

## **A Questionable Moral Decision**

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As the Council on Foundations' new president, Steve Gunderson, and its board of directors move to revitalize the organization, they will need to set a moral tone for the council, one that matches the ethical standards the council recently asked its member grant makers to follow.

One of Mr. Gunderson's first steps, however, raises some major questions about the seriousness with which he plans to pursue those high standards.

When Mr. Gunderson, a former Republican member of Congress, reviewed the preliminary program for the council's annual meeting in Pittsburgh next month, he noticed that the keynote speakers all had something in common - they were liberal in their ideology. So, commendably, he decided it was important to add some balance and ask a conservative thinker to deliver an additional keynote speech. He turned to his old buddy Newt Gingrich, the former speaker of the House, to be that conservative voice.

It is a disturbing choice, and it is hard to understand why the council's board members did not raise questions about Mr. Gunderson's selection. In interviews, more than a half dozen told me they were not bothered by the choice.

As a member of Congress, Mr. Gingrich established two foundations, the Abraham Lincoln Opportunity Foundation and the Progress and Freedom Foundation, that had close ties to his political action committee, GOPAC, and he used the foundations to funnel tax-deductible charitable contributions into partisan political projects.

Those activities prompted a special investigation from the House's ethics committee, and in 1998 the Internal Revenue Service revoked the tax exemption of the Abraham Lincoln foundation. After the 2000 elections the IRS, under political pressure, reversed its decision.

Mr. Gingrich's philanthropic activities reflect the most unethical and cynical distortion of what foundations should be, so he certainly does not deserve to be given such a prominent place at the nation's biggest gathering of grant makers. And at a time when the lobbyist Jack Abramoff is under government scrutiny for philanthropic activities that closely resemble those of Mr. Gingrich, it is especially unseemly to invite a speaker who has shown so little respect for the privileges of tax-exempt status.

As Rick Cohen, executive director of the National Committee for Responsive Philanthropy, recently pointed out in the winter issue of Responsive Philanthropy, the organization's newsletter, there are "so many powerful and thoughtful conservative thinkers to choose from" that Mr. Gingrich's selection makes little sense.

To make matters worse, Mr. Gingrich will receive a hefty speaker's fee for his appearance before the council. Some knowledgeable foundation leaders said they were told the council was paying \$30,000 for the appearance. Neither council officials nor Mr. Gunderson would disclose the speaker's fee, but Mr. Gunderson said it was a smaller sum than the rumors suggested. (Washington Speakers' Bureau, which represents Mr. Gingrich, declined to provide estimates of his typical fees or to say how much he was being paid by the council.)

Those answers from the council about Mr. Gingrich's appearance raise two important points. Why is the council, a tax-exempt organization that promotes accountability and transparency in foundations, unwilling to say how much it is spending?

What's more, why should Mr. Gingrich receive any money for such an appearance?

At a time when victims of Hurricane Katrina - both the residents of the Gulf Coast and the nonprofit groups that serve them - are in dire need of assistance, this is a shameful waste of scarce money, money that ostensibly comes from the dues that foundations pay to be members

of the association.

The Gingrich invitation is hardly the only problem with the council's annual meeting.

Mr. Gunderson was right to worry about political balance, but he should put even more effort into making sure that substantive issues will be discussed at the council meetings.

In recent years, the council's annual meetings have become islands of boredom, designed mainly for foundation officials who relish socializing with colleagues more than serious discourse.

If Mr. Gunderson is serious about changing the way the nation's foundations operate, he should be encouraging organizers of the council's annual meeting to focus on discussing the key challenges facing foundations, such as how to:

- Ensure that foundations - including family foundations - appoint a cross section of people to serve on their boards, rather than just inviting wealthy and powerful people to serve as trustees.
- Develop new leadership for foundation staff and boards and establish career ladders for foundation program officers.
- Eliminate bureaucratic procedures that hurt both good grant making and grantees.
- Assure transparency and public accountability among foundations.
- Forge closer ties to and better communications with grantees.
- Increase foundation support of policy and advocacy activities.

Discussing such issues would turn the conference into a spirited event, and make the meeting an opportunity for the council to educate its members, sow new ideas, and provide some intellectual foundation for the field of philanthropy.

Grant makers don't need to hear the usual speeches and panel presentations from celebrities, current or former politicians, traditional foundation executives with little new to say, or nonprofit executives who fear honesty and candor. Instead, the council needs to create a program that can arouse the interest and minds of the members.

This year's program includes George Soros, who has often questioned how philanthropy works, so that is a good start. But the other featured presentations include people like the Olympic speedskater Joey Cheek. His efforts to use his Olympics prize to benefit charity deserve to be honored, but will he have much to say about how foundations could operate better?

Some contentious, healthy debates, coupled with interesting speakers, could draw greater attendance at the council's meeting, especially from a growing group of disaffected members and nonmembers who don't believe the council any longer has much to offer them.

The council will find that transcending the boundaries of a trade association by stimulating more critical thinking among its members will be a tough, although highly rewarding, job. The association should not risk its success by undermining its moral principles. Inviting Newt Gingrich does just that.

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