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TRANSITIONS  
REPORT '10





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# A YEAR OF TRANSITION



This has been an eventful year for Wallace with many significant changes.

A year ago, our founding president, M. Christine DeVita, announced her decision to retire in June 2011. Chris' stewardship of the foundation from its infancy has been exemplary. Her "facts are friendly" approach, her insistence on evidence-based strategies and her commitment to objectively and credibly measuring and publishing results have created an organization that is a worthy philanthropic legacy to the generosity of our founders, DeWitt and Lila Acheson Wallace. We are indebted to Chris for her selfless leadership and total dedication and we thank her for all that she has done for Wallace.

Earlier this spring, and following a national search, we announced the appointment of Will Miller as her successor effective July 1. Will is a business leader, civic leader and philanthropist. He has extensive corporate and philanthropic experience, and is a proven manager and strategist. He brings a keen appreciation of, and enthusiasm for, Wallace's mission. His experience and skills make him well-suited to help us build on the achievements of the foundation's first two and a half decades. We are excited that Will has accepted the leadership of the foundation and we look forward to working with him.

We mourned the death of our director Peter Marzio, who led the Museum of Fine Arts Houston. Peter was a warm and witty man whose commitment to ensuring that the rewards of art were available to everyone has helped shape our own work. We are grateful for his 10 years of service on the board. We will miss his wisdom, commitment to excellence and his extraordinary capacity for friendship.

We were pleased to welcome a new board member, Joseph W. Polisi, the distinguished president of The Juilliard School. Joseph's experience and insights in arts education will be invaluable to our work in the years ahead.

We launched new work in the areas of summer learning and extended learning time. Building on a decade of lessons, we also moved into a new phase of our efforts in school leadership and out-of-school time, focusing on encouraging the sharing of proven solutions.

Chris' retirement is a watershed event for Wallace, as she has led the foundation since its formation. It has caused us to reflect upon and review the effectiveness of our efforts. We believe that, on balance, the work of Wallace has contributed significantly to progress in the areas in which we work. We remain committed to the foundation's mission of expanding learning and enrichment opportunities for children. We believe that private foundations have an important role in addressing social problems. We know that the future will bring change. We are confident that Chris' leadership in Wallace's first quarter century positions us, with Will as our new president, to respond to the challenges and opportunities ahead. ■

Kevin W. Kennedy, Chairman

# A FAREWELL LETTER: REFLECTIONS ON A JOURNEY IN PHILANTHROPY



As I announced in June 2010, I plan to step down in June 2011, by which time I will have had the privilege of leading The Wallace Foundation for nearly 24 years. Because this marks my last report as president of the foundation, I hope you won't mind if I depart a bit from my essays of the past. To be sure, I'll provide my usual year-in-review assessment of Wallace's work and preview work planned for the future. But I'd also like to reflect a bit on my tenure. Wallace, along with the rest of philanthropy, has changed greatly in the last quarter century, and I'm hoping my reflections on what I have learned over the years may be of interest to others in the field.

I encourage you to read the full annual report to learn more about our progress in 2010 and the strategies that will guide our work in 2011 and beyond. I call your attention especially to a new "comparative performance" section we have created to assess our work on strategy, mission and impact, relationship with grantees, communication and public outreach, and governance – issues not often talked about in a foundation's report to its public.

## SUMMARY ASSESSMENT OF 2010

On balance I am pleased with the progress we made in 2010, although the year was certainly not without its challenges. Highlights include:

- Investment performance was strong and the foundation ended the year with assets of nearly \$1.4 billion. Our portfolio returned 13.5 percent and we ranked in the top quartile of our peer foundations. All of our grants and expenses were paid on time and as planned, and we received another clean financial audit with no recommended adjustments or material weaknesses identified. We assessed our overall enterprise risks and developed a framework for ensuring that those risks are actively managed during the year and reported to the full board each January. We benchmarked our expenses, including salaries and benefits, against the market as well as our peer foundations and were pleased to learn that we remain quite competitive.
- We continued to harvest the fruits of our grants and program initiatives, publishing 18 new research reports and 31 related "knowledge products," such as report briefs that summarize the main findings of a study and video conversations with report authors. Website downloads totaled more than 260,000 this year, a 37 percent increase over 2009. We were especially pleased that independent evaluations commissioned by Wallace found evidence of the value of our longstanding approaches to education leadership and after-school system building efforts.
- Wallace had a smaller staff in 2010<sup>1</sup>, and as a result everyone assumed more responsibility and embraced the new processes we developed to work more effectively across the foundation. Indeed, as you'll read in the comparative performance section of this annual report, our 2010 grantee survey revealed that although we had fewer people, there were more interactions with grantees,

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<sup>1</sup> We reduced our headcount by 15 positions as of December 31, 2009 through a planned reduction in force in response to the financial crisis that began in fall 2008. See "An Open Letter to Grantees" in October 2009.

more prompt responses and more substantive assistance and feedback on submitted reports than in 2008, when we last surveyed grantees. Nevertheless, as you'll also read, the staff reductions, along with our announcements that some of our longstanding grant programs were ending, negatively affected grantees' overall satisfaction and their perceptions of the sustainability of funded work.

