

the **James Irvine** foundation
Expanding Opportunity for the People of California



Annual Progress Report
for 2006

Foundations have a long history of commissioning evaluations of their program work and tracking the effectiveness of individual grants. More recently, foundations have begun to think more expansively about their impact as institutions, and, as a result, are engaging in assessment that looks beyond grantmaking.

In 2006, The James Irvine Foundation developed a six-part framework to assess our effectiveness and performance as a philanthropic institution. In developing this framework, we aim to complement our program evaluations and look at the broader, foundation-wide issues that will help us understand the Foundation's impact and progress towards our mission of expanding opportunity for the people of California.

This report, recently presented to our board of directors, describes our progress related to the six elements outlined in our [Performance Assessment Framework](#). As you will see, it is still early stage for much of our activity, especially related to reporting on programmatic outcomes and results. As our evaluation activity continues in the months and years ahead, we will report on those results and lessons learned through our website at www.irvine.org and through future versions of this progress report.

In the meantime, we offer this snapshot of 2006, which remains a work-in-progress. We intend to learn as we do, refine accordingly, and benefit from the perspectives, counsel, and constructive criticism of others. We invite [your input](#) at any time.



James E. Canales
President and Chief Executive Officer



Martha S. Campbell
Vice President for Programs

Spring 2007





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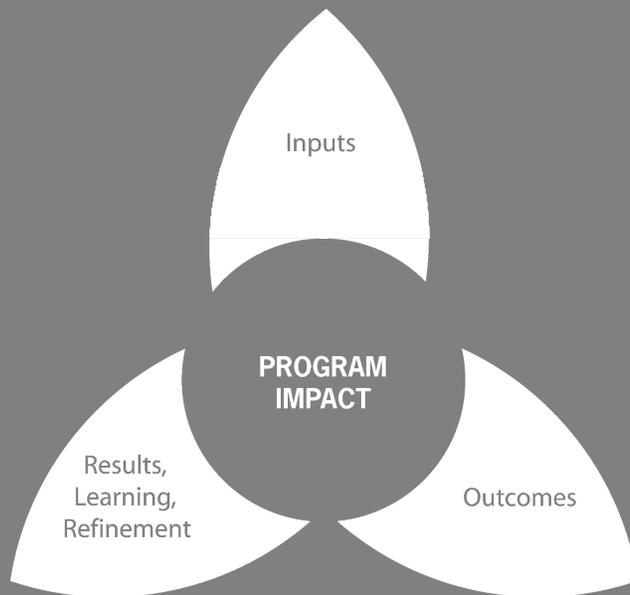
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Program Impact

Inputs

Where are our grants going?

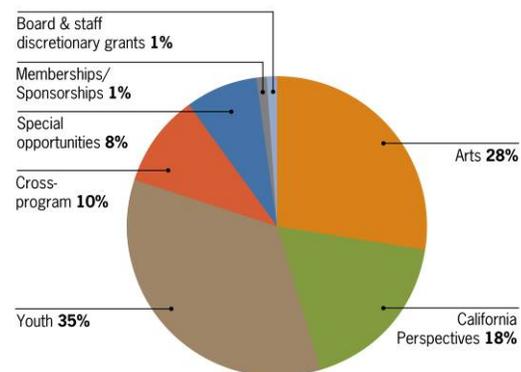


Inputs

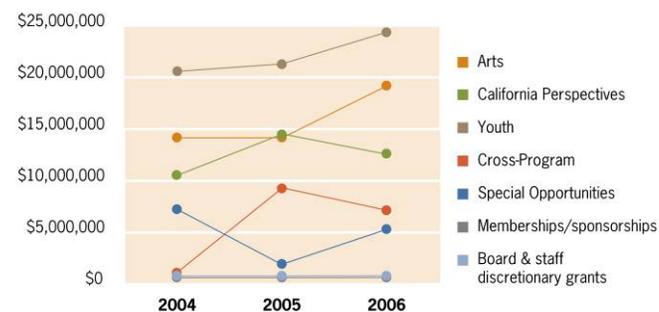
Snapshot of 2006 grantmaking

Our grantmaking in 2006 was allocated between program areas in roughly the same percentages as recent years, with Special Opportunities rising from 3 to 8 percent, reflecting a number of interesting opportunities which came to our attention in late 2006. In addition, Cross-Program grants were slightly down from 2005, dropping from 15 to 10 percent, reflecting the relatively larger initial investment in Community Foundations Initiative II in 2005.

