the James Irvine foundation

Expanding Opportunity for the People of California

2011 ANNUAL PERFORMANCE REPORT

APRIL 2012

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Introduction

Our Annual Performance Report provides a comprehensive assessment of the Foundation's work in 2011. This marks the fifth year that we have produced the report and while the format is consistent, the context this year is unique as we look ahead to a year of planning and strategy review. Since we are committed to the programmatic priorities underway, the goal of this planning work is to assess the Foundation's values and competencies, reflect on learning to date, and update our understanding of the forces and trends facing California and philanthropy so that we can focus on the most productive role for Irvine.

The framework for this report was developed during the strategic planning process that concluded in 2003, which focused the Foundation on the three core program areas of Arts, California Democracy and Youth. Having determined where we would focus and what we sought to achieve, we turned our attention to the question of how we would measure and assess our progress toward these aspirations. Based on a review of best practices in the field and incorporating Irvine's approach to evaluation and learning, a committee of board and staff developed a framework to assess the Foundation's performance. From the outset, the central purpose of this performance assessment work has been to sharpen and focus how Irvine can best understand the progress we are seeing towards our mission of expanding opportunity for the people of California.

The framework is flexible and iterative in nature, with data collected and information gathered serving as a basis for ongoing refinement and improvement of the framework itself. The current framework incorporates feedback and suggestions from the board in key areas such as adding information about program context and increasing our focus on achievements and results. The outline for the Annual Performance Report is:

Program Impact

- Program Context: What do we know about our program fields and how does it shape our work? (Page 2)
- Outcomes: Are we achieving what we set out to achieve? (Page 13)
- Results, Learning and Refinement: How are we adapting and improving our approach? (Page 25)

Institutional Effectiveness

- Exercising Leadership: How is the Foundation exercising leadership in the field? (Page 28)
- Constituent Feedback: How do key stakeholders perceive us, and how do their perceptions inform our work? (Page 34)
- Finance and Organization: How are we performing along measures of financial health and organizational effectiveness? (Page 36)

Appendix

- 2011 Grantmaking in Review (Page 40)

Program Context

This section provides data and analysis that informs program development decisions and grantmaking at Irvine. In 2011, many of these indicators are drawn from research we supported to inform our different programmatic fields about important trends and developments. We anticipate engaging in a broader survey of indicator data about trends in the state of California during the 2012 year of planning.
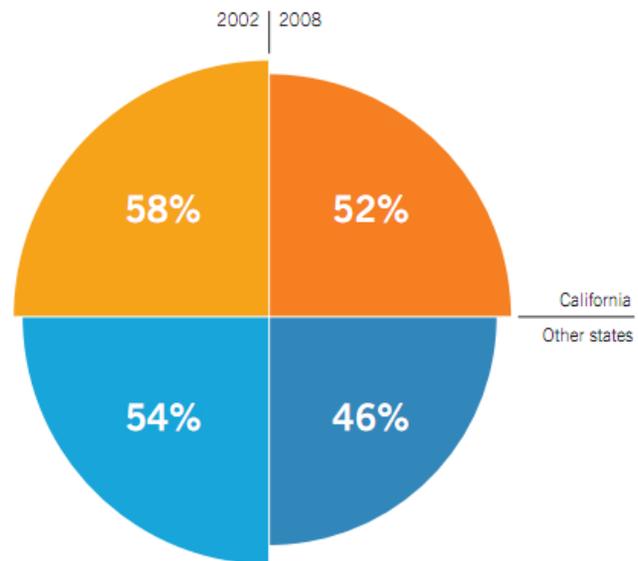
Arts

The environment for the arts in California continues to be challenging as the overall economy remains dampened together with reductions in public and private funding, and participation research shows continued declines in arts attendance. It is in this context that Irvine is shifting our strategy to focus on promoting engagement in the arts by all Californians. As participation and engagement move to the fore in our Arts program, we are excited to have new analyses of how Californians are participating in the arts, excerpted here, from the report California's Arts and Cultural Ecology by Markusen Economic Research (MER) that was published by the Foundation in 2011.

MER's analysis shows that arts participation in California (defined in the report as attendance at museums, performances and festivals) is higher than that in the rest of the nation as a whole. However, participation is not consistent throughout our state, with disparities depending on where people live and their backgrounds.

CALIFORNIANS ARE MORE INVOLVED
ARTS PARTICIPATION IN CALIFORNIA COMPARED TO THE REST OF THE UNITED STATES

2002 | 2008

58% | 52%
54% | 46%

California
Other states

HIGHS AND LOWS
ARTS PARTICIPATION BY REGION

Sacramento Metro 50%
San Joaquin Valley and Inland Empire 42%
Bay Area 66%
Los Angeles Metro 54%
South Coast & Border 52%

The chart at right shows how higher statewide participation rates set California apart from the rest of the country, despite declines in recent years.

This map shows that the two urban hubs of the San Francisco Bay Area and Los Angeles – with their world-class arts institutions and significant private funding — remain the leading regions for arts participation. They significantly outpace key areas of

the state on this measure, including the San Joaquin Valley and Inland Empire.

The chart below shows the relative density of nonprofit arts organizations in different regions of the state. Los Angeles and the Bay Area benefit from a large, broad ecosystem of arts organizations. The high per capita number of organizations in California's rural areas is related to the sparse population in those regions, whereas there are comparatively few nonprofits devoted to arts and culture in our priority regions of the San Joaquin Valley and Inland Empire.

A BROADER VIEW
ARTS AND CULTURAL NONPROFITS BY REGION

Number of arts organizations (10,746 total)
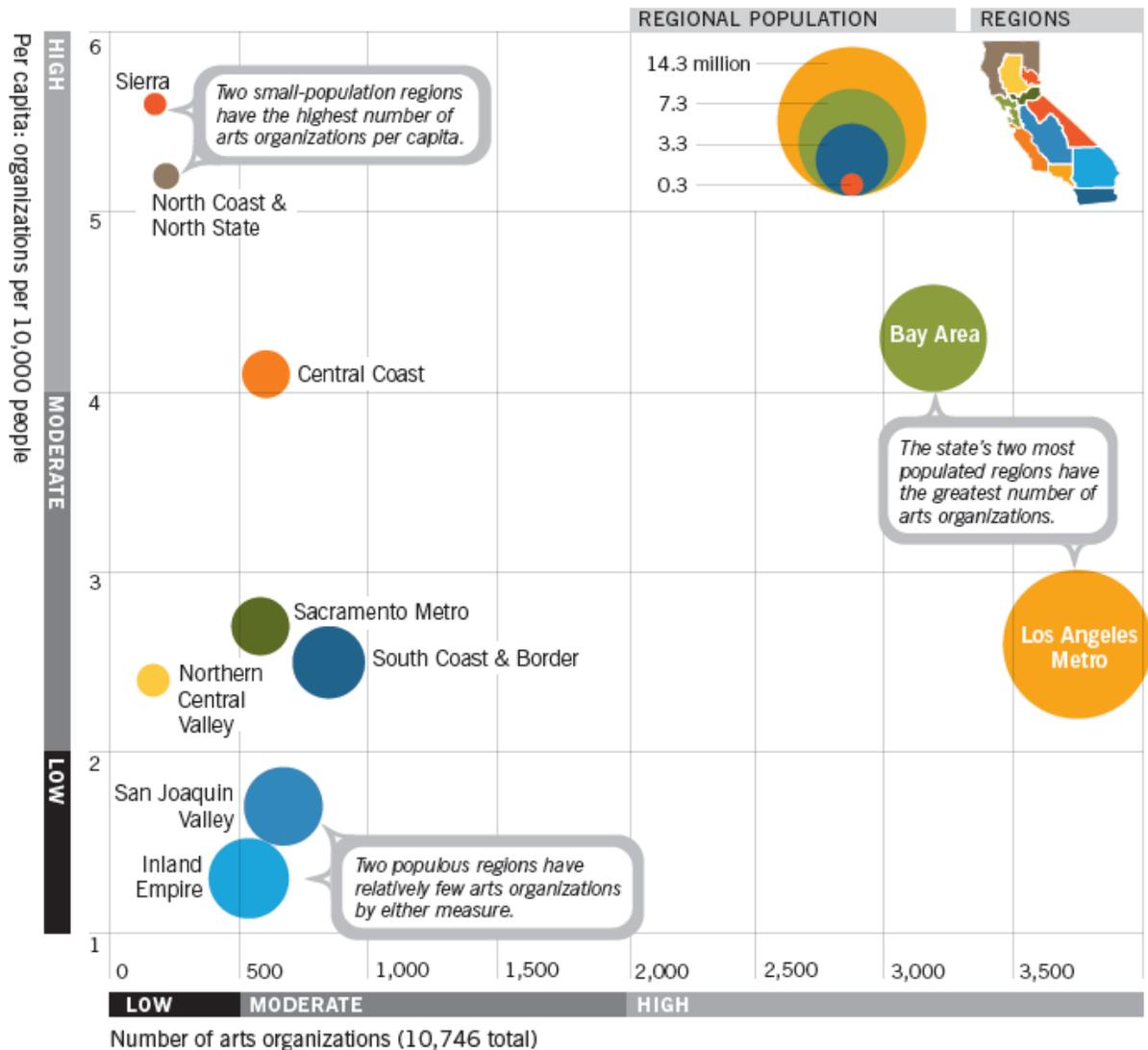
Sources: National Center for Charitable Statistics; Cultural Data Project.

Foundation grants provide an important source of revenue for arts organizations. According to data from the Foundation Center, in 2010 there was $201 million in grants awarded for arts in California, a decrease of $49 million from 2009. The table below analyzing the distribution of these resources across California's regions illustrates the fundraising challenge facing arts leaders outside of the Bay Area and Los Angeles, as 90 percent of grants awarded went to organizations in California's two cultural hubs.

Foundation Support for the Arts by Region, 2010

Region	Total Foundation Grants Awarded (including Irvine)		Grant Dollars per Capita
North Coast and North State	$591,000	0.3%	$1.40
Sierra	$377,100	0.2%	$1.20
Bay Area	$96,994,816	48.2%	$13.00
Central Coast	$6,169,013	3.1%	$4.18
Northern Valley	$45,000	0.0%	$0.06
Sacramento Metro	$5,449,999	2.7%	$2.50
San Joaquin Valley	$2,873,775	1.4%	$0.71
Los Angeles Metro	$80,308,438	39.9%	$5.56
Inland Empire	$1,625,108	0.8%	$0.39
San Diego & Imperial	$6,776,491	3.4%	$1.99
Statewide	**$201,210,740**	**100%**	**$5.21**

It is worth noting that the Arts Regional Initiative (ARI) focused on the Central Valley in 2010, the year represented in this table. Through ARI, Irvine grants contributed $2.3 million to the San Joaquin Valley and $1.5 million to grantmaking in the Sacramento Metro region.

A multi-modal distribution of U.S. adults' arts participation rates: 2008

Attendance 8%

Creation 6%

7%

All modes 26%

10%

7%

Media-based participation 10%

No participation 26%
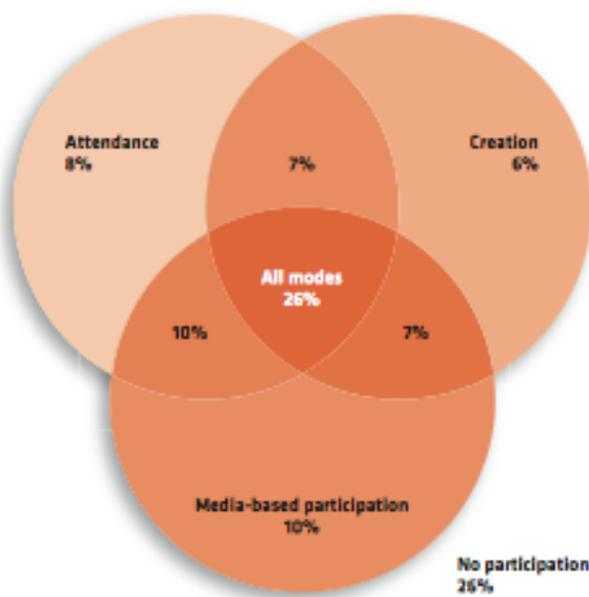
In Percentages of U.S. Adults

New research using an expanded measure of participation is helping the field identify ways to engage people based on evolving preferences. The figure at left, from new analysis of National Endowment for the Arts participation data by WolfBrown (Beyond Attendance: A Multi-Modal Understanding of Arts Participation), shows that a quarter of adults in the United States participate in the arts in multiple ways simultaneously — through traditional attendance at arts events as well as through personal creation and via electronic media. Elsewhere in the report, the authors note that Latinos are most likely to participate solely through electronic media, an important nuance given California's large Latino population.