- Finally, much of 2010 was spent thinking about how to build on our work of the previous decade and planning new work for the future. We refined our mission to focus more specifically on improving learning and enrichment opportunities for children, particularly those living in distressed urban areas. We reaffirmed our knowledge-based approach, which emphasizes developing and testing useful ideas “on the ground,” gathering credible evidence on the results of significant innovations and sharing what we've learned with the individuals and institutions that can help bring the best ideas to life in ways that benefit children. We devised new strategies and progress measures to guide our efforts going forward, and we are now ready to implement those plans.

### **PLANS FOR 2011**

Specific strategies and work for each initiative are detailed later in these materials, but there are some common themes that deserve mention here.

- The next generation strategies we've designed for our existing work in school leadership, after school and the arts will help maintain our commitment to those issues. The knowledge and experience gained through our research and site work over the past 10 years position us now to focus on encouraging broader application of the most effective ideas and practices. To do this, we will not only continue to share what we've learned but also develop practical “how-to” products that will help others implement these ideas more easily.
- The initiatives we've designed for new work – principal pipelines, summer learning, expanded learning time and arts education – are solidly based on an analysis of the available research. This has enabled us to differentiate our approach for each area to best meet the needs of the corresponding field.
- One major factor that will affect all of our work in 2011 and beyond is the economy. The continued weak recovery is shrinking the tax revenues many states and cities depend on, and we expect that the cities, school districts and nonprofits we work with will be under financial pressure for the next several years. Although this will clearly be a challenge, it may also present an opportunity as leaders in resource-constrained environments look for evidence of innovative and effective strategies as they make the best possible use of scarce public dollars.

### **REFLECTIONS**

I have been fortunate to have had the opportunity to serve this foundation for more than two decades. As I prepare to leave, my thoughts have turned to all the things I've learned along the way. I offer some of them here, in the hope that others will find them helpful.

*Change takes more than money; it requires knowledge about what works and what doesn't.*

We tend to think of foundations mainly as sources of money. In fact, the greatest contributions made by foundations come about through a combination of innovation, knowledge and public engagement. The amount of funding is rarely the sole or most important reason for lack of progress on fundamental problems. Just as often, progress is blocked by uncertainty about what works, insufficient evidence

# “The greatest contributions made by foundations come about through a combination of innovation, knowledge and public engagement.”

that change is possible, inadequate strategies for mobilizing change, and bureaucratic resistance. No one would deny that change often takes money. But when measured against the hundreds of billions of dollars that drive the public systems such as schools that we are working to improve, foundation dollars are minuscule. At best, we can hope only to have direct impact on a tiny portion of these sprawling, complex systems. Useful, timely knowledge is the real currency for creating social change. In part because we are independent of the market, foundations are well positioned to be non-ideological “honest brokers” of solutions, helping foster the development of new approaches and then sharing them with the people and institutions that could benefit. This is how we have come to see our role during my tenure.

## *Importance of focus: Do a few big things well.*

There is no end to the number of important issues and worthy organizations deserving foundation support. And because our missions are often broad, it’s easy to rationalize why any particular project really “fits.” This is the trap we fell into during our first decade as a national foundation. When we stepped back and really analyzed those 10 years, we were stunned to see that we had created about 100 different program initiatives, all related to our larger mission in the arts and education, but ultimately with no significant or long-term impact because we were spreading our resources a mile wide but an inch deep. In our second decade we changed that. We invested heavily in a few big issues and stayed with them over long periods of time. As a result, we created real impact in our chosen fields, as described in our 2009 assessment. [See Wallace’s *Report ‘09: Appraising a Decade*]

## *Staffing expertise: What skills do you really need?*

For some foundation jobs – like finance or personnel – the answer to this question is obvious. Folks in those positions need accounting and human resource management experience and skills. What about other staff members? Do they need expertise in the fields in which the foundation is working? Yes, it’s helpful that they have worked in schools or nonprofits or government agencies so they know the realities of life “on the other side of the desk.” But that’s not all they need. The inquiry-based culture central to our approach depends on the ability of staff members to objectively analyze and discuss data about whether our strategies are working or whether our grantees are hitting their benchmarks. Therefore, strong analytical and evaluative thinking skills are at least as important as field knowledge. In addition, because we are not just funding our grantees’ existing efforts but are often asking them to change the status quo, our staff must be skilled at helping our grantees manage change and negotiate different perspectives to reach common goals.