GRANTS BY PROGRAM AREA 2006



GRANTS BY PROGRAM AREA 2004-2006



Inputs

Snapshot of 2006 grantmaking

In 2006, we allocated slightly fewer grant dollars to regional grantmaking than in past years (63 percent in 2006 compared to approximately 70 percent in 2004 and 2005). As a result of several new initiatives concentrated on inland and southern parts of the state, such as the Arts Regional Initiative and California Votes Initiative, we were able to achieve greater geographic balance. We increased grantmaking in the Inland Empire from 6 percent of 2005 grant dollars to 11 percent in 2006. We also saw a significant increase in grantmaking in San Diego and Orange Counties, from 5 percent in 2005 to 13 percent in 2006.



GRANTS BY REGION

	Grant \$	% of \$	Population
North Coast and North State	\$ 275,000	1%	1%
Sierra	\$ 63,000	< 1%	< 1%
Bay Area	\$ 9,461,500	22%	20%
Central Coast	\$ 405,000	1%	6%
Central Valley	\$ 6,999,000	16%	18%
Los Angeles	\$ 15,588,500	36%	28%
Inland Empire	\$ 4,616,500	11%	10%
South Coast and Border	\$ 5,490,000	13%	17%
Total	\$42,898,500	100%	100%

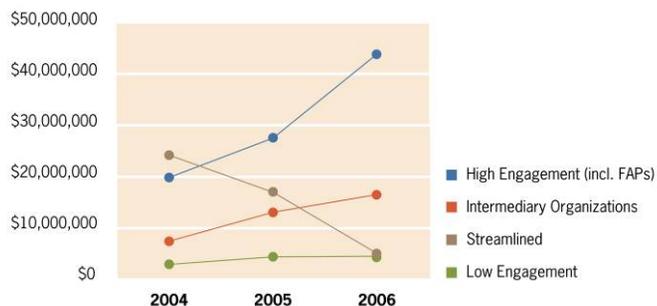
Inputs

Snapshot of 2006 grantmaking

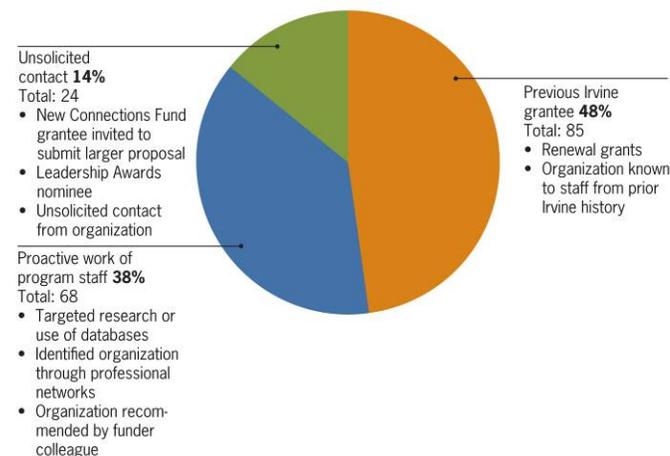
We segment our grants portfolio to assign staff members to those grants where they can have greatest impact – these grants are called “high engagement.” High engagement grant dollars have steadily increased in the past two years, from 37 to 45 to 63 percent of the portfolio in 2004, 2005, and 2006 respectively. Our engagement with intermediary organizations has also steadily increased.

We have historically tracked a grantee organization’s history with Irvine. In 2006, we also began to track the source of each grant request to better understand how program staff identify potential grantees and which outreach methods are most effective. More than half of grants (52 percent) were sourced through objective methods – targeted research, professional networks, funder colleagues, or unsolicited contact by the organization.

