that services are enhanced when organizations are reflective of communities being served. As such, The Endowment will continue to raise issues of inclusion and promote diversity in our grant making and operational activities.

Our commitment to diversity is reflected in the composition of our staff, management, and Board of Directors. We also are committed to using diverse vendors, contractors and consultants, and promoting equal opportunity through our business transactions. We will strive to make our facilities and communications accessible to all.

Because of The Endowment's commitment to diversity in California, staff will pursue opportunities to discuss issues related to diversity and inclusion with grantees and applicants. Staff will take every opportunity to constructively engage in efforts to assist grantees and applicants to better serve the needs of California's diverse communities. As appropriate, applicants seeking funds from The California Endowment will be asked to provide information related to governance, management, staff and volunteer composition in the interest of encouraging diversity and inclusion whenever possible. Finally, The Endowment will participate in and support efforts of our peer funders to increase diversity and inclusion in the field of philanthropy.



The
California
Endowment



SOCIAL POLICY RESEARCH
ASSOCIATES