

WEALTH MATTERS

As Politics Creep Into Philanthropy, Beneficiaries Come Under Fire

Charitable organizations can find themselves targets of protests caused by the actions of their benefactors.

By **Paul Sullivan**

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Not so long ago, philanthropy was an area where politics were left at the door. Conservatives and liberals on a philanthropic board could agree to disagree behind closed doors, but the public paid little attention as hospitals, cultural institutions and universities expanded thanks to gifts from the wealthy.

But at a time of heightened tensions over partisan views, charitable organizations can find themselves targets of vocal dissent.

Consider Stephen Ross, the billionaire who made his money through Related Companies, the real estate developer behind Hudson Yards and the Time Warner Center in Manhattan. Mr. Ross, the chairman of Related and the owner of the Miami Dolphins, used his wealth to endow the University of Michigan's business school in his name.

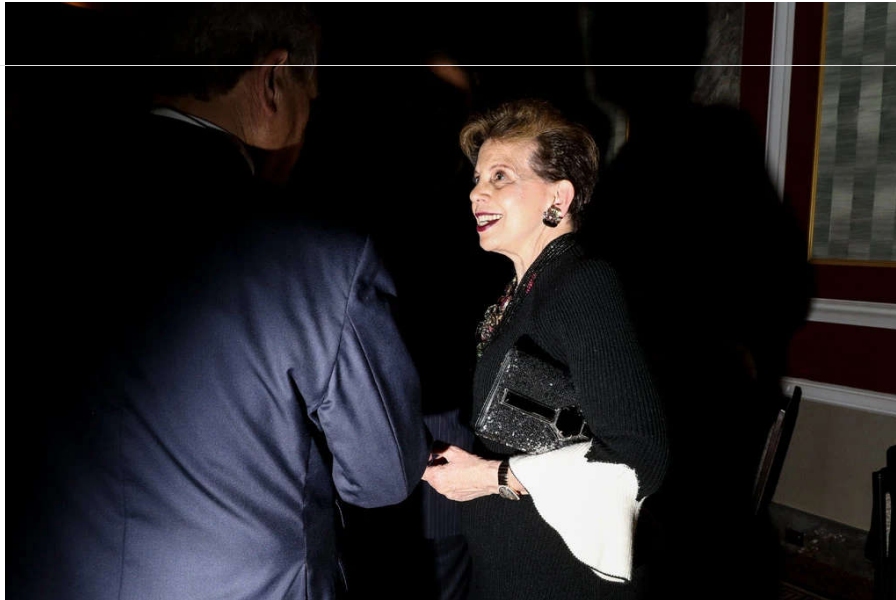
After it emerged that he was hosting a \$250,000-a-plate fund-raiser at his Hamptons estate for President Trump, calls rang out to boycott Equinox Fitness and SoulCycle, which Related owns.

A more direct criticism came from one of the Dolphins players. Kenny Stills, a wide receiver, said on Twitter that Mr. Ross's support for Mr. Trump, whose comments about immigrants and Democratic lawmakers have been labeled racist, was incompatible with his funding of the Ross Initiative in Sports for Equality.

That a billionaire real estate developer would host a political fund-raiser was once a "dog bites man" story: People shrugged it off. This time, the reaction was much more vocal.

Adrienne Arsht, a friend of Mr. Ross's and a fellow philanthropist, said such protests would not affect him at all.

"If I'm paying a fee to SoulCycle, maybe half a penny ends up in Stephen Ross's bank account," said Ms. Arsht, a board member of the Lincoln Center for the Performing Arts. "If an individual says, 'I'm going to go to Solidcore instead, because they just gave me something I like,' then my half a cent goes to them. That's my choice."



Adrienne Arsht, who sits on the Lincoln Center board, said where members stood politically “absolutely does not come into play.” Krista Schlueter for The New York Times

Regardless, Mr. Ross is still going to be worth more than \$7 billion. Where executives like him have real impact beyond business is in the world of philanthropy. Their resources and connections can influence the decisions of institutions managed for the public good, and protests have been far less frequent than those against companies.