ALLOCATION OF STAFF TIME (BY TOTAL GRANT DOLLARS)



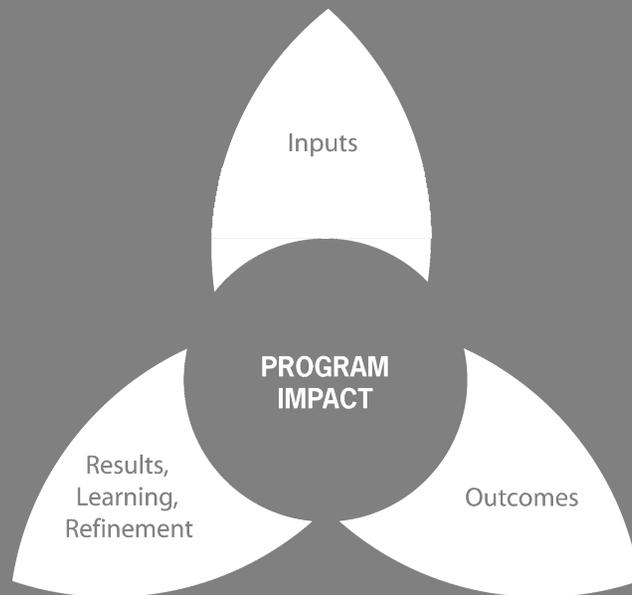
SOURCE OF GRANT REQUEST



Program Impact

Outcomes

Are we achieving what we set out to achieve?



Outcomes

Current evaluations

Our evaluation approach is to monitor comprehensively and to evaluate selectively at the initiative level.

Most current program initiatives were launched in 2005 and 2006 and are still at an early stage, which means that outcomes are several years away. Following are upcoming evaluation milestones.

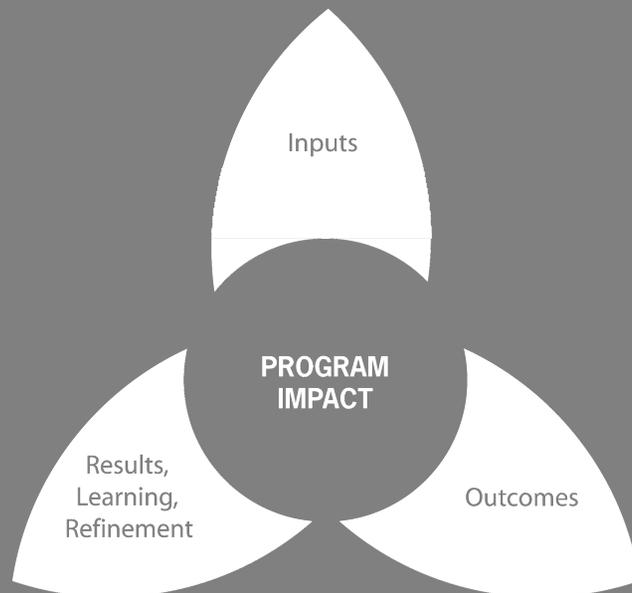
Initiative	Duration of Evaluation	Next Milestone
<i>Arts</i>		
Artistic Innovation Fund	2007-2011	March 2008: first annual report
Arts Regional Initiative	2006-2010	January 2008: first annual report
<i>California Perspectives</i>		
California Votes Initiative	2005-2009	June 2007: mid-term report
<i>Youth</i>		
CTE Promising Practices	2005-2009	December 2007: mid-term report
SSPIRE Initiative	2005-2009	January 2008: first of three reports to the field
CORAL Initiative	2005-2007	June 2007: final report to Irvine September 2007: report to the field
<i>Cross-Program</i>		
Communities Advancing the Arts	2004-2007	June 2007: annual data analysis
Community Foundations Initiative II	2006-2010	December 2007: mid-term report
Fund for Leadership Advancement	2006-2008	October 2008: report on 2005-07 cohorts and case studies

Evaluation costs are in the range of \$50,000 to \$275,000 per project on an annualized basis, representing 1.5 to 12 percent of total annual initiative costs, with most evaluation projects ranging from 3 to 5 percent.

Program Impact

Results, Learning and
Program Refinement

*What are we learning from our
program work, and how does
that improve our approach?*



Results, Learning and Program Refinement

Foundation-wide

We believe that a regular and ongoing qualitative assessment of our program work, by program and Foundation leadership, is a critical component to the “harder” measures of impact generated by evaluation.