California Democracy

Governance Reform — Views of State and Local Fiscal Systems
Californians' interest in various elements of governance reform is an important context for our work in California Democracy. The best method available to gauge their interest is responses to different reform proposals that are included in the statewide surveys conducted by the Public Policy Institute of California (PPIC). In 2011, two key areas of focus were potential changes to the citizens' initiative process and realignment of state and local government responsibilities. PPIC data indicate that a solid majority of Californians (75 percent) believe that the initiative process is a good thing, but an equal proportion support major (39 percent) or minor (37 percent) changes to the way that initiatives are developed. Potential changes included in PPIC's surveys include:
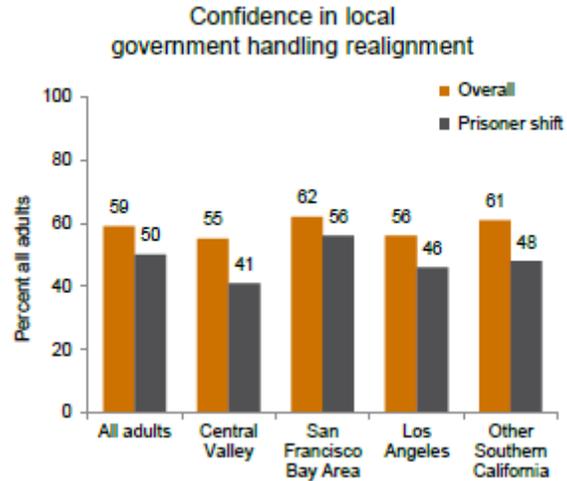
- Establishing a time period for the initiative sponsor and the legislature to find compromise solutions before an initiative is placed on the ballot (81 percent)
- Increasing public disclosure of funding sources for initiative campaigns (80 percent)
- Creating a system of initiative review that would avoid legal issues and drafting errors (68 percent)

Realignment also garnered increased attention in the past year due to enactment of changes to state and local responsibilities for corrections and a set of social services as part of the 2011 state budget. The following two charts illustrate data on this topic from PPIC's Statewide Survey.

PPIC data in this chart shows that 84 percent of Californians surveyed during 2011 agreed that the relationship between state and local government needed changes. This view was consistent across key regions of the state.

Changes needed to the state-local relationship
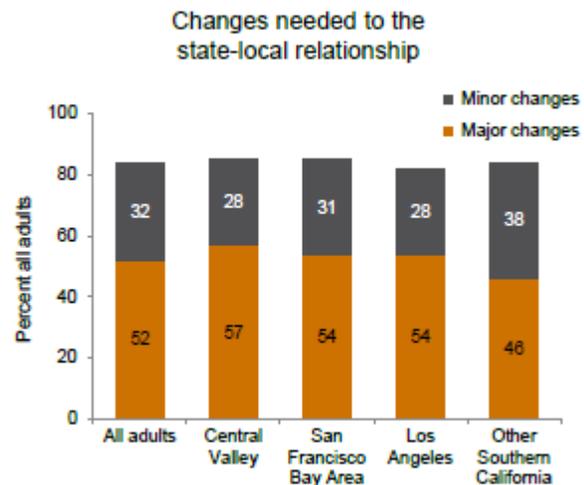
Yet, there are varying degrees of confidence in local governments' ability to manage new responsibilities. This chart shows that residents of the Central Valley and Los Angeles are less confident than residents in other parts of the state, particularly regarding the subject of realigning some responsibilities for prisoners to local governments.

Confidence in local government handling realignment

	All adults	Central Valley	San Francisco Bay Area	Los Angeles	Other Southern California
Overall	59	55	62	56	61
Prisoner shift	50	41	56	46	48

Percent all adults

Willingness to Raise Revenues

Local elections across the state this past November signaled a change in the context of fiscal reform efforts. In counties and cities across the state, Californians evaluated 53 proposals to expand or extend local taxes, fees or bonds that were not devoted to funding schools or education. A larger proportion of these measures passed in 2011 than in the 10 years prior. Of particular note, more than two-thirds of the parcel tax and special tax measures requiring a supermajority also passed.

Pass Rate for Local Non-school Revenue Measures

	2011 Pass Rate	2001-10 Pass Rate
Requiring Majority Approval	82%	65%
Requiring Supermajority Approval	69%	46%
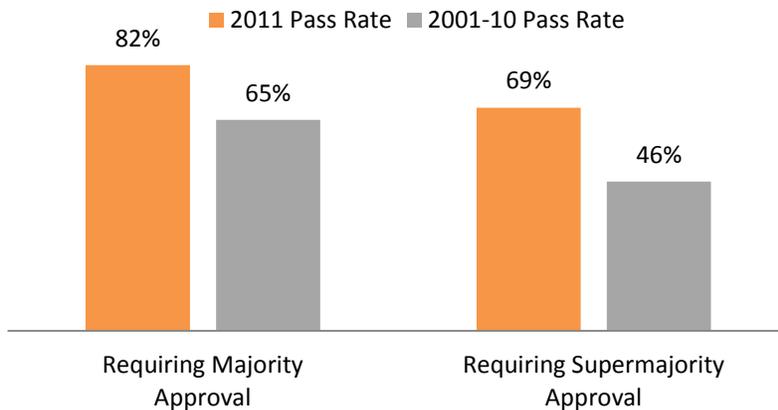
Source: www.californiacityfinance.com/

Electorate Engagement

Our election choices are not benefitting from the perspective of California's full population, particularly for groups that are growing rapidly. In the past four years, California's voter registration rate grew from 69 percent in 2007 to 73 percent in 2011. Yet there remain disparities in electoral engagement for key groups of Californians relative to their portion of the population. The chart at right, drawn from PPIC analyses, shows that low-income and ethnic Californians are less likely to vote. Californians under 35 years old, immigrants and Californians who have not attended college are also underrepresented in the voting population.

	Likely Voters	Population
Income		
Under $40,000	27%	33%
$40,000–$79,000	37%	29%
$80,000 or more	41%	40%
Race		
Whites	65%	41%
Latinos	17%	37%
Asians	9%	13%
Blacks	6%	6%
Other	3%	3%
Age		
18–34 years	19%	33%
35–54 years	39%	47%
55 and older	42%	20%
Nativity		
U.S.-born	83%	73%
Immigrant	17%	27%
Education		
No college	19%	41%
Some college	37%	29%
College graduate	44%	17%

Youth

Given the Youth team's focus on improving educational outcomes for young people in California, the state's high school drop-out rate remains an important indicator to track. The chart below illustrates that the high school drop-out rate in California remains stubbornly high with persistent achievement gaps between demographic groups.

California High School Drop-out Rate, 2007–2010
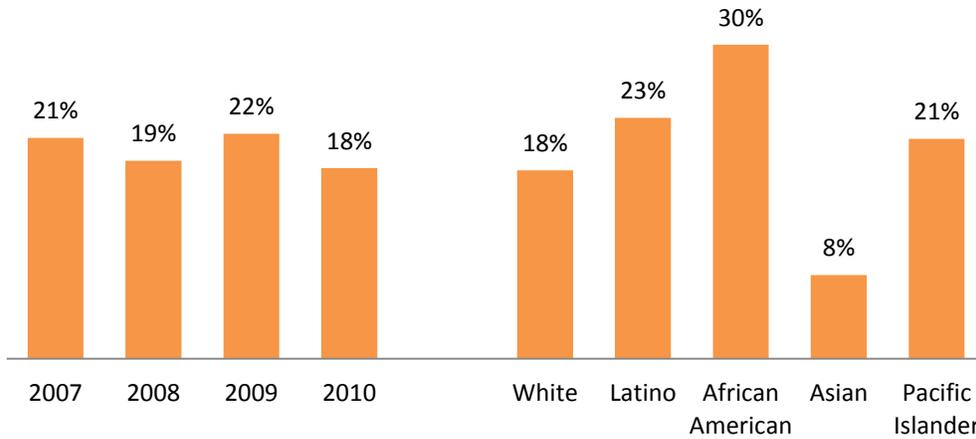
Source: California State Department of Education

The chart below illustrates the reduced budgets and grim fiscal outlook for K-12 school districts that have been a backdrop for the work of our grantees and district leaders in the Linked Learning District Initiative.

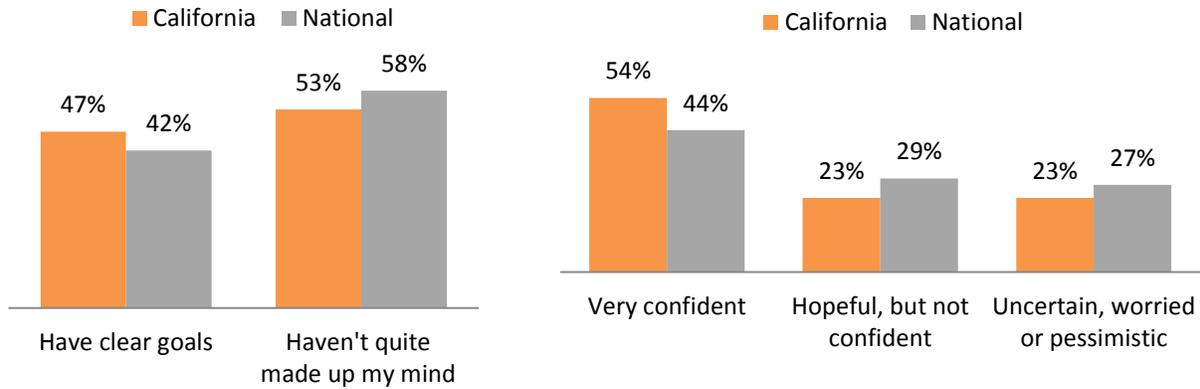**K-12 Education Funding in California, 2005–2011**
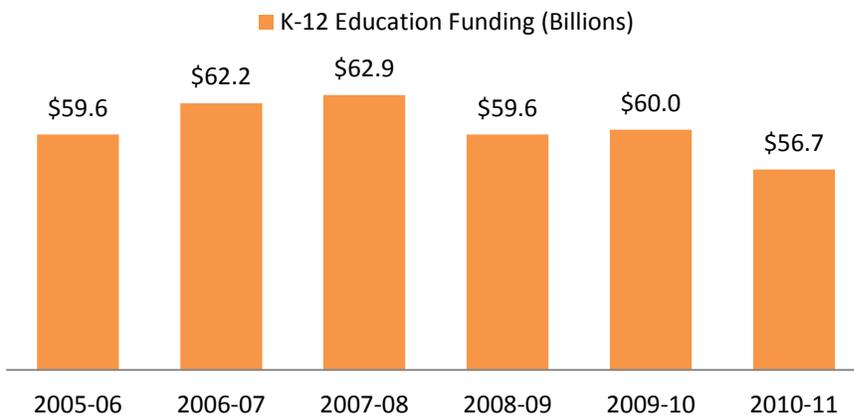
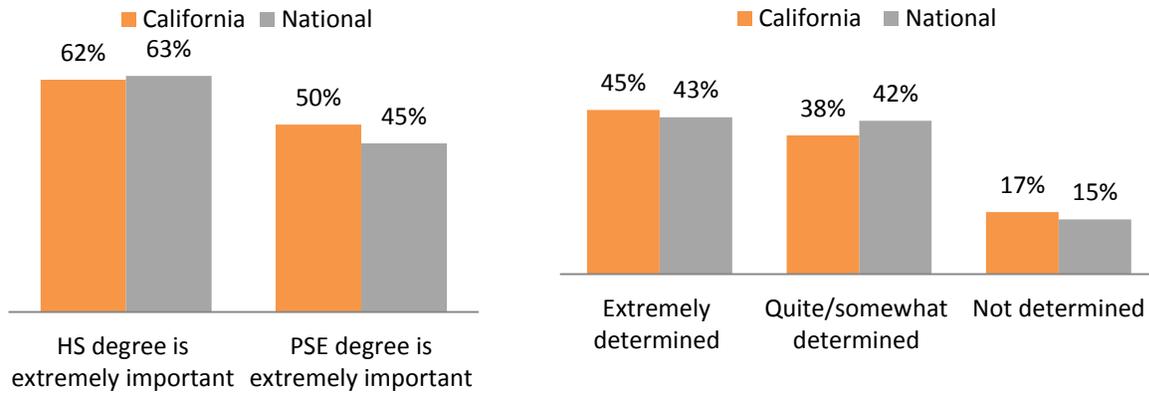Source: California State Department of Education

As the Youth team has focused on a strategy for extending the Linked Learning approach to the postsecondary context and out-of-school youth, their work has been informed by a number of context indicators. New survey research of a national sample of youth aged 16–24 for the

White House Council for Community Solutions provides important data about the goals and aspirations of disconnected youth. The findings included in the report [Opportunity Road: The Promise and Challenge of America's Forgotten Youth](#) confirm and underscore what we hear from leaders in the field about young people's appetite for opportunities to reconnect to a career pathway. The survey also found that these youth accept responsibility for their future but could use more support to succeed.
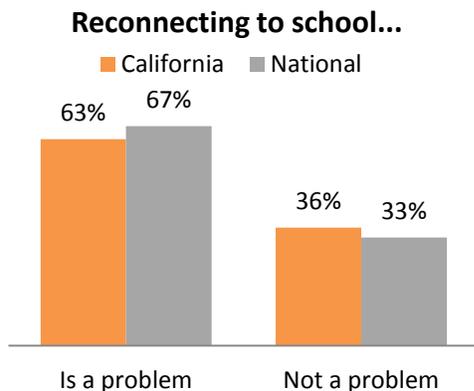
Many Opportunity Youth have clear goals

■ California　■ National

	California	National
Have clear goals	47%	42%
Haven't quite made up my mind	53%	58%

…and are confident they can achieve them

■ California　■ National

	California	National
Very confident	54%	44%
Hopeful, but not confident	23%	29%
Uncertain, worried or pessimistic	23%	27%

Recognize the credentials required for success

■ California　■ National

	California	National
HS degree is extremely important	62%	63%
PSE degree is extremely important	50%	45%

…and are determined to earn them

■ California　■ National

	California	National
Extremely determined	45%	43%
Quite/somewhat determined	38%	42%
Not determined	17%	15%

Yet these youth face challenges reconnecting to school

Reconnecting to school...