## *Financial management: It’s harder than it looks.*

Compared with all other public and private institutions, endowed foundations occupy a privileged position. They don’t have to raise money in the capital markets or through appeals to donors, and they don’t have to sell products or services to earn revenue. But that also means these revenue-generating outlets are not available to foundations to bolster their resources in down markets or to see them through difficult financial periods. Foundations are also generally prohibited from funding their operations with borrowed money, so they must pay special attention to the liquidity in their investment portfolios to ensure they have sufficient cash to pay ongoing grants and expenses. Finally, for foundations like

Wallace that make large multi-year grants there is another challenge as well – not to over-commit future grant budgets. This happens when foundation assets decline in value and existing commitments fully absorb the amount of future years’ grant budgets. Managing all of this is a difficult balancing act and much more complicated than commonly understood – as the recent financial crisis illustrated.

***Objective feedback: Don’t believe your own headlines.***

A foundation is sometimes described as “an island of money surrounded by sucking sounds” and its executives as folks “who have never had a bad meal or a sincere compliment.” It’s notoriously difficult for current or prospective grantees to tell you that your strategies are wrong or misguided. Most believe that maintaining collegial personal relationships with foundation staff members is critical to obtaining and maintaining grant funding. Thus it is important that foundations seek out independent feedback through anonymous surveys of grantees and thought leaders – and then act on what they’ve learned to improve the foundation’s performance.

***Assess the foundation’s overall effectiveness, not just the work of its grantees.***

Foundations have few external barometers of how well they are performing. There are no revenue or share price indicators, as in the corporate sector, no election results as in the public sector, and unlike other nonprofits, no fundraising targets to meet. All of this makes it very difficult to determine whether your foundation is performing well compared to others. Individual grantee performance is one indicator – but it’s not enough. Even if your grantees are performing well, is their work creating the broader change you wanted to see? Is there evidence your strategies could be improved? Is your public outreach effective? Are your employee practices competitive? To help answer these questions, you need to look across and beyond the collective performance of your grantees and gather objective data that enable you to benchmark results, policies and practices against the foundation’s overall goals as well as its peers.

**A FINAL THANK YOU**

It has been an incredible honor to help shepherd this organization from its beginnings as a group of small family foundations to one national foundation with a clearly developed mission and strategic approach. I leave the foundation confident in its future, on a strong financial footing, and with an incredibly talented board and the most thoughtful and committed staff you could imagine. However, my journey would not have been possible without the wisdom and support so many – board, staff members, colleagues – have provided along the way. I will remain forever grateful for your encouragement and friendship. ■



M. Christine DeVita, President





**Vision:** That children, particularly those living in distressed urban areas, have access to good schools and a variety of enrichment programs in and outside of school that prepare them to be contributing members of their communities.

**Mission:** To improve learning and enrichment opportunities for children.

**Guiding Principles:** To create change that is deeply rooted and sustainable, we will:

- Take a systemic view that looks at the larger environment surrounding the issue being tackled, and engage the people and institutions involved at the appropriate level (federal, state, city, school district, and community organization).
- Work with those who have power and authority to make change, including governmental agencies (such as school districts and state and city governments) as well as non-profit institutions.
- Also support organizations that are working outside the current system, which is where innovation often begins.
- Assess the results of the innovations we support through research and evaluation.
- Encourage the use of those ideas and practices that are evidence-based and represent an advantage over current practice.

**Wallace Approach:**

In all areas of our work, we seek to develop and test useful ideas “on the ground;” gather credible, objective evidence on the results from significant innovations; and then share that knowledge with the individuals and institutions with the authority to bring those effective ideas to life in ways that bring benefits to children. There are two components to this approach:

1. ***Develop innovation sites:*** We work closely with sites (such as states, school districts and cities, as well as non-profit organizations) to help them plan and test new approaches for bringing about mutually agreed-upon change goals. These sites provide insights into what ideas are or are not effective and what conditions support or impede progress.

2. ***Develop and share knowledge:*** In concert with the innovation site work, we support independent research that fills knowledge gaps in the field. We also assess the results of the innovations we support through a range of evaluation methods. We then share our knowledge with others and encourage the use of the ideas and practices that seem most promising. In this way, we hope to improve practice and policy in organizations that will never get Wallace grants. ■

# SCHOOL LEADERSHIP

In 2000, after assessing our education efforts of the 1990s, Wallace began to focus specifically on school leadership. We did this after deciding that leadership – especially the leadership exercised by school principals – was an essential but neglected element of the nation’s school reform efforts. The training that principals received was weak and ill-suited to the demands of modern schools. Research had left unanswered many important questions about what characterizes the kind of leadership that can improve teaching and student learning, and how education policy and practices can help leaders be effective. Moreover, we believed Wallace had the ability to raise educators’ and policymakers’ awareness of how important leadership is to improving schools and what changes are necessary to support it.

The 2000 assessment gave rise to a decade-long initiative built on the idea that fostering effective school leadership required states and districts to work together on creating:

- **Standards** that are based on research-identified traits of effective leadership and guide all aspects of shaping principals, from “pre-service” training to on-the-job evaluation.
- **Training** that conforms to state standards and gives principals the skills to improve teaching and learning school-wide.
- **Conditions** that offer the supports and incentives principals need to perform well.