We devote a portion of each board meeting agenda to reflections by program leadership at key intervals in a program’s evolution. These discussions not only reflect on our successes and failures, but just as importantly, on how our learning is incorporated into improving our approach in the future.

These discussions:

- Facilitate strategic decision-making
 - Help board and staff consider the dimension of “risk” within each program portfolio
 - Strike a balance between a commitment to ongoing improvement and a focus on accountability and results
-

Results, Learning and Program Refinement

Arts

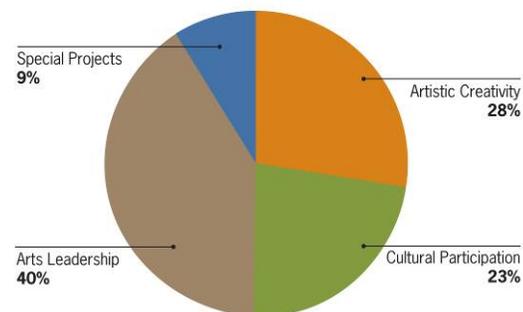
Program goal

To promote a vibrant and inclusive artistic and cultural environment in California

Strategies

1. **Artistic Creativity:** Promoting the creation and reinterpretation of arts, infusing the arts field with new ideas and methods of creative expression
 2. **Cultural Participation:** Supporting the active engagement of Californians from all socioeconomic and ethnic backgrounds with quality art from a variety of sources and cultures
 3. **Arts Leadership:** Fostering an environment in which arts and culture flourish in California through support to the state's largest premier cultural institutions and to leading arts organizations in the non-metropolitan areas of California
-

2005-2006 GRANT DOLLARS



Results, Learning and Program Refinement

Arts

External context for our grantmaking

- Largest multi-discipline arts grantmaker in California, with budget of \$20 million in 2007
 - Signs that arts may be becoming a public priority:
 - Landmark \$105 million public budget for arts education
 - One-time investment of \$500 million from Department of Education for arts and physical education materials
 - Gradually increasing budget for California Arts Council, up from a low of \$1.9 million in 2003
-

Key accomplishments in 2006

- Release of a working paper, "[Critical Issues Facing the Arts in California](#)," to frame a debate about the future of the arts sector
 - Launch of two arts leadership initiatives: Artistic Innovation Fund and Arts Regional Initiative
 - Continued focus on the supply and demand elements of the arts ecology: Artistic Creativity (creation or reinterpretation of art) and Cultural Participation (broaden, deepen, diversify audiences)
 - Research on formal and informal arts participation in the Central Valley and Inland Empire (to be released in 2008)
-

Results, Learning and Program Refinement

California Perspectives

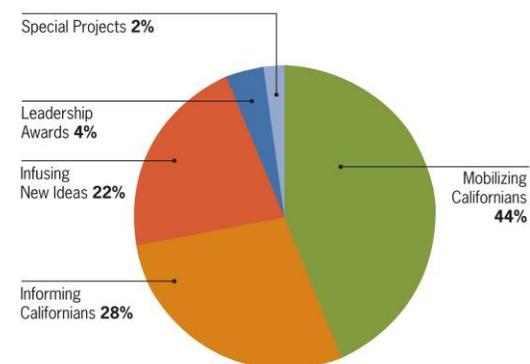
Program goal

To improve public decision-making on significant state issues by improving state governing structures and encouraging greater civic participation

Strategies

1. **Infusing new ideas and perspectives** about how to foster more responsive, accountable and effective state and local government
2. **Informing Californians** through the dissemination of information and analyses about significant governance and policy issues
3. **Mobilizing Californians** through efforts to encourage voting and involvement in public decision-making among underrepresented communities

2005—2006 GRANT DOLLARS



Results, Learning and Program Refinement

California Perspectives

External context for our grantmaking

- Only California funder with a program to focus explicitly on improving state governing structures
 - Exploring with other major California foundations the development of a campaign to promote a set of fiscal and political reforms to improve California governance
 - Promising current political environment, with state political leaders generally operating in a cooperative mode
-