But that is starting to change. Mr. Ross is the biggest donor to the University of Michigan, which scrambled to respond after students and alumni protested his ties to Mr. Trump. Officials released several statements about its commitment to different points of view and Mr. Ross’s charitable support of the university.

“This fits into the larger question of charitable organizations being judged by their donors and board members,” said Ray Madoff, director of the Forum on Philanthropy and the Public Good at Boston College Law School.

“The problem is exacerbated because charitable giving has become concentrated among the wealthy,” Ms. Madoff added. “Twenty years ago, it was a lot of small donors providing the essential support for the institution. Now, charitable organizations have become overly reliant on the big donors.”

Large philanthropic boards have an array of members from different backgrounds. What the members have in common is enough wealth to meet required annual pledges in the six figures. Politics are avoided.

“We don’t get involved in any political issues or controversies,” said Peter Georgescu, a vice chairman of NewYork-Presbyterian Hospital. “We have to be apolitical as an organization that takes care of the community.”

Mr. Ross also sits on the board of NewYork-Presbyterian. A spokeswoman for the hospital declined to comment on how political differences were dealt with on the board.

Ms. Arsht, a Democrat, was emphatic that where members stand politically “absolutely does not come into

play” on the Lincoln Center board. She said she and David H. Koch, the conservative billionaire, had served together on the board of the American Ballet Theater in the 1980s.

“David was passionate about it,” she said. “I don’t believe there was any political baggage back then.”

Conservatives like Mr. Ross serve on the Lincoln Center board, but so do prominent liberals like the music mogul David Geffen, whose name is on the building where the New York Philharmonic performs. (Across the center’s plaza is the home of the New York City Ballet, a building named for Mr. Koch, who is a director emeritus of Lincoln Center.)

A spokeswoman for Lincoln Center declined to comment.

Ms. Arsht noted that the board of the Kennedy Center for the Performing Arts in Washington was politically split by design: Its members are appointed by the president of the United States. Mr. Trump has appointed spouses of several real estate developers he knows, as well as Mike Huckabee, the former Arkansas governor and father of Mr. Trump’s former spokeswoman, Sarah Huckabee Sanders.

(Ms. Arsht was appointed by President Barack Obama, but Mr. Trump renewed her term.)

The world of philanthropy has seen a few protests. After Mr. Koch paid \$65 million to renovate the entrance to the Metropolitan Museum of Art in 2014, it was named for him. The reopening drew protesters, who were largely focused on Mr. Koch’s stance against climate change.



The plaza at the Metropolitan Museum of Art in New York was named for David H. Koch after he donated \$65 million toward its renovation. Christina Horsten/Getty Images

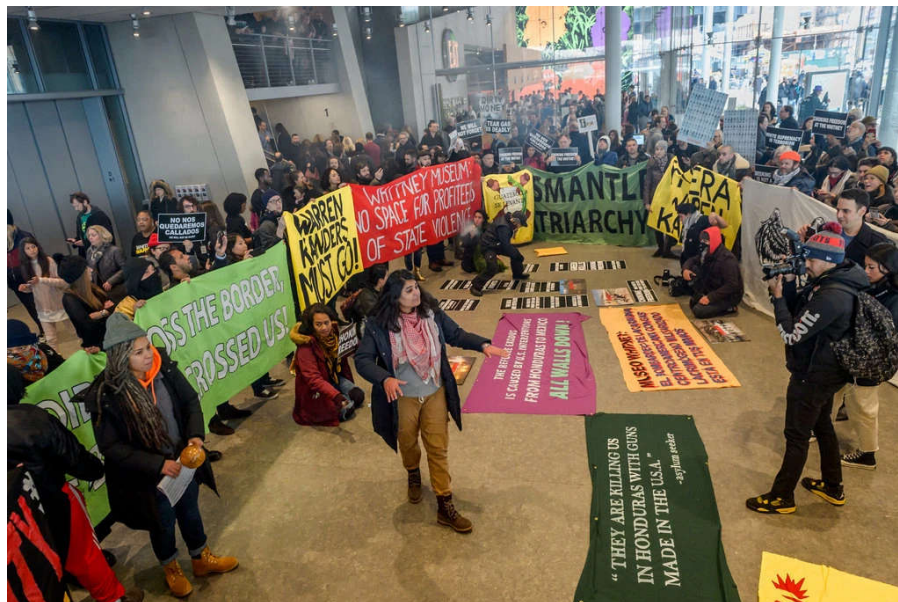
Over the years, Mr. Koch has been a frequent target of protesters for his funding of conservative causes. But he has continued to give tens of millions of dollars to some of New York’s most important cultural and medical institutions, like Lincoln Center, the American Ballet Theater, the American Museum of Natural History and NewYork-Presbyterian.