As we reported in our 2009 annual report<sup>1</sup> the initiative started slowly, in part because it was hampered by a weak knowledge base and the absence of a clear theory of how to effect change or measure progress. But as our work with states and districts matured, augmented by Wallace-funded research, the pace of accomplishment increased. Today, officials ranging from the U.S. secretary of education to state and district power-brokers are pressing for better school leadership, seeing it as crucial to improving student learning. We have seen other signs of progress, too:

- Revised state standards, along with research on what constitutes effective leader training, have led to rewritten principal licensure rules, improved principal preparation programs and new requirements for mentoring neophyte principals.
- A tool – called “VAL-ED” – that assesses principal performance by measuring the leadership behaviors key to improving teaching and learning has been completed and is being marketed to states and districts across the country.
- A 2009 RAND evaluation of our initiative concluded that harmonizing state and district policies and practices was difficult, but that principals in places where it occurred “tended to report that they have many of the conditions they need to allow them to perform effectively as leaders...”<sup>2</sup>

Progress notwithstanding, ensuring effective leadership in schools faces high hurdles. Too many principal training programs remain mediocre, unable to meet the needs of the school districts employing their graduates. Most principal performance assessments fail to focus on the behaviors that research has tied to improved student learning. And sustaining the work in our grantee districts and states will be difficult given the weak economy and resulting collapse in state and local budgets.

<sup>1</sup> *Wallace’s Report ‘09: Appraising a Decade*

<sup>2</sup> Catherine H. Augustine, Gabriella Gonzalez, Gina Ikemoto et al. *Improving School Leadership: The Promise of Cohesive Leadership Systems*, RAND Corporation, 2009.

## SIGNIFICANT DEVELOPMENTS AND CHALLENGES IN 2010

### *Research*

In 2010, we published a number of Wallace-commissioned research reports that are filling important knowledge gaps in the field and that, in a few cases, have culminated years of scholarly investigation. The research found evidence that urban school districts got better-trained principals when they used their rarely-exercised consumer clout to demand that local universities improve applicant selection, coursework and internships in principal training programs.<sup>3</sup> It also offered examples of how central district offices can make instruction – rather than administration – the focal point of their work.<sup>4</sup> A major report on the nature of leadership provided new evidence of the role school leaders play in boosting student achievement as well as rich detail on how the best principals operate, such as by creating an atmosphere in which teachers work together to enhance one another’s skills. It also identified the many impediments to effective principal leadership, including rapid principal turnover and weak assistance from the district.<sup>5</sup>

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### *Grantee Efforts Advance*

The year 2010 was the last full grant year in our state-district work, with 16 grantees (14 states with their districts/2 districts without states) out of an original 39 (24 states/15 districts) still actively working with us. On balance, nearly all continue to make progress in:

- Increasing the number of well-trained principals: 26 percent of schools in our key districts have principals who graduated from stronger training programs compared to 18 percent three years ago;
- Placing more emphasis on evaluations to improve principal performance: half of our states enacted or modified laws on leader evaluation, and 15 states and districts are seriously considering using VAL-ED;
- Expanding efforts to have principals spend more time on improving instruction. Some 293 schools in 59 districts and 12 states now use “school administration managers,” who take on many administrative duties, thereby freeing principals to focus more on teaching;
- Enacting legislation to strengthen principal preparation programs or on-the-job training (9 of 16 sites); and
- Making a commitment to maintain leadership training and other efforts for at least the next two years, using new federal funding or reallocating existing dollars (71 percent of Wallace-supported districts and 81 percent of Wallace-supported states).

### *Significant Challenges Remain*

Although our assessment of the initiative overall is positive, we found several shortcomings:

- The high rate of turnover among superintendents, state education chiefs and other state and district leaders means an ongoing need to educate those holding these posts about the importance of school leadership. Also, even though more states, districts, universities and national organizations recognize the importance of leadership, they often have trouble translating research into programs or tools to aid their efforts.

3 Margaret Terry Orr, Cheryl King and Michelle La Pointe, *Districts Developing Leaders: Lessons on Consumer Actions and Program Approaches from Eight Urban Districts*, Education Development Center, Inc., 2010.

4 Meredith I. Honig, Michael A. Copland, Lydia Rainey, Juli Anna Lorton and Morena Newton, *Central Office Transformation for District-Wide Teaching and Learning Improvement*, Center for the Study of Teaching and Policy at the University of Washington, 2010.

5 Karen Seashore Louis, Kenneth Leithwood, Kyla L. Wahlstrom, Stephen E. Anderson et al., *Learning From Leadership: Investigating the Links to Improved Student Learning*, Center for Applied Research and Educational Improvement/University of Minnesota and Ontario Institute for Studies in Education/University of Toronto, 2010.