Key accomplishments in 2006

- Accurate, nonpartisan information provided to a wide audience in a cost-effective manner through grantees such as KQED through *The California Report*, New America Media, and the Public Policy Institute of California
 - Launch of the California Votes Initiative to support nonpartisan voter education and outreach among infrequent voters in the San Joaquin Valley and Southern California counties of Los Angeles, Orange, Riverside and San Bernardino
 - With the Youth program, launch of the Families Improving Education Initiative to support organizations that are engaging families in local school decision-making processes to improve educational outcomes for children and youth
 - Recognition of 7 individuals advancing innovative and effective solutions to significant issues for the state's future, in the inaugural year of The James Irvine Foundation Leadership Awards
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Results, Learning and Program Refinement

Youth

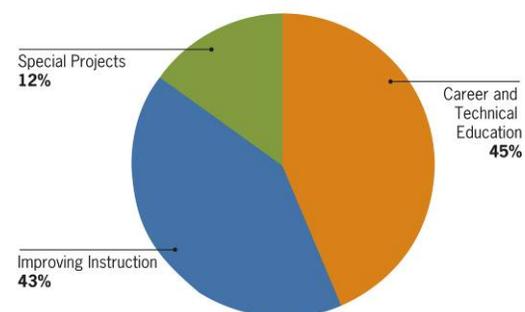
Program goal

To increase the number of low-income California youth aged 14-24 who complete high school on time and attain a postsecondary credential by the age of 25

Strategies

1. **Career and technical education:** Promoting academically challenging career and technical education in California high schools
 2. **Improving instruction and support services** in high schools and community colleges
-

2005—2006 GRANT DOLLARS



Results, Learning and Program Refinement

Youth

External context for our grantmaking

- Momentum around high school reform continues to grow, with greater public awareness of the dropout rate
 - Increasing interest, among all stakeholders, in finding ways to retool the high school structure, pedagogy, curriculum and scheduling to promote student achievement
 - Public and media focus on career and technical education (CTE), fueled by Gov. Schwarzenegger and a new budget that includes \$52 million for CTE
 - New CTE curriculum standards, as adopted by the state Board of Education
-

Key accomplishments in 2006

- \$6 million investment in [ConnectEd: The California Center for College and Career](#)
 - Through ConnectEd's Model Pathways initiative, established 7 demonstration sites in 2006 (and 18 total sites planned for 2007/08) to document, assess and promote promising practices that prepare students for success in college and career
 - Created new services in 9 community colleges that target students who need basic skills remediation and other support services through the [SSPIRE initiative](#)
 - Funded Stanford School Finance Research Studies, commissioned by four foundations, to provide policymakers with comprehensive information to reposition California as an education leader (results available in March 2007)
 - Commissioned UCLA's Institute for Democracy Education and Access to assemble state's leading scholars (in fields of education, psychology, economics, labor studies, business, demography and social welfare) to interpret and synthesize scholarly research to shed light on whether and how "multiple pathways" might address California's educational, social and economic challenges
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Institutional Effectiveness

Leadership

How is the Foundation exercising leadership?

Leadership

Framing and deepening understanding of key issues

Irvine commissioned publications



"Critical Issues Facing the Arts in California: A Working Paper"

Identifies the major challenges facing the arts and cultural sector in California

- Editorial comment in the *San Jose Mercury News* (September 7, 2006) "Arts groups moving in the right direction"
- Blog created to discuss the issues raised in the paper (californiaculture.blogspot.com)
- Edited version of paper published as feature article in leading arts philanthropy journal, *GIA Reader*



"Foundation Giving in California"

Provides a snapshot of philanthropic giving, asset distribution, and regional disparities among private and community foundations

- Stories in 19 metropolitan daily newspapers (November 15-19, 2006)
- Coverage on three radio stations (San Francisco, Redding, Bakersfield) and one television station (Fresno)

Leadership

Framing and deepening understanding of key issues

Major program-related media coverage



Launch of ConnectEd and Irvine's role in creating the institution

- Garnered significant coverage across California including 21 newspaper articles and coverage on 10 radio stations and two television stations
- *Time* magazine cover story on high school dropout crisis (April 17, 2006), sidebar mention of Irvine in "Arnold Sells His Road to Success"
- KGO radio program: one-hour discussion and presentation about ConnectEd and education issues, featuring Anne Stanton and Gary Hoachlander