■ California　■ National

	California	National
Is a problem	63%	67%
Not a problem	36%	33%

In addition to national data, we have access to a subsample of survey findings focused on California, which are presented in these charts and illustrate that out-of-school youth in California are perhaps more optimistic. Given the small sample size for the California data, these comparisons should be viewed as suggestive rather than significant.

Researchers at the Institute for Higher Education Leadership and Policy at Cal State University, Sacramento studied student success patterns in four pathways that prepare youth for high-wage, high-need fields (see The Road Less Traveled: Realizing the Potential of Career Technical Education in the California Community Colleges). The chart below shows the highest credential earned for students entering a sample of California Community Colleges (CCC), focusing on the average age of students when they enrolled in the CCC. This analysis suggests that most students who earned a bachelor's degree entered the CCC shortly after high school graduation, especially those earning degrees in engineering-related fields.

Ave. Age at Enrollment

Highest Credential Completed

□ Certificate ■ Associate ■ Bachelor's

Career Field	Certificate	Associate	Bachelor's
Nursing	25.9	24.2	22.7
Engineering		21.1	19.5
Engineering Technology	26.8	24.8	19.3
Information Technology	30.5	24.9	20.3

Career Field
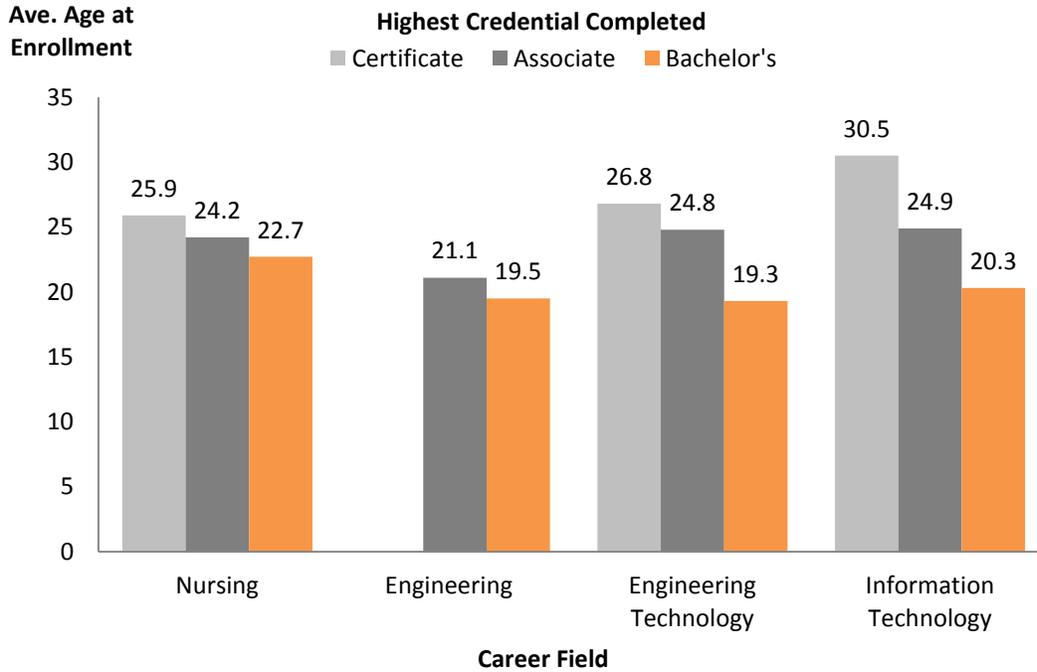
Peer Foundation Grantmaking

Each year we provide an analysis of grantmaking in California by a set of peer foundations in areas aligned with Irvine's program priorities. Due to reporting schedules, 2010 is the most recent year where all the relevant data is available.

Foundation	Related Programmatic Grantmaking (2010) $	%	Total Foundation Giving (2010)	Program Priorities
Arts	Dollars and as a percent of total giving			
Irvine	**$18.0**	**28%**	**$64.7**	
Hewlett	$11.8	3%	$358.1	Performing arts in the San Francisco Bay Area
Silicon Valley CF	$10.4	4%	$241.2	Support emerging artists and expand arts opportunities for diverse communities of Silicon Valley
San Francisco Foundation	$8.2	13%	$62.3	Artistic creativity, arts education, and diverse cultural participation in San Francisco
Annenberg	$5.9	5%	$124.9	Artistic development, collections, outreach and education, focused on Southern California
Ahmanson	$5.5	12%	$47.7	Arts and Humanities in Los Angeles County
Packard	$5.1	2%	$281.0	Performing & visual arts in Santa Clara, Santa Cruz, Monterey and San Benito counties
California Democracy				
Irvine	**$15.0**	**23%**	**$64.7**	
Hewlett	$7.6	2%	$358.1	Support for CA Forward and other civic organizations
The California Endowment	$5.2	4%	$136.6	Community engagement in the Building Healthy Communities placed-based initiative
Marguerite Casey	$3.3	15%	$21.4	Encourage low-income families to strengthen voices & mobilize communities
Packard	$2.8	1%	$281.0	Support for CA Forward and other civic organizations
Ford	$2.0	0%	$466.7	California work in the Democratic and Accountable Government program
Youth				
Irvine	**$22.9**	**35%**	**$64.7**	
Hewlett	$16.7	8%	$205.3	Promoting Deeper Learning, Open Educational Resources and CA education policy issues
Walton	$14.5	5%	$292.6	Increasing the quantity and quality of school choices available
Stuart	$8.7	49%	$17.8	Supporting high quality school districts, leadership and teaching
Gates	$7.2	0%	$4,700.0	Increasing U.S. graduation and college-readiness rates
Ford	$2.0	0%	$466.7	Strengthening educational systems to improve college and career outcomes

This table illustrates the unique niche that each of our program areas occupies. In the arts field, Irvine's grantmaking represents the largest single foundation contribution and we are distinctive in our statewide engagement. Education funders that are focused on high school and postsecondary areas are unlikely to have a rigorous focus on California akin to our Youth program. We also saw education funders providing fewer resources to California in 2010. In grantmaking related to our California Democracy priorities, we see funders who have joined us to support California Forward's governance reform agenda and modest amounts of support for civic engagement.

The sources for this data are improving and this year's analysis benefits from two projects underway to make comparative grantmaking data more readily available. This table relies on the Philanthropy In/Sight tool from the Foundation Center for the Arts and California Democracy comparisons. Data for comparison to our Youth program was accessed through a Strategy Landscape tool developed by the Monitor Institute and the Center for Effective Philanthropy.

Outcomes

In past years the outcomes section has evolved to focus more concretely on the question "are we achieving what we set out to achieve?" We expect the answer to this question will emerge over more than a single year, as all of our goals are challenging and will unfold over several years on different schedules or calendars. Therefore, our format for discussing program outcomes is tailored to the work underway in each program. For Arts, we analyze early response to the new program strategy and the work to continue learning from key initiatives launched under our former ecological approach. Progress indicators for California Democracy have evolved as we refine our approach to foster more inclusive public decision making by strengthening civic organizations and fostering inclusive practices by public officials. In Youth, we provide a final report on progress indicators that were identified in 2009 as we move our focus to a 2015 strategic vision. Special Initiatives is in a moment of transition as we conclude a key initiative while also refining and launching new efforts.

Note that the indicator symbols are shorthand for our judgment of the progress and were assigned by consensus of program teams and the Manager of Research and Evaluation. The symbols represent a circle filling in quarter increments, illustrated below:

○　　◔　　◑　　◕　　●

We chose these particular symbols because they provide a summary and visual overview without suggesting a value judgment or false precision about our ability to measure.

Arts

2011 marked a year of strategic progress and transition in our Arts program. We have thoughtfully shifted our strategy from the broad ecological approach supporting an array of organizations in the arts to focus on a goal of expanding engagement in the arts for all Californians. This new goal will align our work with Irvine's mission of a vibrant, successful and inclusive society.

New Strategy Launch

We began the year focused on the major shifts underway in the California arts sector due to demographic and technological changes, and the opportunities and challenges these shifts pose to nonprofit arts organizations. In order to help these organizations adapt and thrive, we developed a new Arts strategy that focuses our grantmaking on increasing arts engagement by embracing the diverse ways that people experience and engage in the arts. Therefore, the new goal for the Arts program is to promote engagement in the arts for all Californians. The new strategy seeks to help new and current grantees increase arts engagement in three ways:

- **Who is engaging** in the arts: We aim to increase engagement by low-income and/or ethnically diverse populations that have been traditionally underserved by arts nonprofits.

- **How people engage** in the arts: We aim to expand the ways Californians engage in the arts as active participants – by making or practicing art. This could include the use of digital technology to produce or curate art.

- **Where people engage** in the arts: We aim to advance the use of diverse, non-traditional spaces for arts engagement, especially in regions with few arts-specific venues

The board approved this strategy at its March meeting. We introduced the strategy in June to our grantees and the broader arts field through an online webinar and a new videographic that illustrates the vision and rationale for the new strategy. The webinar attracted an audience of more than 250 grantees, funders and stakeholders. Following the online presentation, all of the material was posted on our website for later reference. The web page describing our new Arts strategy has garnered almost 10,000 page views in six months and the videographic posted there has been viewed over 1,600 times.

In the midst of launching the new strategy, we worked with Arts grantees that received funding under our prior strategy to develop transition grants and conducted the final round of funding for the three major initiatives from our past work: the Creative Connection Fund, the Arts Regional Initiative and the Arts Innovation Fund. The Creative Connections Fund provided open, competitive funding for projects in a range of organizations across California and has not had a formal evaluation effort. The Arts Regional Initiative (ARI) and Arts Innovation Fund (AIF) are similar initiatives in that both provide multiyear organizational support combined with technical assistance. Evaluation of both initiatives is ongoing and has thus far only provided interim findings. In particular:

- ARI provides broad organizational support for capacity building and technical assistance to help organizations realize two outcomes: become more financially stable and expand cultural participation in their programs. 2012 will mark the first opportunity to take stock of a cohort of ARI grantees at the end of their term.

- The first two years of the ARI evaluation has focused on how grantees are able to maintain their commitment to grant objectives in the midst of the economic downturn and, in some cases, leadership transitions. Interim feedback on the progress of the first cohort in Southern California has informed grant monitoring conversations and plans for the final year of grant activity.

- AIF provides philanthropic risk capital for innovative projects in large budget arts institutions. Thus far, we see two types of insights coming from our review and assessment of our AIF grants. The first type of insight is specific innovations that merit study and replication by other institutions. For example, the Oakland Museum of California has reimagined their gallery space to maximize interactions among visitors based on extensive community consultation. Their work has garnered attention from national press such as the *New York Times*.

- In addition to creative programs that resulted from AIF funding, we have learned how hard it can be to change standard operating practices in world-class institutions. In that environment, successful innovation projects often used cross-department teams to foster buy-in to new practices.