*Among Wallace’s investments in improving public education is a grant to New York City-based School of One, a pioneer in tailoring education to individual students’ needs through innovative use of technology and other means.*

- Districts have been slow to change and, indeed, are often viewed by principals as barriers to reform. Examples include districts that:
  - Are not pressing principal training programs hard enough to improve and graduate sufficient numbers of well-trained candidates for principal posts;
  - Fail to do the succession planning needed to ease difficulties caused by high principal turnover (a typical rate of every three to four years);
  - Fail to make the most of assistant principals or train them to be future principals;
  - Miss the link between leadership and other efforts to improve teaching or turn around troubled schools.
- Although states have passed laws on leadership, they need to prod and better assist districts and training programs to use the new rules to improve leadership.

### **2011 PLANS**

Lessons from our state-district work are guiding our “next generation” efforts, which would:

- Ensure that those who can make change happen in urban education become familiar with what we know about school leadership;
- Turn ideas and findings from our work into practical guides for the field; and
- Test what happens when school districts and principal training programs work together to fashion and interlock all the components of training and on-the-job support for principals.

Below we describe our plans to carry out each part of the initiative in 2011.

***Strategy 1 – Disseminate our education leadership lessons to policymakers and practitioners.***

This strategy stems from Wallace’s approach of sharing what we’re learning from our work. Our communications efforts have brought Wallace’s store of knowledge to organizations representing many of the state and district leaders crucial to education reform: governors, legislators, state education commissioners, state education boards, superintendents, heads of principal training programs and principals themselves. For 2011, Wallace plans to work with each of these organizations to help them highlight our knowledge in conferences and publications.

To complement our research studies, we plan to write four short reports that synthesize our research and site work findings, offering Wallace’s perspective on the aspects of school leadership most important to the field.<sup>6</sup>

***Strategy 2 – Develop and distribute guides or other materials that are based on our work and could help educators improve principal performance.***

The field would benefit from reader-friendly guides and tools or other materials that mine our research and experience with states and districts for concrete actions policymakers and educators can take to improve school leadership. We plan to find and begin work with an organization to develop such products, likely focusing first on improving principal training.

***Strategy 3 – Work with selected urban districts and their training programs to create high-quality training, hiring, development and evaluation of principals and assistant principals.***

We plan to test whether it’s possible to develop high-quality training and support that’s sufficiently plentiful to create enough principals to improve student achievement in a large percentage of an urban district’s schools. Building this “principal pipeline” would require districts to take a number of steps, from creating clear, rigorous job and hiring requirements to improving how they evaluate principals and provide professional development and mentoring. It would also demand much from the programs that train the participating districts’ principals, including ensuring that only the best candidates were admitted into the programs and that aspiring principals received high-quality training and internships. Our work would also extend to the many training program graduates likely to serve as assistant principals before being tapped for the top slot in schools.

For 2011, we plan to select up to six urban school districts, along with affiliated leadership training programs, to take part in a major initiative in which the districts would engage in principal pipeline building efforts, and independent researchers would evaluate this work and its effect on student learning. ■

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<sup>6</sup> The topics of the four reports are: 1) essential elements of effective school leadership; 2) major steps for districts to improve school leadership; 3) major steps for states to improve leadership; and 4) improving leader training, an update of a 2008 Wallace-written publication on leader training.

# AFTER SCHOOL

## **Building City Systems to Improve the Quality and Availability of Programs; and Strengthening the Financial Management of Nonprofit After-School Programs**

While more than 15 million school-age children are left to their own devices after 3 p.m., millions of parents report they would enroll their kids in after-school programs if only they were available.<sup>1</sup> These facts add up to an enormous missed opportunity for learning and enrichment beyond the school day, especially for the children most in need.

To change that picture, Wallace in the past funded individual programs in such places as libraries, parks and science museums. However when we assessed those efforts about a decade ago, we concluded that our work had had little long-term impact, and we wondered if there might be a way to boost after-school (and summer and other out-of-school time, or OST) programming for children throughout communities. We landed on the idea of OST “systems.”

What does that mean? OST programming in cities is fragmented, with individual programs – and the agencies and funders supporting them – working in isolation from one another. This has a number of unwelcome consequences including inefficient use of resources, scarcity of programs where they are often most needed, and such unevenness of quality that parents deem some programs unsafe.

One possible solution is to engage top city leaders in encouraging the coordination of OST work. In essence, this means the development of a new, citywide OST system, in which all the various OST players work in sync and data on basics like program attendance and quality is regularly collected to inform decisions on how to allocate resources. Our hope is that such systems will create the conditions in which high-quality programs can flourish. Launched in 2003, Wallace’s Out-of-School Time Learning initiative has supported efforts in five cities (Boston, Chicago, New York, Providence and Washington, D.C.) to plan and build OST systems.

As this work proceeded after 2003, we discovered something that led us to launch a second initiative. Our grantees reported that many groups running the children’s activities funded by the fledgling systems lacked the ability to meet the increased demand for quality programs. Research we commissioned and published in 2008 found a major reason for this in a largely overlooked problem – weak financial management.<sup>2</sup> Part of the weakness stemmed from gaps in the program providers’ management, but unsupportive payment practices of public and private funders played a big role, too.<sup>3</sup> Believing that better financial management might bolster the organizations’ ability to deliver and sustain the kind of quality programming at the heart of our initiative, in 2009 we launched a separate effort in Chicago, the Strengthening Financial Management initiative.