The James Irvine Foundation Leadership Awards

- 12 articles in metropolitan daily papers in San Francisco, San Jose, Sacramento, Orange County, Modesto, and Los Angeles
- Op-ed by Tom Campbell and Leon Panetta in *San Jose Mercury News* (July 20, 2006) "Policy-makers should look to Californians for decisions" (Irvine's Communications Office played a lead role in creating and placing the op-ed)
- Award recipient Eric Weaver featured in *Wall Street Journal* profile of microlending (December 6, 2006) "Silicon Valley Moguls Support Microlenders, Just Not in the U.S." and *San Jose Mercury News* (November 9, 2006) "Microlending Takes Root in Bay Area" (Irvine's Communications Office played a lead role in placing these articles)

Leadership

Framing and deepening understanding of key issues

Op-eds and articles featuring Irvine



Arts

- Article by Jim Canales in *Grantmakers in the Arts Reader* (Winter 2006) "The Future of the Arts in California"
- Profile of Artistic Innovation Fund in *Los Angeles Times* (August 20, 2006) "Grants aim to foster innovation"
- Three significant articles profiling the Arts Regional Initiative in *Riverside Press-Enterprise*, *San Bernardino Sun*, and *Orange County Register*

California Perspectives

- Op-ed by Jim Canales on governance reform, *San Francisco Chronicle* (February 28, 2006) "Harnessing the Will for Political Change in California – 2006 could and should be the year of reform"
- Op-ed by Jim Canales on California Votes initiative, *Riverside Press-Enterprise* (August 6, 2006) "Reach Out to State's Infrequent Voters"

Youth

- Prominent quote from Anne Stanton in the *New York Times* (November 13, 2006) "The Foundations: Big Givers Turn to Poorly Financed Community Colleges"

Foundation-wide

- Profile of Jim Canales in *Philanthropy News Digest* (March 14, 2006) "Newsmakers"
- Profile of the Foundation in *San Francisco Business Times* (June 23, 2006)
- More than 30 additional articles in major and regional daily newspapers throughout California with coverage of Irvine grantees and a mention of the Foundation



Leadership

Enhancing Irvine's intellectual presence in philanthropy and in the fields in which we are engaged programmatically

Speeches/public testimony

- Keynote speech, Haas Nonprofit and Public Management Leadership Dinner (Jim Canales, April 11, 2006)
- Testimony before the Latino, Black, and Asian American caucuses of the California Legislature on foundation giving to minority communities (Jim Canales, April 24, 2006)
- Keynote speech, BoardSource Leadership Forum (Jim Canales, December 4, 2006)

Conference sessions

- Grantmakers for Effective Organizations (Marty Campbell, March 10, 2006)
 - Council on Foundations, New CEO Forum (Jim Canales, July 13-14, 2006)
 - Independent Sector (Jim Canales, October 23, 2006)
 - Communications Network (Daniel Silverman, November 2, 2006)
 - Grantmakers for Education (Anne Stanton and Rogéair Purnell, November 6-8, 2006)
 - Grantmakers in the Arts (Jeanne Sakamoto, November 13, 2006)
-



Leadership

Enhancing Irvine's intellectual presence in philanthropy and in the fields in which we are engaged programmatically

Briefings at conferences or seminars organized by regional associations of grantmakers

- "Strengthening the Capacity of a Cohort of Grantees" (Marty Campbell, Northern California Grantmakers, March 20, 2006)
- "Supporting Nonpartisan Voter Mobilization" (Amy Dominguez-Arms, Northern California Grantmakers, April 11, 2006; and Latonya Slack, Southern California Grantmakers, April 10, 2006)
- "Investing in Leadership" (Marty Campbell, Northern California Grantmakers, May 25, 2006; Latonya Slack, Southern California Grantmakers, June 28, 2006; Marty Campbell, San Diego Grantmakers, October 4, 2006)
- "Fundamentals in Grantmaking" (Jim Canales and Latonya Slack, Southern California Grantmakers, October 27, 2006 and November 3, 2006)
- "Arts in the Balance" (Jim Canales, UCLA/California Arts Council conference, December 6, 2006)