- Past efforts to evaluate AIF have been formative and project-focused. Now that some time has passed, we have an opportunity to conduct a more systematic review and assessment of the outcomes of this body of work. An external analysis of our AIF grantmaking is now underway and we look forward to sharing findings with the board and the arts field in 2012.

Engaging the field

We sought to increase understanding of new forms of engagement and illustrate the concept by publishing new research by WolfBrown. The resulting report, Getting in On the Act, draws insights from more than 100 nonprofit arts groups and other experts to develop a new model for understanding levels of arts engagement, the Audience Involvement Spectrum. Ten case studies of participatory arts in practice are included to illustrate where a number of current examples fit into the spectrum. The report also addresses many of the concerns that arts organizations may have in supporting participatory arts practices and provides inspiration and ideas for exploring this growing trend. Getting in On the Act has received significant attention in the field since its release in October with almost 3,000 downloads from the Irvine website in less than three months. Many commentators are calling the report "groundbreaking" and we are seeing it inspire both positive and challenging responses.

We also updated our understanding of the people and organizations that participate in California's arts ecosystem through the publication of a report by Markusen Economic Research, California's Arts and Cultural Ecology. This report provides a comprehensive view of

the size of the nonprofit arts sector, the number of employees and volunteers, contributors and attendees. The report is also groundbreaking in providing the first statewide and regional view of participation rates in California. Engaging in this research not only updates our understanding of California's nonprofit sector but also provided an opportunity to engage in new analysis of arts participation data and helps us understand how we need to bolster these measures in the future.

California Democracy

Governance reform developments in 2011 have laid the groundwork for significant advances in 2012. Nothing is certain, but we are encouraged by the fact that several important policy changes enacted last year reflect many of the recommendations of Irvine's grantees, particularly California Forward. In addition to policy developments, Irvine grantees involved thousands of Californians in developing governance reform recommendations and encouraged more than 11,000 Californians to take part in the historic new independent redistricting process.

Below we provide an update on progress indicators for Irvine's work to advance governance reform in California. We do not seek to claim undue credit for these developments. Rather, we see them as progress in improving the functioning of state and local government towards our goal of advancing effective public policy decision making that is reflective of and responsive to all Californians.

Governance Reform

◗ Budget and fiscal reforms
- Policies mandating long-term budget forecasts and instituting performance-based budgeting in state agencies were approved
- Legislature approved the realignment of fiscal and management responsibility for a portion of corrections and social services
- The Government Performance and Accountability Act (GPAA) could appear on the November 2012 ballot

◑ Public involvement in reform
- California Forward engaged over 10,000 Californians in community events to discuss governance reform ideas
- California Calls contacted over 400,000 Californians and accounted for almost 300,000 residents who support state fiscal reforms

◗ Collaboration among fiscal reform projects
- Major fiscal reform organizations such as California Calls, California Forward and the Think Long Committee continue to share ideas, research and information
- California Calls and California Forward hosted convenings throughout California bringing together fiscal reform groups with numerous civic and community organizations interested in improving California's governance

◑ Electoral reforms to improve accessibility and efficiency
  - Legislation passed to implement online voter registration by November 2012
  - Two dozen stakeholders developed a 2012 election reform agenda through a series of convenings in Fall 2011

● Redistricting plan delivered, reflecting public input
  - Irvine grantees informed more than 12,000 Californians about participating in the redistricting process
  - More than 2,700 Californians testified and over 20,000 submitted written comments to the Citizens' Redistricting Commission

Civic Engagement

In 2011, we refined our Civic Engagement strategy to accelerate progress toward inclusive public decision making throughout California. Our three-pronged strategies now include public decision-making training and support, public decision-making inclusion and new practices, and research and communications. The progress indicators below update indicators we began tracking two years ago to reflect recent strategic refinement.

◑ Informed, representative public participation reflecting resident engagement
  - More than 15,000 underrepresented Californians engaged in policy discussions to help public officials understand their perspective on key issues facing their communities
  - Grantees identified 44 policy gains that were a result of their engagement efforts, including:
    - Improvements to public transit that account for the needs of low-income residents
    - New land use policies establishing barriers between pollution sources and residential neighborhoods
    - Bilingual school staff retained in the face of budget cuts
  - Dozens of residents are fulfilling new public leadership roles (e.g., public agency stakeholder committees, boards, commissions)

◑ Public officials developing inclusive public decision-making processes
  - 34 new mechanisms established for ongoing public engagement, such as public advisory committees and taskforces
  - More than 300 civic and municipal public officials in California received training and technical assistance in inclusive public decision making

○ Civic participation levels by region
  - Launched efforts for baseline surveys that will be conducted in 2012

Youth

The Youth program has worked to build the Linked Learning field in California through three priorities:

- Linked Learning Practice grants support efforts to demonstrate and evaluate the approach on the ground

- Public Will for Linked Learning builds public support for the approach

- Linked Learning Policy work invests in activities that encourage broader adoption of the approach

In past years, we have focused much of our attention and indicators on advancing Linked Learning in the context of high schools and youth ages 14–18. In 2011, we launched efforts that will extend the benefits of Linked Learning to postsecondary institutions for youth who are graduating high school and ready to continue in college. We also established the first cohort of a new Opportunity Links for Youth initiative to utilize the core components of Linked Learning to help out-of-school youth reconnect to formal education. All of this new work is aligned with a new strategic vision focused on 2015 that identifies a new set of progress indicators. With that 2015 vision in mind, the section below is the final round of reporting on our 2009–2011 indicators.

Practice

Support successful expansion, implementation and evaluation of the California Linked Learning District Initiative
- ◑ SRI evaluation report on district and student level outcomes
    - Year two evaluation findings showed leadership commitment to Linked Learning and increasing systemization of the reforms in the nine participating districts
    - Survey data shows that students are engaged and see Linked Learning as preparing them for college and career
    - SRI is analyzing data on student attendance and academic performance in four of the districts for sophomores in the class of 2013 and freshmen in the class of 2014
- ● Ten certified Linked Learning pathways
    - There were 16 certified pathways in the district initiative and three certified pathways in other districts as of December 2011
    - Certification cuts across a number of industries, with the largest number in digital and media arts
- ◑ Increase the number of students enrolled in certified Linked Learning pathways
    - 6,118 students were enrolled across 16 certified pathways
    - ConnectEd is working to establish enrollment goals in each district aligned on a minimum of 50 percent of students in certified pathways

Practice cont.

Accelerate development of priority tools and resources to support high-quality practice
- ◗ Increase availability of tools and resources supporting work on the ground, in three areas: curriculum, leadership development and work-based learning
  - The Linked Learning Leadership Series is a well-established and valued support for district staff and leaders
  - Coaching and leadership development underway within the initiative, focusing on two to four school principals in each district
  - Expanded teacher preparation work to strengthen leadership and instruction in Linked Learning classrooms
  - Progress in developing work-based learning opportunities remains challenging

- ◖ Identify and enhance the local and regional capacity of intermediary organizations who can extend and support Linked Learning Practice
  - SRI evaluation shows that key partners like the Los Angeles Small Schools Center and National Academies Foundation are providing valued technical assistance to districts

- ● Apply Linked Learning across the Youth portfolio
  - December program update provided initial strategy for expanding Linked Learning to postsecondary systems and out-of-school youth through collaboration with community-based organizations

Public Will

- ◗ Strengthen the governance, structure and staffing of the statewide coalition
  - Developed visual branding and website to establish the identity of the Linked Learning Alliance
  - Linked Learning Alliance is recognized by policymakers as authority and primary source of knowledge on Linked Learning
  - Linked Learning Alliance hosted a fall convening in Long Beach that drew more than 300 attendees

- ◖ Continue to build parent, student and industry participation, locally and statewide
  - Supporting regional alliances in the Bay Area, Los Angeles and Inland Empire
  - Cultivated relationships with leaders and organizations in key regions

- ◖ Strengthen and broaden understanding and effective communications about Linked Learning
  - Linked Learning messaging by key partners is more consistent and unified
  - Communications strategy in development to target key audiences – students, teachers, parents, school board members, educators, community and business leaders

Policy

◐ Monitor and leverage findings, recommendations and action steps of AB2648 study
- Recommendations from this study continue to appear in follow-up policy statements such as the A Blueprint for Great Schools report, which identifies Linked Learning as a promising example and calls for investing state resources in creating Linked Learning pathways in accordance with the AB2648 study

◐ Foster integration of Linked Learning as core statewide strategy in high school reform efforts
- Strong relationships with key policymakers in the state legislature and California Department of Education
- Additional policies enacted that support Linked Learning expansion: AB790 Linked Learning Pilot Program and AB 1304 California Teacher Credential – Linked Learning Recognition of Study
- Several major state policy reauthorizations in 2012 offer important opportunities to solidify Linked Learning as a core statewide strategy in high school reform and provide funding

◐ Position Linked Learning as an innovative strategy to attract federal funding
- Consortium of California school districts are seeking approval to compete for Race to the Top funds in 2012
- Reauthorization of the Elementary and Secondary Education Act in 2012 provides opportunity to integrate Linked Learning into federal policy

Special Initiatives

Special Initiatives grantmaking complements our three program areas through initiatives that are aligned with our grantmaking principles and allow us to address opportunities beyond our core program areas. Grantmaking in this area has primarily focused on building local philanthropy, leadership recognition and development, and capacity building for targeted groups of organizations in California. In 2011 our Special Initiatives work included three areas of work:

- Concluding our Community Foundations Initiative II

- Assessing our model for supporting leadership development in the Fund for Leadership Advancement

- Launching a new effort focused on the San Joaquin Valley

Concluding the Community Foundations Initiative II
Irvine has a long history of partnering and supporting California's community foundations going back to 1995. This year marked the conclusion of Community Foundations II (CFI II), our second initiative to support the growth and leadership of emerging community foundations in California. CFI II was a six-year, $12 million initiative focused on seven community foundations in rural parts of California from Shasta County to Kern County. CFI II provided core operating support, regranting funds, technical assistance and a learning community for community foundation executives and board members.

As we look back over this work and the evaluation findings, we see evidence that each of the community foundations participating in CFI II emerged from the work stronger, more sustainable and providing leadership in their communities.

- Each of the community foundations finishes CFI II with asset growth that outpaced the field. The overall growth rate for the cohort from 2005–2010 was 12 percent compared to growth of 7 percent in the field.

- The community foundations have stronger operating models and fee structures that help them cover a larger proportion of their operating costs. At the conclusion of CFI II, they are covering 42 percent of their operating costs through fees, an increase of 10 percentage points.

- Community focused grantmaking increased at each foundation, with year-to-year variation. At the outset the cohort awarded a total of $8.8 million for work in their respective communities. The largest annual, cumulative grant awards were in 2009 when they reached a total of $15.8 million.

- Through a variety of approaches to community leadership, CFI II grantees are making themselves more accessible and relevant to their communities.

We are using lessons from CFI II internally as we consider how we might effectively partner with community foundations to advance core program strategies. We are also sharing relevant insights with the community foundation field. We published two reports and organized a major session at the Council on Foundation's Community Foundations Conference to provide tools and insights that other community foundations can apply. We will continue to publish reports in 2012 to share key evaluation findings that are emerging as we conclude our grants in this initiative and look back at the group's accomplishments. [All of this work is gathered centrally on our website](#).

Assessing Our Support for Leadership Development
Through the Fund for Leadership Advancement (FLA), we have provided tailored supports to Irvine grantees at key inflection points in the organization's development. FLA grants are grounded in executive coaching for the director with additional technical assistance to address governance and organizational development. This year we commissioned an external review of the nearly 50 FLA grants we have made to assess the impact of this kind of support and help refine the program design. The assessment confirmed our sense that the FLA model is an effective way of investing in organizations and offered five key lessons:

- FLA is a cost effective approach that produces long-lasting outcomes for our grantees

- The flexibility of FLA grants is valued by grantees

- Clear goals and the monitoring and guidance that our FLA consultant provides during the grant are important for keeping grantees focused

- Broadening leadership support to include key senior staff helps executive directors achieve sustainable change in their own leadership

- Organizations are strengthened by planning for leadership succession

Based on these findings, we will keep the current FLA model largely intact. Recognizing that participating on the FLA grantmaking team provides an opportunity for program staff to deepen their understanding of supports for leadership development, we will institute a rotation to the team to expose more staff to the work. In response to the lesson about planning for leadership change, we are considering ways to enhance our use of Flex Fund grants to provide more targeted funding for grantees at critical moments in their organizations' development such as onboarding a new executive director.