### **OST SYSTEM BUILDING**

In the seven years since this initiative began, Wallace cities have become recognized as national leaders in building citywide OST systems to make high-quality programs available to more kids in need. Most

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<sup>1</sup> *America After 3PM*

<sup>2</sup> John Summers and Lana Price, *Administrative Management Capacity in Out-of-School Time Organizations: An Exploratory Study*, Fiscal Management Associates and The Wallace Foundation, 2008.

<sup>3</sup> You can find out more about this issue at <http://www.wallacefoundation.org/Pages/in-improving-after-school-management-matters-too.aspx>

notably, we have defined the building blocks of an effective OST system and learned that when systems are in place, children have increased access to high-quality programs.<sup>4</sup>

Once a foreign concept, the OST system idea has begun to spread. One indicator is dramatic growth in the National League of Cities' Afterschool Advisors Policy Network, which grew from 22 member-cities in 2005 to 420 in 2010.<sup>5</sup> To take advantage of this, we have developed a “next generation” strategy with two goals: increasing city leaders' awareness of the value of OST systems and what it takes to set them up; and helping city leaders who have begun system-building work to shore up or add to building blocks already in place.

## SIGNIFICANT DEVELOPMENTS AND CHALLENGES IN 2010

We had three big headlines in 2010:

### *I. RAND Study Finds OST Systems Have Potential; Data, Technology Are a Boon*

Published in October, Hours of Opportunity, a three-volume, Wallace-commissioned RAND study of our grantees, confirmed our original hypothesis, finding that, “This initiative provided a proof of principle – that organizations across cities could work together toward increasing access, quality, data-based decision making and sustainability.”<sup>6</sup> RAND also validated the importance of management information systems that give cities much-needed OST data.

Before having OST data systems, cities knew little about the programs they funded or the youngsters served.

Before having OST data systems, cities knew little about the programs they funded or the youngsters served, sometimes over-estimating the number of children enrolled by as much as one-third, the report found. In each city examined for the portion of the RAND study that looked at data systems<sup>7</sup>, the new data are rectifying this, giving OST system operators an accurate picture of enrollment, attendance and student demographics for the first time. “The importance of this use should not be underestimated,” the study notes.<sup>8</sup> The information is benefitting program operators, too, because participation data help them understand what motivates kids to attend consistently. Perhaps most important, it lets them recognize when quality needs to be improved, as discussed below.

When the economy was strong, data from the new management information systems helped organizers pinpoint where to expand services. As the economy weakened, the data helped them make judicious decisions about where to cut. For example, when public funding constraints forced After School Matters, a major provider of Chicago teen programs, to reduce its 2010 spring programming, the group was still able to serve the same number of teens because it used its management information system to direct teens from the closed programs to programs with openings. In New York City, which saw public investment in OST more than double, from \$47 million in 2005 to \$118 million in 2009, information technology has provided the data allowing the city to identify less effective programs and make cuts there. In the most recent fiscal year, public funding for OST programs stood at \$99 million, a drop from the pre-recession high point, but still a significant increase from where it was when we started our initiative.

4 The building blocks include strong leadership; continuous planning; a designated coordinating body to manage and oversee progress in increasing OST program quality and participation; and a management information system that can provide reliable citywide data on program participation and quality. The building blocks are described in detail in a Wallace publication, *A Place to Grow and Learn*.

5 The network is a group of city leaders who share information about OST system-building.

6 Susan J. Bodilly, Jennifer Sloan McCombs et al., *Hours of Opportunity: Lessons from Five Cities on Building Systems to Improve After-School, Summer School, and Other Out-Of-School Time Programs*, 2010, 74.

7 This section of the study looked at the five Wallace grantee cities and three others.

8 Jennifer Sloan McCombs et al., *Hours of Opportunity: The Power of Data to Improve After-School Programs Citywide*, 2010, XV.





*Music is just one of many offerings in Providence, Rhode Island's AfterZones project, a Wallace-supported network of after-school programs for middle school students.*

## ***II. Citywide Systems Focus on Improving Program Quality***

Wallace-funded cities are increasingly managing their support for programs by emphasizing quality. They also are looking for indications of quality in student attendance data, having learned that high attendance likely means a program has passed a basic quality test – that kids enjoy the activities enough to keep coming back – while low attendance likely means the reverse. In 2010, overall attendance in Wallace-funded cities showed little movement from 2009 (stable attendance or small gains), and Boston, Chicago, New York City and Providence were assisting low-attendance programs in finding ways to attract and retain kids. In these cities, attendance was also being factored into decisions about program funding.

Looking at attendance was not the only step cities took to improve quality. System organizers were observing and assessing programs in Chicago, Providence and New York City. In addition, Chicago increased its training for OST program staff members.