Board and other field leadership

- Asian Americans/Pacific Islanders in Philanthropy board member (Jeff Kumataka)
 - Grantmakers for Effective Organizations board member (Marty Campbell)
 - Independent Sector marketing and communications task force (Daniel Silverman)
 - Southern California Grantmakers board member (Latonya Slack)
 - Superintendent's California P-16 Council (Anne Stanton)
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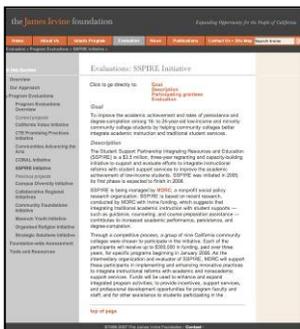
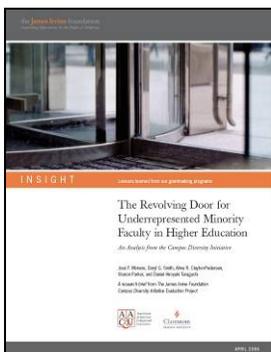
**SOUTHERN CALIFORNIA
GRANTMAKERS**



Leadership

Sharing lessons learned through effective communication and dissemination strategies

In 2006, we shared program results and lessons in these primary ways:



SSPIRE Initiative

- Presented initiative at conferences in California with strong interest from educators and other funders
- Presented on SSPIRE at the Grantmakers for Education Conference (November 2006)

Campus Diversity Initiative (CDI)

- Released three reports on specific findings, in addition to the overarching evaluation report:
 1. "Using Multiple Lenses: An Examination of the Economic and Racial/Ethnic Diversity of College Students"
 2. "The Revolving Door for Underrepresented Minority Faculty in Higher Education"
 3. "'Unknown' Students on College Campuses: An Exploratory Analysis"
- Funded media outreach and presentations at five national conferences in the higher education field
- Received extensive media coverage, including a feature story in *USA Today* (February 8, 2006) "Outside the race box" and nine articles in university newspapers and other media outlets focused on the education field

CORAL Initiative

- Published and broadly distributed mid-term report to youth and education fields on evaluation results and lessons
- Shared results with funders and agencies that distribute large public funds for after-school programming

Irvine.org

- Developed an evaluation section on www.irvine.org, including descriptions of evaluation projects, evaluation reports, and summaries of evaluations in progress
- Evaluation section featured as "outstanding web feature" in *Philanthropy News Digest* (April 25, 2006)



Institutional Effectiveness

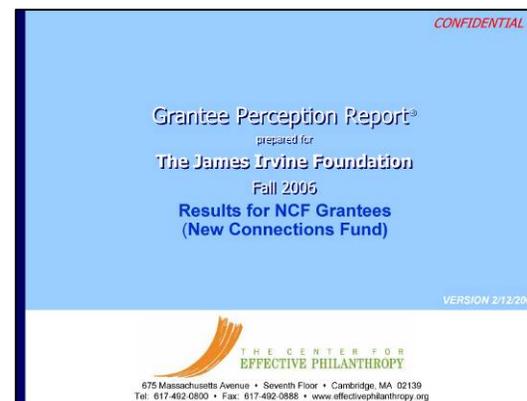
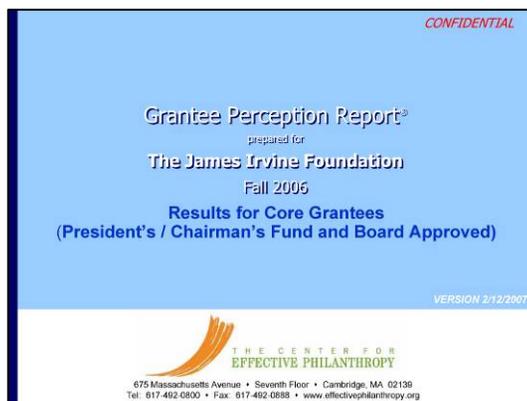
Constituent Feedback

How do key stakeholders perceive us, and how does our understanding of these perceptions inform our work?