Focusing on the San Joaquin Valley

We spent the spring and summer engaged in focused exploration of the trends and opportunities in the San Joaquin Valley as we developed our strategy for this area of work. We started with the intent that our work in this area should be strategically responsive and informed by the individuals and organizations we intend to impact. Over a number of visits to the region we engaged a range of local leaders and organizations and also hosted two focus groups for young and emerging leaders in the region. This exploratory investigation was also informed by our intermediary partners in the Community Leadership Project, Irvine's history of working in the valley and our core competencies as grantmakers.

Through focus groups and other conversations, we took stock of the opportunities and challenges facing emerging leaders in the San Joaquin Valley. We heard a clear commitment to the region, particularly among young people who have returned after time away from the valley for college, and an interest in accessing technical assistance and other resources from outside the region. Increasing national attention to the challenges and opportunities in the valley set a backdrop for our inquiries and creates a sense of urgency to improve conditions.

As a result of this program development work, we came to focus on expanding philanthropy and building leadership as two areas where we believe Irvine can help the San Joaquin Valley marshal its own local resources to respond to emerging needs and challenges. We launched efforts to expand philanthropy through a major grant to the Fresno Regional Foundation for a regranting program (the Fund for the San Joaquin Valley) that we expect will direct resources and attention towards highly effective programs and projects in the valley and build additional, local philanthropic support. Plans for building valley leadership are in development, focusing on emerging leaders.

Results, Learning and Refinement

We developed this section as a discrete section of our foundation-wide Performance Assessment Framework in order to reinforce the importance of continuously learning and refining what we do based on the results of our current and past efforts. A review of our 2011 grant recommendations and strategy papers calls out a number of significant refinements that drew on our experience both within and across our program areas. Below we discuss several areas where our reflections on ongoing and past efforts informed important strategy developments in our program work.

- The new Arts strategy clearly and explicitly builds upon Irvine's long history of supporting nonprofit arts organizations in California and is firmly grounded in supporting them to adapt and keep pace with the changes happening around them. Both the Arts Innovation Fund and the Arts Regional Initiative have taught us how to structure technical assistance to have the greatest impact on our grantees' ability to adapt to change. These lessons are integral to our plans for strengthening organizations engagement abilities in the coming years.

- Our renewal of support for the California Linked Learning District Initiative was the culmination of a rigorous review of progress in the first two years of the initiative, both internally and with our grantee partners engaged in the work. The renewal of this system-level demonstration and evaluation highlighted a significant inflection point for our field-building efforts. A key insight that has informs the next phase of the initiative is the deep commitment among district leaders which has enabled them to remain focused on building systems of Linked Learning pathways in the midst of unprecedented fiscal crisis. This commitment and the emerging structures that support Linked Learning implementation provides the groundwork to focus more attention on teaching and learning in classrooms while remaining attentive to challenges in key areas of the initiative.

- Building on the Linked Learning District Initiative review, the Youth team developed a three-year vision of the Linked Learning field in California that anticipates both the analysis of student outcomes from the District Initiative and the completion of a round of grantmaking focused on the postsecondary system and on youth ages 18–24 who are disconnected from formal education. In addition to the review of progress in the District Initiative, the 2015 vision mines insights from the Concurrent Courses initiative around dual-enrollment programs and our past support for models of practice serving out-of-school youth.

- The California Democracy team set out to reexamine the strategy for its Civic Engagement grantmaking to consider how to focus resources for maximum impact. Building on input from the board and current Civic Engagement grantees, the team produced a series of internal discussion documents that reflected on our experience supporting community organizations since 2004 as well as more recent work focused on public officials. The updated Civic Engagement framework acknowledges that both sets of community actors are important to foster more inclusive public policy decision making that reflects California's diverse communities.

- Development of our San Joaquin Valley-focused work in Special Initiatives builds on our understanding of the role that community foundations play in fostering a culture of philanthropy in communities to inform our strategy for expanding engagement in the valley. We are also drawing on our experiences supporting leadership development in the Community Leadership Project and through the Fund for Leadership Advancement to develop our strategy.

- We continue to hone our approach to the Leadership Awards based on input from the Selection Committee and past recipients. Based on their feedback and on insights from the Community Leadership Project, we recognize that focusing on individuals may discourage people from some cultures to participate, so we are making changes to the process in 2012 to attract more nominations from diverse communities. We are also planning new tactics to promote the recipients' models to greater numbers of state and local policymakers.

All of these examples show that reflective practice is well-developed at the Irvine Foundation. Ongoing reflection is valuable to help us more clearly understand where we are using new strategies and approaches which can involve different and sometimes unknown risks for their ultimate success.

Our work to support the new citizen-led redistricting process is an example of new terrain for the foundation that merits additional reflection here. As background, after California voters approved a new independent redistricting system, Irvine made a series of grants designed to ensure broad and diverse participation in this new governing process. We supported a set of organizations to encourage diverse qualified applicants to apply to serve on the redistricting commission and then to educate California residents on how they could weigh in on the commission's decision making about new district boundaries. We also funded a set of organizations to provide technical assistance to residents and community groups via public redistricting centers, online tools, training conferences and educational materials. Finally, we are funding a study of the entire process, which we anticipate will yield lessons for California's next redistricting period as well as for other efforts employing independent citizens' commissions. The study's initial report will be released in spring 2012.

Our internal staff reflections on this set of grantmaking yielded the following ideas about lessons for similar undertakings in the future. First, providing support early in the process to community groups gave them the time both to prepare their outreach as well as coordinate with one another. In addition, we found the Foundation can exercise a useful brokering role between an agency overseeing a complex process — in this case, the State Auditor's Office — and community groups engaged in related outreach activities. The early and periodic communications facilitated by Irvine helped ensure that the agency's and grantees' efforts were coordinated and complementary. Looking back, we see how some of our technical assistance grantmaking proceeded slower than desirable because of technical questions about the capacity of various online data systems related to redistricting. In hindsight, we realize we should have broadened the scope of technical experts consulted in order to resolve such questions in a timelier manner.

Exercising Leadership

We recognize that there are many opportunities for Irvine to use our voice in philanthropy and in our programmatic fields to complement and enhance the work that we support through grantmaking. Tracking this work provides an opportunity for us to take stock of effective ways of exercising our leadership to advance our program priorities and the Foundation's mission. Irvine's reputation in California and our engagement with leaders and policymakers have provided opportunities to draw attention to issues of concern and helped us leverage our grantmaking resources for greater impact in California. Below we describe several important leadership activities that occurred in 2011.

- Jim Canales and the Youth team worked with the White House Council for Community Solutions to inform the council's planning for an initiative targeting disconnected youth. This provides the groundwork for the Council's 2012 activities to raise public awareness and response to connect youth to education, employment and ongoing civic participation.

- Building on our $3 million grant to support regranting and donor development at the Fresno Regional Foundation, both Jim Canales and Mas Masumoto participated in their 45th Anniversary Luncheon Celebration. Jim's role as keynote speaker highlighted and reinforced Irvine's commitment to the San Joaquin Valley and provided the opportunity to increase the attention to this in an article and op-ed in the *Fresno Bee*. These activities were designed to support the Fresno Regional Foundation's fundraising and foster some excitement about philanthropy in the community. The simultaneous announcement that a long-time Fresno resident would also contribute $2 million to the regional foundation shows how efforts like these inspire others to contribute and participate.

- Our foundation-wide performance assessment work was featured in the opening plenary of the Center for Effective Philanthropy annual conference alongside the work of the Wallace Foundation. Jim Canales followed up his role in the plenary discussion with a post on the CEP blog about "Three Attributes That Are Vital for Effective Philanthropy" that call out the importance of listening to our grantee partners, synthesizing the information at our disposal and sharing our knowledge about successes and failures.

- We contributed grant resources and staff time to the ArtPlace initiative, a collaboration of major foundations, National Endowment for the Arts and a number of federal agencies to accelerate creative place-making across the country. ArtPlace is supporting eight projects located across California. In December the Irvine board approved a renewal of our support for a second round of ArtPlace grants in 2012. The recently announced finalists for the 2012 round include 28 projects in California, representing 19 percent of the field.

Communications

Meeting our leadership aspirations requires the effective use of communications. As the internet becomes the primary place for sharing and accessing information, we have increasingly focused on communicating with online and social media tools. For example, in 2011 we produced webinars, animated videographics and infographics to communicate in internet-friendly ways. We also used webinars and invited comments on our website to focus more on listening and dialogue rather than one-way communications. With all of these new methods we aimed to engage key stakeholders in our program fields and exercise our commitment to transparency.

The Irvine website is a key platform for our communications work and we are refining our use of web metrics to understand what information people seek and how they navigate our site. The chart below shows our monthly website statistics over the past two years. In 2011, pages on our website were viewed a total of 461,963 times, an increase of 4.8 percent from 2010. In an average month there are over 38,000 page views across the Irvine website. The spike in March is due to the announcement of our Leadership Awards. The October spike was caused by interest in the launch of the Exploring Engagement Fund and related reports.

Irvine Website Views, 2010–2011
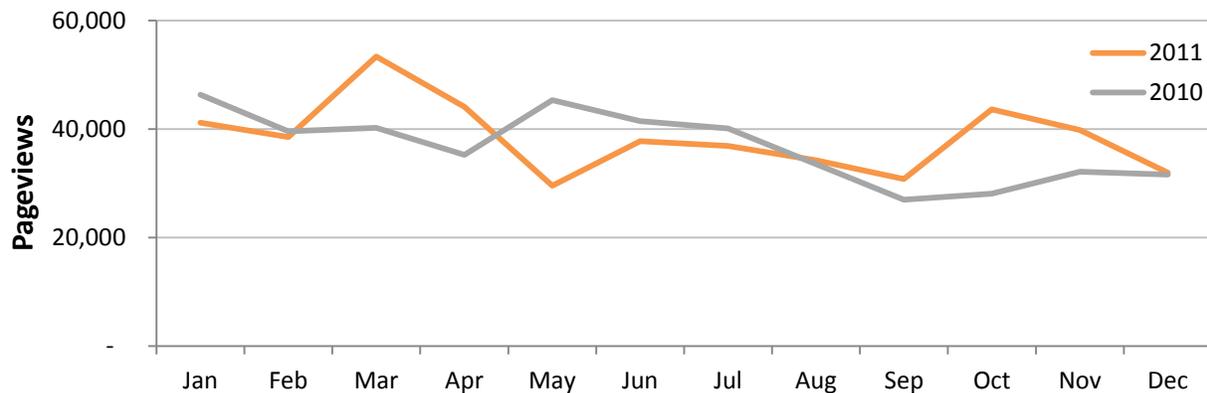
We are also more aggressively using our social media networks to draw attention to our key communications. We now have videos of Leadership Award recipients from 2010 and 2011 on YouTube, which allows for additional views on demand, and allows others to embed our videos on their websites. For example, the Leadership Award video about Dr. Steven Pantilat was embedded on the AARP website. Other Leadership Award recipients have embedded the videos on their own websites. We will build on these experiences in 2012 as we seek to broaden and deepen our communications about Linked Learning and Civic Engagement to a growing set of stakeholders.

Our Twitter following continues to grow as a result of our increased use of Twitter and the overall growth in popularity of Twitter.

Tracking Our Increase in Twitter Followers (@IrvineFdn)
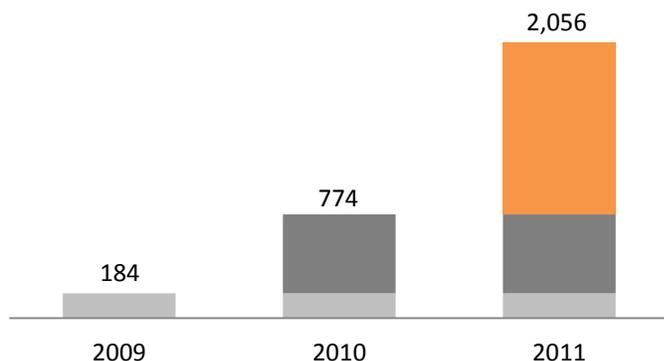
In addition to our institutional Twitter account, active Twitter users on staff include Jim Canales (985 followers), Daniel Silverman (581 followers) and Ted Russell (507 followers.) Our Twitter activity drew attention from observers of philanthropy and generated two brief interviews with Jim on the blogs of Lucy Bernholz and the *Chronicle of Philanthropy* about how and why we have expanded our use of Twitter.

Publications

We continue to produce reports to share research findings and evaluation insights. The chart below details the number of times each publication was accessed from the Irvine website. It is notable to see the attention received in just three months by WolfBrown's study Getting In On the Act about participatory arts practices. Publications with fewer downloads may have had a smaller target audience, may have merited less marketing and distribution activities by Irvine and the report authors, or were primarily hosted on partner websites.