Moreover, these three cities are now evaluating their own efforts, trying to pinpoint what works and what doesn't in system-building, and using that information to guide their efforts, particularly in the area of improving program quality. Providence and Chicago expect to have evaluations published in 2011. New York City's evaluation, published in late 2009, pointed to the need to improve hands-on learning activities for teenagers; it also found that OST program workers value the training and assistance the city provides, reinforcing the importance of such offerings.<sup>9</sup>

<sup>9</sup> Christina A. Russell, Monica B. Mielke, Elizabeth R. Reisner, *Evidence of Program Quality and Youth Outcomes in the DYCD Out-of-School Time Initiative: Report on the Initiative's First Three Years*, Policy Studies Associates, Inc., 2009.

### *III. Despite Political Changes and Weak Economy, City Leader Support Holds Fast*

The leaders of our grantee cities continued to demonstrate commitment to OST systems, but the OST efforts did face two major challenges in 2010: a weakened economy and political transitions. This meant new spending cuts in all five cities and new mayors and superintendents in several.<sup>10</sup> The question then is whether the systems we helped build will endure, especially considering that a key RAND finding was that mayoral support is essential to citywide OST systems. We don't have a crystal ball, but even in the face of reduced program funding, we remain optimistic. The reason is that the cities' OST building blocks and the new information systems are unshaken, and in some places we see indications of fresh leadership support. In Providence, for example, the mayor-elect said he would continue support of OST and take the seat on the board of the nonprofit overseeing system-building (the Providence After School Alliance) left vacant by his predecessor.

#### **PLANS FOR 2011**

For 2011, we are turning our attention to our "next generation" work in OST, which has three strategies:

*Strategy #1: Disseminate research to local decision-makers such as mayors, youth commissioners and funders about the value of OST systems and what it takes to build them.*

This strategy continues our "Wallace approach" of sharing what we've learned. In 2011, we expect to continue working with the National League of Cities, which reaches mayors and youth commissioners. We also expect to go beyond city leaders and engage organizations that serve OST program providers as well as those that work with policymakers.

We don't have a crystal ball, but even in the face of reduced public funding, we remain optimistic.

*Strategy #2: Develop web materials to help city leaders act on what we've learned.* We have published many research reports about OST, and we plan to do more with this body of work by translating its findings into reader-friendly material and how-to guides. Based on market research, we are developing guides to help cities lift program quality, and to assist them in collecting and analyzing data.

*Strategy #3: Offer incentives to selected cities already building OST systems to encourage their efforts and increase the number of cities working to assemble and strengthen system building blocks.* Building on market research we commissioned from the National League of Cities, in 2011 we are planning an effort to offer incentive grants to cities (outside the five where we have already worked) that have begun to develop OST systems.

#### **STRENGTHENING OST FINANCIAL MANAGEMENT**

The premise of this separate Chicago initiative is that if high-performing OST organizations improve their financial management, and the cities and states that finance them adopt more supportive funding practices, the organizations will be better able to provide high-quality programs to children and the OST field will benefit from the lessons. Begun in 2009, the initiative is managed for Wallace by Fiscal Management Associates (FMA), the consulting firm that wrote our study on OST organizations and the management constraints they face.

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<sup>10</sup> Mayoral changes: In Chicago, Richard Daley announced he would not run for re-election in the spring; Providence Mayor-Elect Angel Taveras was to take office in January 2011 as Mayor David Cicilline stepped down to enter Congress; in Washington, Adrian Fenty lost his seat to Vincent Gray, who was to become mayor in January 2011.

The Wallace initiative has three parts:

- Offering intensive, one-on-one financial management consulting and training to 14 OST organizations and “lighter-touch” group assistance to another 12 OST organizations.
- Backing a forum where city and state policymakers, private and public funders, nonprofits and others figure out how to make their financial reporting and payment practices less burdensome for OST groups.
- Documenting and sharing lessons with the field.

## **SIGNIFICANT DEVELOPMENTS AND CHALLENGES IN 2010**

### *State Fiscal Woes Loom Large for Grantees, But Financial Training Proceeds*

Our initiative was launched just as a major economic storm began battering state government finances in Illinois. There is no denying that our grantee organizations felt the full impact, but our initiative fared surprisingly well under the circumstances and even helped the grantees find ways to soften the economy’s blows.

With high engagement of their top executives in the initiative, all provider organizations in both the individual and group training were making significant progress in 2010. The initiative proceeded according to schedule, and the OST organizations, which offered high praise for the FMA training, reported they were learning a lot about financial management.

Examples of progress for the organizations in the individual training included:

- Based on unaudited 2010 financials, annual income increased for all organizations, and 12 of 14 eliminated deficits.
- Financial reporting to boards of directors became more frequent and accurate.
- Decision-making by teams that include finance executives and program staff (critical to high-quality programming, according to research) were incorporated into operations.

Examples of progress for the organizations in the less intensive group training included:

- All grantees reported making significant organizational changes, such as hiring a grants manager, changing processes for allocating resources, and improving financial reporting so key information is presented to board members and finance committees.
- Some bought and were using improved accounting software.
- Many improved the accuracy of their cash flow projections.