For smaller philanthropic institutions, though, a board member's politics might matter more. One donor's money can have outsized influence on an organization, which might not have the heft to stand up to the donor.

“Money can really pervert that sense of governance,” said Joseph Grasso, an associate dean at Cornell University's School of Industrial and Labor Relations. “These large philanthropists know when they're crossing a line. But at these smaller nonprofits — they're prime opportunities for them to press the envelope via their philanthropy.”

But there is a risk that the current political climate could motivate philanthropists to redirect their charitable giving.

Recently, Warren Kandlers resigned from the board of the Whitney Museum after artists and patrons protested that a company he owned sold tear gas that was being used along the United States border with Mexico to enforce Mr. Trump's immigration policy. He had donated more than \$10 million to the museum.



Protestors at the Whitney Museum last year demanded the removal of Warren Kandlers from the museum's board. Erik McGregor/Pacific Press, via Getty Images

Boards may want to consider guidelines under which a director may be asked to resign, said Melissa A. Berman, president of Rockefeller Philanthropy Advisors. “Probably right now, many boards don't have a policy around that, but prominent nonprofits are going to have to. If they don't, they're risking future funding or they're risking public protests like the Whitney saw.”

Most of the current protests are directed against Trump administration policies, but there will be a time when supporters of a Democratic president will come under fire.

“You don't want to have either Fox or MSNBC after you,” Ms. Berman said. “Those are huge distractions of the time of individual board members and senior management.”

Another risk is that donors' political passion outpaces their philanthropic knowledge. Henry L. Berman,

chief executive of Exponent Philanthropy, which advises smaller foundations, said he had been counseling funders not to shift their focus drastically to respond to current events.

“If I’ve been an arts funder all my life, it’s probably not a smart move to throw all my funding into environmental issues,” said Mr. Berman, who is not related to Melissa Berman. “You may want to move to another area, but you have to do it thoughtfully.”

For those who have found themselves in the political cross hairs in the past, sticking to the core values of their philanthropy has proved helpful.

Katherine Lorenz, president of the Cynthia and George Mitchell Foundation, said funding environmental issues in her home state, Texas, presented certain challenges, given the importance of the oil and gas industry there.

But to the wider world, the source of the foundation’s funding raises eyebrows. George Mitchell, her grandfather, was a wealthy oilman who helped establish hydrofracking technology, which enabled the extraction of hard-to-reach oil and gas.

“He was an environmentalist long before he pioneered fracking,” she said. “He himself was a bit of a paradox in many people’s eyes.”

That contradiction, as it manifested itself in his ability to bring together people with vastly different political views, might seem like a lost art today. But Ms. Lorenz said it was part of the core principles of the foundation, which donates money earned from fracking to environmental causes.

“He was able to get his peers who didn’t think like he did to have conversations they wouldn’t normally have,” she said. “That’s when being political can be helpful.”

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