Report	Downloads
ARTS	
Getting In On the Act: How Arts Groups are Creating Opportunities for Active Participation (October)	2,934
California's Arts and Cultural Economy (September)	433
Nurturing California's Next Generation Arts and Cultural Leaders (August)*	99
CALIFORNIA DEMOCRACY	
Strengthening Organizations to Mobilize Californians: Lessons Learned from a Major Initiative to Build the Capacity of Civic Engagement Nonprofits (July)*	131
YOUTH	
A Model for Success: CART's Linked Learning Program Increases College Enrollment (January)	309
Different Approaches to Dual Enrollment: Understanding Program Features and Their Implications (October)	15
Profile of the California Partnership Academies 2009–2010 (October)*	21
SPECIAL INITIATIVES	
The Four Ps of Marketing: A Roadmap for Greater Community Foundation Visibility (January)	631
Reaching Out: Board Ambassadors for Growth in Community Foundations (January)	376

*Report was posted on partner websites that may have generated additional views.

Field Leadership

Through participating in conferences and serving on the boards of philanthropic infrastructure organizations we enhance our leadership position in philanthropy. A review of 2011 speaking opportunities and board memberships that Irvine's staff participated in illustrates the variety of local and national settings where we had opportunities to advance the goals of our program areas and bring attention to important elements of our work.

Conferences and Events

Organizer	Title/Topic	Irvine's Role
Grantmakers for Education	Annual Conference	Co-Chair
	Site Visit to Los Angeles Trade Tech College	Organizer
	Paving the Pathways to Prosperity: College and Career Attainment for All	Organizer
Grantmakers in the Arts	Annual Conference	Co-Chair
	Mobilizing Support for Artists and Small Arts Organizations	Organizer
	Shift Happens: What Do Demographic Shifts Mean for Grantmaker Policy & Practice?	Organizer
	Enabling Engagement: Launching Irvine's New Arts Strategy	Speaker
	New Approaches to Retaining Emerging Arts Leaders	Speaker
Council on Foundations	2012 Annual Conference	Chair
	New CEO Forum	Chair
	Making Marketing Matter and Engaging Board Members in the Process	Organizer
	Career Pathways Program	Participant
Center for Effective Philanthropy	Assessing Foundation Performance: The State of Practice (Opening Plenary)	Panelist
	Understanding Your Stakeholders: Feedback for Community Foundations	Moderator
Pew Center on the States	Upgrading Voter Registration in California	Panelist
Communications Network	Winning Words: Changing Hearts & Minds Begins With The Right Message	Panelist
Invesco	The Role of Real Estate in Institutional Portfolios	Panelist
Fresno Regional Foundation	Fresno Regional Foundation's 45th Anniversary	Speaker
Milken Institute	Increasing Economic Opportunity for Central Valley	Panelist
Theatre Bay Area	Supply and Demand — from Argument to Action	Moderator
CA Association of Museums	Cultural Arts and Cultural Ecology	Speaker

Organizer	Title/Topic	Irvine's Role
CSU Northridge	The Nonprofit Sector: Crisis and Untapped Opportunities	Speaker
Lumina Foundation	Developmental Education Strategies for Success	Panelist
National Academy Foundation	2011 Leadership Forum	Keynote
Arts for LA	LA Convergence: The State of the Arts and its Role in Creating a Vibrant Region	Speaker
The Wallace Foundation	Beyond Dynamic Adaptability Convening	Speaker
Otis College	Otis Creative Economy Panel	Moderator
San Diego Grantmakers	The Next Act for Philanthropy	Panelist

Particularly notable in 2011 was the fact that two Irvine program staff helped to chair the annual conference of national philanthropy organizations related to their program areas. Anne Stanton served as co-chair for the Grantmakers for Education annual conference in Los Angeles, and Ted Russell served as co-chair for the Grantmakers in the Arts annual conference in San Francisco.

Diversity in philanthropy has received renewed attention both inside and outside of the field. In 2010 the Council on Foundations introduced a 12-month leadership program for new leaders from diverse backgrounds to help them advance in the field of philanthropy. We are proud that Irvine had two staff members accepted in the inaugural class, Jeff Malloy and Latonya Slack, who completed the program this past spring. In addition, Latonya was chosen by the members of the graduating class to deliver the program commencement address.

Below is a list of organizations through which Irvine staff contributes to leadership in the field.

Boards, Advisory Groups and Planning Committees

Asian Americans/Pacific Islanders in Philanthropy	White House Council on Community Solutions
Center for Effective Philanthropy	National Endowment for the Arts
Grantmakers for Education	Northern California Grantmakers
Emerging Practitioners in Philanthropy (EPIP)	Southern California Grantmakers
Foundation Financial Officers Group (FFOG)	City of Los Angeles Department of Cultural Affairs
Grants Managers Network	Oakland Cultural Affairs Commission

Constituent Feedback

Each year we devote part of this report to analysis and reflection on feedback we receive about Irvine and our programmatic work. This constituent feedback helps us understand how the Foundation is viewed in the field and can offer suggestions for improving our effectiveness. In past years we have gathered this input through third-party surveys of our grantees and visitors to our website. We have also benefitted from opportunities to conduct focus groups of key constituents such as students engaged in Linked Learning programs.

In 2011, we experimented with an audio slideshow, interactive webinars and engaging in social media platforms like Twitter and Facebook in order to share more with the field. As we did so, we also thought that social media tactics could provide a more timely way of gathering input than the forms of feedback we have utilized in the past. This chapter reflects on the feedback that we gathered and considers the potential for ongoing use of these tools.

An audio slideshow about our Grantee Perception Report allowed us to make the report findings more accessible to our constituents. Live webinars about the new arts program strategy and the Exploring Engagement Fund allowed us to reach a broader audience of current and potential grantees. Webinar presentations consisted of program staff presenting information, followed by an open period for questions and comments. As part of all of these projects, we solicited ongoing feedback from anyone who wanted to comment on our website.

In our initial effort to solicit comments, we received seven comments in response to the GPR findings, two of which pointed to specific efforts that might inform our follow up. Knowing that this topic interests a narrow, focused audience, we are not surprised by the number of responses for our first attempt. In contrast, the webpage about our new Arts strategy logged over 20 comments from members of the California arts community and the national arts field. These latter comments fall into two major groups. The largest number offer support for the new direction we are taking. A second, smaller group of commenters raised questions anticipating how we would apply the new strategy to grantmaking and evaluation.

Engaging readers online in this way is a new practice in philanthropy so we have few references to compare our experiences to. While the overall number of comments seems modest, they could be considered notable for the philanthropy field. The Packard Foundation has tried on two occasions to "learn in public" by using an online wiki site that enables any reader to add and edit content. In each instance they commissioned an external assessment which pointed out the challenges of attracting more than 20 people to actively engage online. The limited experience to date suggests that grantees and other potential commentators are either too busy to invest time in these efforts or remain sufficiently concerned about the potential consequences of their feedback that they are unlikely to speak out on a foundation-hosted website.

Rather than expect our relevant audiences to come to our website, a different approach is to find the social media networks where people are already engaged. Participating in networks like Facebook, Twitter and YouTube provides another way to invite people who might be interested in the Foundation's work to engage with our staff. In addition to inviting comments via online discussion modules that we hosted, we also encouraged participants to contact us using the Foundation's Twitter account, @IrvineFdn. Some staff also maintain individual Twitter accounts which they used to pose questions to people and organizations on Twitter. Several staff members have commented that Twitter also helps them easily monitor issues and discussions relevant to their program work.

These experiments in soliciting feedback online yielded interesting comments at a low cost, making it easier to do on a more regular basis compared to other methods for soliciting feedback. Online tools are particularly relevant when there are timely questions and a group of relevant stakeholders who we can access online. Used appropriately, they provide another way to listen and learn from key constituents that can complement the input we receive through surveys and other methods which offer confidentiality to respondents.

These activities were instructive and helped us identify ways we can improve our use of these online tools as an ongoing method of gathering constituent feedback. With that in mind, we have recently engaged in a redesign of the Irvine website to add more interactive elements that provide more accessible information about our work and also encourage more ongoing interactions with stakeholders. Recognizing that the power imbalance between foundations and our partners in the field still exists, we hope that being consistent in our openness to dialog will draw more engagement than we saw in these initial experiments.

We also remain committed to gathering more systematic feedback. In the coming year we will commission research on the views of key stakeholders and influential figures on the work of the Foundation via in-depth qualitative interviews conducted by an independent firm. The last time we collected feedback from key stakeholders was 2006, so this is a good time to update our understanding of their views. The target list for type of feedback would include, but not be limited to, key government and political figures, other foundation leaders and members of the media.

Finance and Organization

This section of our Annual Performance Report reviews key aspects of the Foundation's investment performance and allocations, grantmaking expenses and the demographics of our staff and board. This year we also discuss the changes to our asset allocation structure that were instituted in the new Investment Policy Statement.

Investment Performance

The table below summarizes the Foundation's assets and expenditures over a five-year period that is dominated by the economic downturn that began in 2008 and continues to impact international capital markets.

Overview of Assets and Expenditures, 2007–2011

	2007	2008	2009	2010	2011*
Assets	$1,882,772,223	$1,287,564,990	$1,377,507,067	$1,568,653,184	$1,507,452,273
Expenditures	$ 94,709,808	$ 93,973,333	$ 80,549,714	$ 79,802,407	$ 82,086,294

*Unaudited figures

The board receives detailed statements of investment returns from Callan Associates that analyze Irvine's performance over time, compared to other foundations and endowments and with detail about specific asset classes and manager performance. Therefore we focus our reporting here on key overview data about our investment returns. The chart below shows the returns for Irvine's endowment relative to our benchmark over the past five years.

Investment Returns, 2007–2011
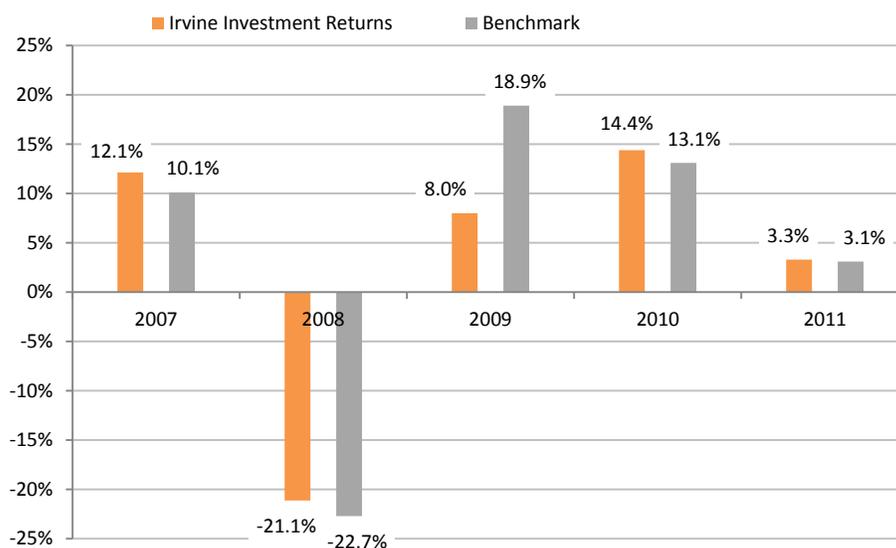
The endowment earned 3.3 percent in 2011, exceeding the benchmark for four of the past five years. That return put Irvine well into the top third of its comparative universe of over $1 billion endowments and foundations. 2011 was a volatile year with major swings in investor sentiment. Major equity markets fluctuated by close to 20 percent in just one quarter due to

investor concerns about the U.S. debt ceiling debate and the crisis in Greece and the European Union. Our endowment benefitted in 2011 from a mixture of very strong performance in private equity and good diversification, which helped to overcome somewhat disappointing returns from part of the Foundation's hedge fund investments and the fixed income portfolio. Real estate returns, while still lagging industry benchmarks, did produce   positive returns for the first time since 2007 and are expected to continue to help going forward. Throughout the year, Irvine's investments exhibited lower volatility than the overall market. This has been a focus over time and is the result of the highly diversified asset mix the Foundation now holds.

Asset Allocation

Last year the Investment Committee approved a revision of the Investment Policy Statement (IPS) which sets out the guidelines for the Foundation's investment program. It is good practice to update the IPS on a three- to five-year cycle as appropriate. The committee conducted its review over several meetings, which provided the opportunity to incorporate lessons from recent market dislocations. A key part of the new IPS is an updated asset allocation structure effective in 2012, which uses four broad functional asset classes displayed in the table below.