Constituent Feedback

Capturing grantee perceptions about the Foundation's impact, communications and interactions

In 2006, Irvine commissioned The Center for Effective Philanthropy to conduct grantee research. A total of 166 grantees provided input through a confidential survey, and the resulting reports will be published on Irvine's website in late spring 2007.





Institutional Effectiveness

Finance and Organization

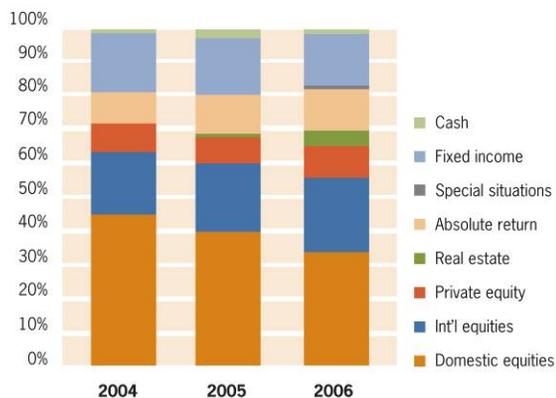
How are we performing against various measures of financial health and organizational effectiveness?

Finance and Organization

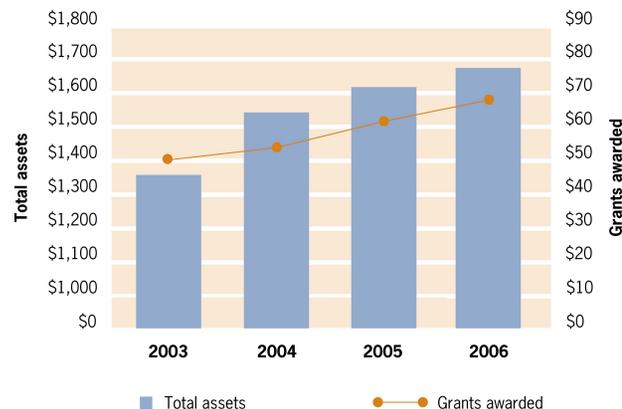
Reporting assets, returns, allocations

Irvine has benefited from strong investment returns for the past several years, increasing assets and projected grantmaking to an all-time high. In 2006, a newly-adopted asset allocation increased Irvine's commitment to alternative asset classes. In terms of operating costs, we have maintained a relatively low program expense ratio, with 2006 well below the target range of 10 to 12 percent.

ASSET ALLOCATION



ASSETS AND GRANTS AWARDED (IN MILLIONS)



FINANCIAL INDICATORS

Year-end assets	\$1.542B	\$1.610B	\$1.675B
Investment returns	17.23%	11.86%	15.15%
Target benchmark	9.26%	7.39%	15.06%
Grants awarded	\$53.8M	\$61.3M	\$68.9M
Actual operating expenses	\$6.865M	\$8.346M	\$7.234M
Program expense ratio	10.49%	10.91%	8.77%
	2004	2005	2006

* The program expense ratio is calculated by dividing program-related operating expenses by total grants authorized.

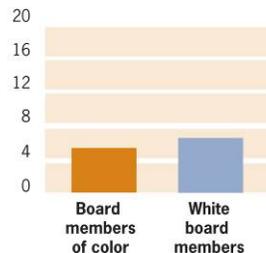
Finance and Organization

Reporting staffing and board statistics

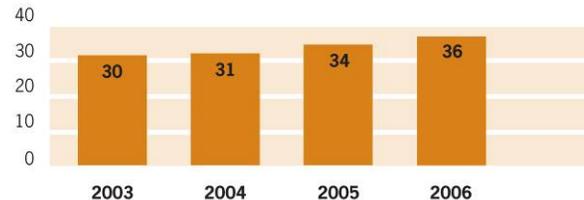
2006 staffing reflects an equal balance of non-white and white staff. The majority of staff is female; the majority of board is male.

BOARD DEMOGRAPHICS IN 2006

Gender	Female	4
	Male	7
Ethnicity	Asian-American	2
	African-American	1
	Latino/a	2
	White	6



STAFF HEADCOUNT



STAFF DEMOGRAPHICS IN 2006

Gender	Female	22
	Male	14
Ethnicity	Asian-American	9
	African-American	5
	Latino/a	4
	White	18