Asset Class	2011 Actual	Long-term Target	Policy Range
Global Equity	31	35	25–45
Stable Value	15	27	15–35
Private Investments	38	25	20–30
Special Situations	16	13	0–20
Portfolio Total	**100**	**100**	

This new structure provides greater flexibility to pursue the best investments available and is becoming common among many large endowments and foundations. As we begin using this new allocation we find the endowment over-weighted toward the private investment class. Since the cost of quickly transitioning to the new target range for private investments would be very high, we plan to transition over the next two to three years at a measured pace toward the new long-term target for that asset class. Irvine will use sales proceeds to tactically increase the three other asset classes as market opportunities are identified.

Grantmaking and Expenses

The chart below shows Irvine's Program Expense Ratio (P/E ratio) for the past five years. This ratio shows the proportion of program-related operating expenses relative to the Foundation's total charitable expenses. We regularly track and report this data to the board each December in a Trend Lines memo. For comparative purposes we also track P/E ratios from a benchmark group of 39 private U.S. foundations with assets over $1 billion. The most current year available for that comparative data is 2010.

Program Expense Ratio, 2007–2011
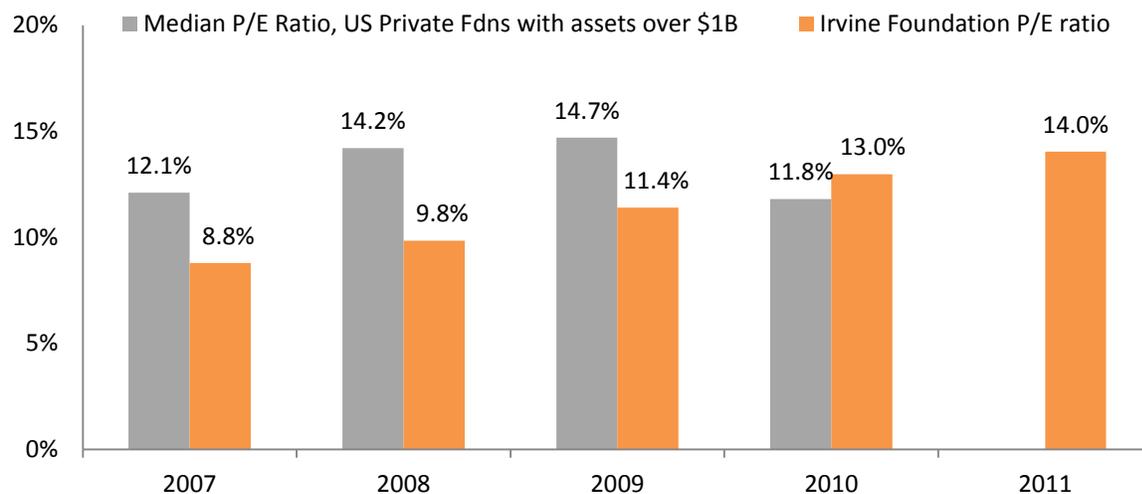
The upward trend in the Foundation's P/E ratio is attributable to insuring that we had the appropriate internal staff capacity to advance ambitious, high-engagement grantmaking across our program areas. It is also affected by a decrease in the Foundation's grants budget in 2009 and 2010. We are attentive to changes in this ratio as we seek to balance the need to preserve staff capacity and related resources necessary to advance our program goals while keeping costs in line with the broader field. We are also conducting a more thorough review of P/E ratios to better understand the trends in the field.

Personnel

As an institution dedicated to expanding opportunity for the people of California, we place a high value on maintaining a diverse board and staff. This commitment is illustrated in the tables provided below of board and staff demographics over the past five years.

Staff Demographics

Gender	2007		2008		2009		2010		2011	
Female	22	58%	25	64%	23	56%	24	56%	23	53%
Male	16	42%	14	36%	18	44%	19	44%	20	47%
Ethnicity										
Latino	4	11%	3	8%	4	10%	4	9%	5	12%
Asian	9	24%	10	25%	10	24%	11	26%	10	23%
Black	5	13%	7	18%	6	15%	6	14%	6	14%
White	20	52%	19	49%	21	51%	22	51%	22	51%
TOTAL	38	100%	39	100%	41	100%	43	100%	43	100%

Board of Directors Demographics

Gender	2007		2008		2009		2010		2011	
Female	5	38%	5	38%	5	42%	5	42%	5	42%
Male	8	62%	8	62%	7	58%	7	58%	8	67%
Ethnicity										
Latino	2	15%	2	15%	2	17%	2	17%	2	15%
Asian	2	15%	2	15%	2	17%	2	17%	3	23%
African American	1	8%	1	8%	1	8%	2	17%	2	15%
White	8	62%	8	62%	7	58%	6	50%	6	46%
TOTAL	13	100%	13	100%	12	100%	12	100%	13	100%

Note: Excludes President and CEO, who is an ex-officio board member

Staff Headcount and Turnover

|	2007	2008	2009	2010	2011
Number of Staff	38	39	41	43	43
Transitions	4	5	7	4	2
Turnover rate	10.5%	12.8%	17.1%	9.3%	4.7%
Median tenure		3.08	3.75	5.41	6.2

The table above shows that we have maintained consistent staffing over the past two years. The complementary trends of decreasing turnover rate and increasing median tenure among staff suggests that our recruiting in 2008–09 was particularly effective, since those staff have remained with Irvine. It is also influenced by the challenging job market, which reduces the chances that people are receiving other employment offers.

Appendix: 2011 Grantmaking in Review

This appendix summarizes the year's grantmaking activity and expands on information contained in quarterly grantmaking dashboards by providing more historical data as well as information about the populations served by Irvine's grants.

The chart below shows the trend in Irvine's grantmaking over the past ten years which is determined by a spending formula applied to the foundation's assets. The graph illustrates the steady growth of grantmaking that resulted from strong market conditions in 2004–2007 and shows budget reductions in response to the 2008 economic downturn. Our grants budget has remained constant over the past two years and the board-approved 2012 grants budget represents a modest increase to $68 million.

Total Grantmaking, 2002–2011
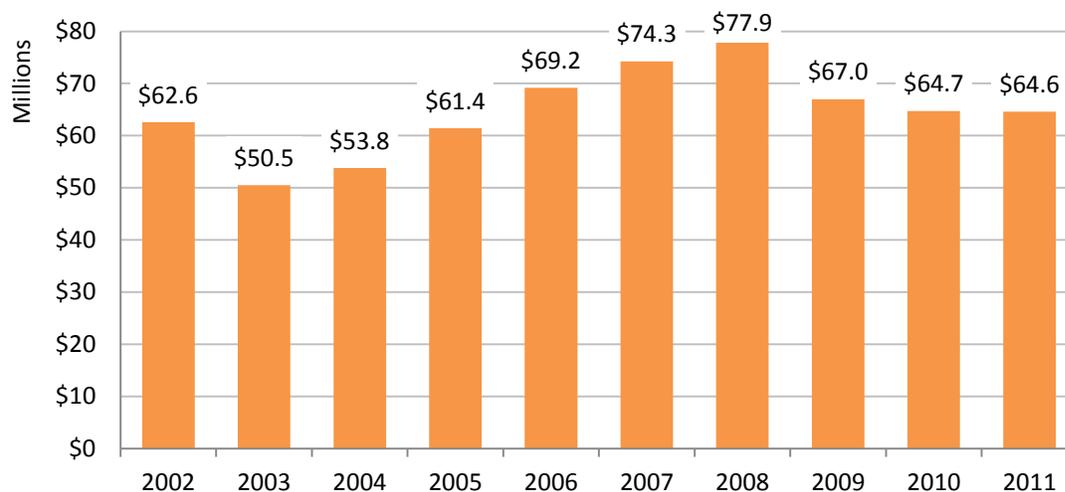
The table below breaks down the distribution of grant dollars across our core program areas. Grantmaking in our core program areas of Arts, California Democracy and Youth combined made up 81 percent of our total grants approved in 2011. Special Initiatives grantmaking increased by almost $2 million from 2010 as we made a significant investment to expand philanthropy in the San Joaquin Valley. Special Opportunities grantmaking included additional support for California-based projects as a part of the ArtPlace initiative. Based on past experience, we believe that ArtPlace can leverage additional resources to California, but we consider this a Special Opportunity because it is not aligned with the new Arts strategy.

Total Grantmaking by Program, 2011

Program Area	2011 Grant Dollars	
Arts	$16,927,549	26%
California Democracy	$13,823,094	21%
Youth	$22,191,948	34%
Special Initiatives	$7,190,191	11%
Special Opportunities	$3,100,000	5%
Discretionary Grant Program	$888,625	1%
Memberships \ Sponsorships	$500,750	1%
Total Grantmaking	**$64,622,157**	**100%**

Program Grantmaking by Priority

The following tables breaks down grantmaking within each of the Foundation's program areas to provide the number of grants and total dollars awarded by program priority.

Arts

In March, the board approved a new strategy for the Arts program focused on expanding arts engagement in California. While we developed grantmaking programs under the new strategy, 2011 grantmaking in the Arts program was dedicated to making grants aligned with the prior strategy. The largest amount of grantmaking was devoted to our final round of funding and technical assistance in the Arts Regional Initiative focused on a cohort of organizations in the Central Coast. There were also major grants to conclude the Arts Innovation Fund (AIF) through multiyear support and technical assistance to three organizations, two of which are prior AIF grantees. Grantmaking in Cultural Participation and Artistic Creativity consisted of support for long-time grantees engaged in projects that may not align with the new program strategy.

Arts Grantmaking by Priority, 2011

Priority	Number of Grants	Amount (Millions)	
Arts Leadership	1	$0.5	3%
Arts Innovation Fund	4	$2.9	17%
Arts Regional Initiative	14	$4.5	27%
Cultural Participation	20	$3.7	22%
Artistic Creativity	11	$2.8	17%
Creative Connections Fund			
Cultural Participation	31	$1.3	8%
Artistic Creativity	18	$0.7	4%
Special Projects	11	$0.5	3%
Total	**110**	**$16.9**	**100%**

California Democracy

The California Democracy program focuses on increasing opportunities for civic engagement among traditionally underrepresented communities and supports efforts to improve governance systems at the state and local level. Grantmaking in the civic engagement priority focused on nonprofits working in low-income communities of color across California to involve residents in local decision making about issues such as land use, public safety and environmental health. Governance reform grantmaking this past year included funding for research on key issues facing California and to support organizations that can support successful implementation of key reforms such as redistricting and realignment of state and local government.

California Democracy Grantmaking by Priority, 2011

Priority	Number of Grants	Amount (Millions)	
Civic Engagement	27	$7.5	54%
Governance Reform	22	$5.6	40%
Special Projects	2	$0.8	5%
Total	**51**	**$13.8**	**100%**

Youth

Grantmaking in the Youth program is devoted to building and supporting the field of Linked Learning in California. The Practice portion of this portfolio has focused on providing the on-the-ground supports necessary for high-quality Linked Learning pathways. In 2011, we deepened our work in the California Linked Learning District Initiative through a major renewal grant to ConnectEd, the intermediary organization that we established in 2006 to advance Linked Learning in California. Support for the new Opportunity Links for Youth initiative represents our partnership with a set of community-based organizations who will work to extend the Linked Learning approach to out-of-school youth. We also supported teacher preparation and credentialing programs and grants to explore opportunities for regional expansion of the Linked Learning model. Grants in the Linked Learning Policy area support research and analysis that can inform policymakers and key stakeholders about the impact of Linked Learning.

Youth Grantmaking by Priority, 2011

Priority	Number of Grants	Amount (Millions)	
Linked Learning Practice			
California Linked Learning District Initiative	10	$13.4	60%
Opportunity Links for Youth	8	$0.9	4%
Linked Learning Practice – General	14	$4.8	22%
Public Will for Linked Learning	4	$1.1	5%
Linked Learning Policy	12	$2.0	9%
Total	**48**	**$22.2**	**100%**

Special Initiatives

In 2011 the largest portion of our Special Initiatives grantmaking was focused on expanding philanthropy in the San Joaquin Valley through support to the Fresno Regional Foundation. Included in the $1.6 million of general purpose grants is support for leadership and organizational growth in community foundations serving Kern County and the Inland Empire, continuing our engagement with these important partners as we concluded the Community Foundations Initiative II.

Special Initiatives Grantmaking by Priority, 2011

Priority	Number of Grants	Amount (Millions)	
San Joaquin Valley Priority	4	$3.6	50%
The James Irvine Foundation Leadership Awards	13	$1.5	21%
Community Foundations Initiative II	4	$0.5	7%
Special Initiatives – General	16	$1.6	22%
Total	**33**	**$7.2**	**100%**

Regional Grantmaking

In keeping with our grantmaking values of focusing on regions and communities of California that have traditionally received less attention from philanthropy, we track the proportion of our grants that focus on different regions as well as those activities that are statewide in nature. The chart below provides the general breakdown between grant dollars that support activities with a statewide impact compared to regionally focused work. In 2010, we saw a relatively larger proportion of grant dollars focused on statewide issues due to a significant renewal of support for California Forward. Years like 2009 and 2011 might be considered more typical where two-thirds of our grant dollars focused on specific regions of California.

Regional vs. Statewide Grantmaking, 2006–2011
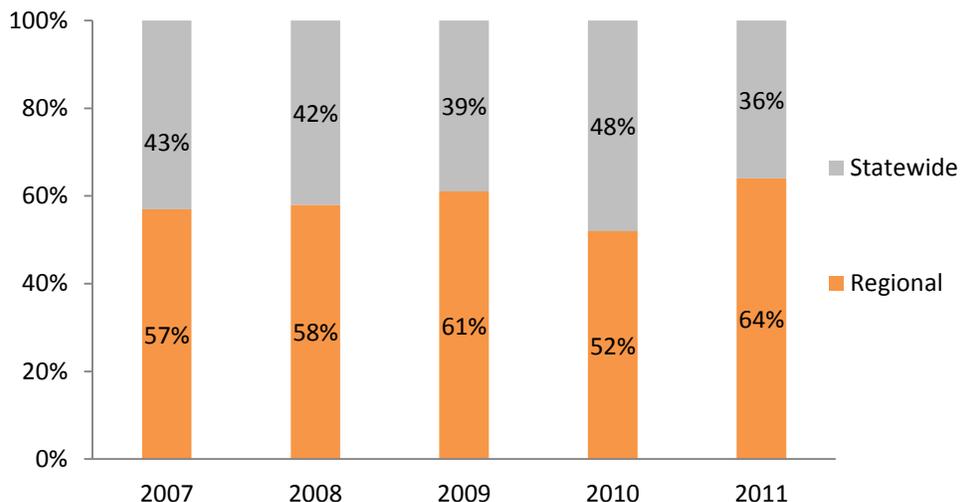
Note: Excludes memberships, sponsorships and discretionary grants

In the next chart we compare the regional versus statewide distribution of grant dollars by program area. California Democracy's higher proportion of statewide grants is appropriate given the statewide focus on almost all of its grants to advance governance reform, as well as a major Civic Engagement grant to PICO California which centralizes support for their local affiliates and aims to link local engagement efforts to state-level priorities and help bring the perspectives of low-income Californians into fiscal reform discussions. The high proportion of regionally focused grant dollars in Special Initiatives is influenced by our major grant to the Fresno Regional Foundation for the Fund for San Joaquin Valley regranting program.

Regional vs. Statewide Grantmaking by Program, 2011
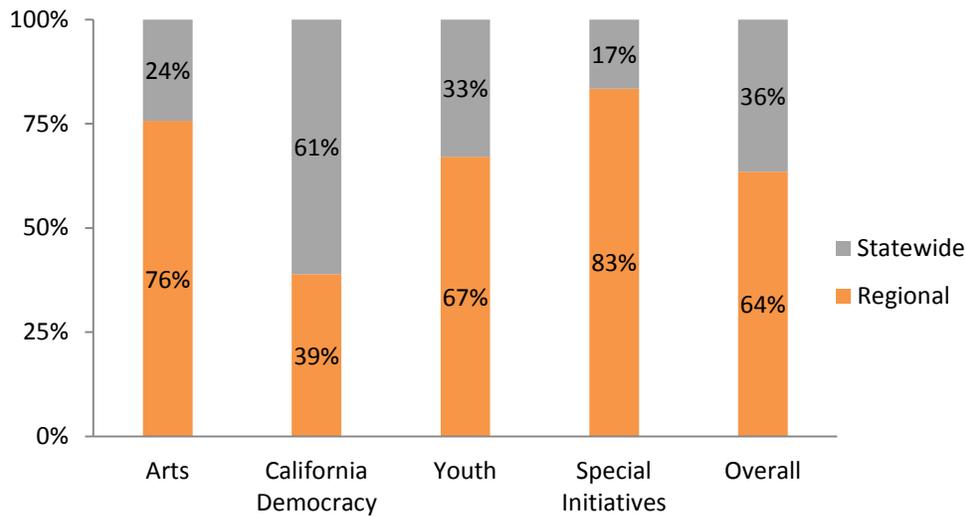
Note: Excludes Special Opportunities, memberships, sponsorships and discretionary grants

The table below, included in the dashboard at the front of each quarterly grants docket, provides additional detail and context about our regional grantmaking in 2011. The active portfolio includes ongoing grants awarded in the past one-to-two years and more accurately reflects the work of our program teams as they are engaged in ongoing reporting and monitoring activities with those grantees. The last two columns provide relevant reference points: the proportion of California's residents in each region, and the regional distribution of grants to California organizations by all private foundations in the United States in 2010, the most recent year for which this data is available.

Reflecting on the data for 2011, we had a larger proportion of regionally focused grants in the Central Coast due to the final round of funding for the Arts Regional Initiative, which focused on the Central Coast.

Grantmaking by Region of California

| Region	2011 Grantmaking		Active Portfolio (as of 12/31/2011)		Reference Points Population	Total Fdn Giving 2010
North Coast & North State	$71,286	0%	$1,445,465	1%	1%	1%
Sierra	$112,513	0%	$115,013	0%	1%	0%
Bay Area	$6,995,301	21%	$24,544,632	20%	19%	53%
Central Coast	$5,328,772	14%	$11,027,711	9%	4%	5%
North Valley	$95,952	0%	$412,951	0%	2%	0%
Sacramento Metro	$2,188,033	6%	$6,340,536	5%	6%	4%
San Joaquin Valley	$8,813,319	22%	$21,597,283	18%	10%	1%
Los Angeles Metro	$9,723,043	25%	$37,438,859	32%	37%	29%
Inland Empire	$1,969,267	5%	$6,715,780	6%	11%	2%
San Diego and Imperial	$1,843,195	5%	$8,652,018	7%	9%	5%
Total Regional Grants	**$39,435,500**	**100%**	**$118,284,187**	**100%**	**100%**	**100%**

Note: Excludes memberships, sponsorships and discretionary grants

Grantmaking to Diverse Communities

In order to understand how our resources are expanding opportunity for the people of California, we monitor both economic status and race/ethnicity of the population that will be served by our grants. A grant is coded as serving low-income Californians or a specific racial/ethnic group only if the grant activities described in the grant proposal explicitly or exclusively target that population, hence those categories are limiting. Grants that are not coded as serving specific populations are also likely to benefit low-income and diverse Californians, but the goals and strategies may not specifically address diversity factors or population-specific needs.

Information about diversity and the distribution of our grants, over time, helps us understand the reach of our grantmaking and provides us with one way to consider how well we are focusing our resources on underserved and disadvantaged communities. We have not identified targets for these measures, but would note that after several years of analysis, we have established a solid baseline for this data. To provide context for this data, the recent census found that the statewide poverty rate is 16 percent, and 60 percent of California residents are people of color, according to the Public Policy Institute of California.

Grantmaking Focused Exclusively on Low-Income Communities, 2009–2011
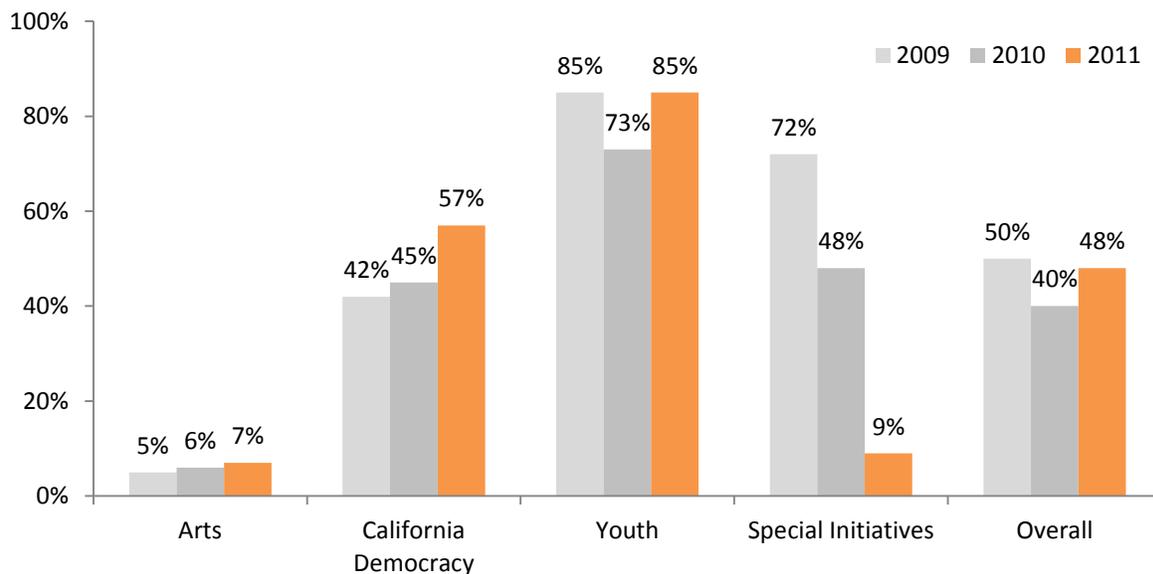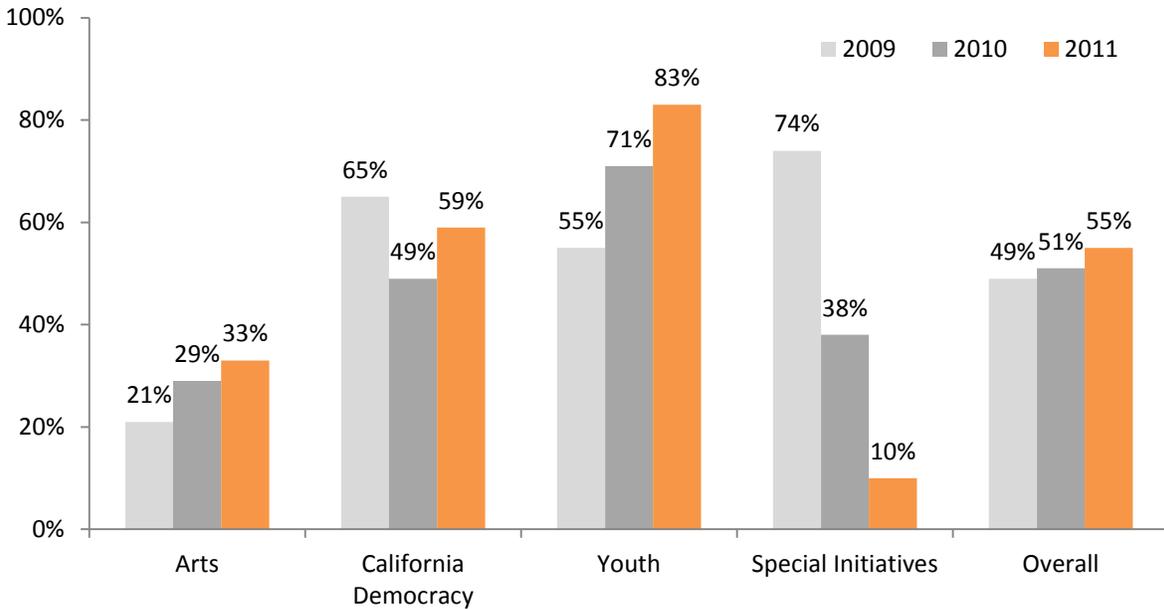

Note: Excludes special opportunity and discretionary grants, memberships, sponsorships and foundation-administered projects.

The following chart shows the portion of grants that were awarded in 2009 through 2011 that focus exclusively on communities of color. We expect to see year to year variation based on the timing of certain clusters of grants, and how programs advance various priorities in a given year. For example, the trend in Special Initiatives grants is attributable to 2009 grants for the Community Leadership Project, which is focused specifically on building the capacity of

nonprofit organizations in low-income communities of color. In 2011, we awarded a multimillion dollar grant to the Fresno Regional Foundation to create the Fund for the San Joaquin Valley. We anticipate that regranting from this fund should significantly benefit low-income people and communities of color, given the demographics of the San Joaquin Valley. However, we cannot say with certainty that the grant will focus *exclusively* on low-income people and communities of color, so it is not represented in this data.

Grantmaking Focused Exclusively on Communities of Color, 2009–2011

Note: Excludes special opportunity and discretionary grants, memberships, sponsorships and foundation-administered projects.