Despite these signs of progress, the fiscal crisis in Illinois state government did take a toll on our grantee OST organizations. Most of them rely on state funding, and Illinois’ budget problems brought not only cuts in public funding but also long delays in reimbursements for OST services provided under contract with the state.<sup>11</sup> All our Chicago grantees reported serious unanticipated difficulties stemming from the fiscal crisis.

As a result, FMA, the project manager, reported that it stopped concentrating solely on teaching principles of sound financial management during normal times and spent substantial time on helping the grantees find sensible ways to manage money in times of economic distress – such as securing lines of credit and strategically budgeting for funding cuts.

An evaluation of the financial management effort is under way now.

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<sup>11</sup> In an Urban Institute survey, published in October 2010, 83 percent of Illinois nonprofits reported government payment delays, the highest rate in any U.S. state.

### *Policy Forum Gets Off the Ground*

The Policy Forum, organized for Wallace by the Donors Forum, got off to a good start, amid growing recognition of the importance of government working in ways that help, rather than burden, the nonprofit sector.<sup>12</sup>

In the grant's first year the Donors Forum assembled 41 diverse groups to improve funding policies and practices.<sup>13</sup> It also published a report outlining principles of partnership between government and the nonprofit sector for creating a mutually accountable system for delivering quality services.<sup>14</sup> The publication has been endorsed by close to 160 key legislators, foundations and nonprofit leaders, and by distributing more than 4,300 copies and making conference presentations, the Donors Forum has drawn attention to the issue in its home-bases of Chicago and Illinois, and beyond. All this work landed the Donors Forum a seat at the table of several city and state initiatives to boost the efficiency and delivery of high-quality services including: the Illinois Human Service Commission, city and state efforts to track funding to nonprofits,<sup>15</sup> and Getting Them Paid, a mayoral initiative to reduce barriers to payments.

A major challenge for the Donors Forum will be to navigate city and state leadership changes in 2011. However, we have been encouraged that attention to government funding policies and practices has reached Washington. In 2010, the Government Accountability Office, an arm of Congress formerly known as the General Accounting Office, reported on the reimbursement problem, in order to throw a spotlight on the "fiscal strain on [nonprofits]...and to provide information on nonprofits' indirect cost reimbursement, especially when funding flows through entities such as state and local governments."<sup>16</sup> It bears mentioning that throughout its report, the GAO cited findings from the Wallace-commissioned FMA study.

### **2011 PLANS**

In 2011, the Strengthening Financial Management initiative will continue to provide direct assistance to the nonprofits in Chicago and support of the Policy Forum. We expect the initiative to result in significant knowledge for improving financial decision-making for the OST sector and beyond.

Indeed, we believe we have already learned enough to begin working with FMA to develop practical tools and "how to" materials to add to Wallace's Web site so as to assist other OST providers and city officials struggling with similar issues. These tools are expected to include a Web-based diagnostic for OST providers to assess their fitness in areas like financial forecasting and understanding the actual costs of programs; a guide to help providers determine whether they would gain or lose money under the terms of a particular contract; and case studies on how OST providers improved their financial management. ■

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12 The Donors Forum is a Chicago-based nonprofit promoting philanthropy and a strong nonprofit sector in Illinois.

13 The Policy Forum includes youth service providers, funders, government officials, and civic groups.

14 *Fair and Accountable: Partnership Principles for a Sustainable Human Services System*, February 2010.

15 Chicago Department of Family and Support Services Management Information System and the Illinois Funders' Database Collaborative.

16 *Treatment and Reimbursement of Indirect Costs Vary Among Grants, and Depend Significantly on Federal, State, and Local government Practices*, May 2010. The report recommends that the Office of Management and Budget assemble representatives from nonprofits and federal, state, local government to address the problem.

# MORE TIME FOR LEARNING

In 2010, Wallace embarked on a new initiative to tackle a long-standing problem: the conventional six-hour, 180-day school year is insufficient to adequately educate many poor and minority students in the nation’s urban public schools. The learning loss that poor children experience over summer and that contributes significantly to the achievement gap is well documented. Efforts to expand learning time during the school day have shown some positive effects, particularly among low-income and minority youth, although research on these efforts is not as well developed as summer learning loss research.

In contrast, one thing the research *is* clear about is that simply adding hours and days to the schedule won’t help unless children occupy the extra time in programs known to boost learning. In recent years, some promising approaches have emerged, but they are few and have rarely been tested on a large scale in districts. Our More Time for Learning initiative is an attempt to rectify this. It encompasses efforts to provide additional learning programs during the summer as well to add learning time during the school year – and to determine what works and what does not. Although the organizations Wallace works with will differ according to the issue – summer or school-year time – the initiative overall is guided by three common strategies:

- Raise awareness. Inform mayors, district leaders and others central to urban schools policy about how more hours for learning, effectively used, could improve student achievement.
- Support leading providers. Strengthen the few well-established nonprofit organizations that use extra learning time effectively.
- Test solutions across districts. Help selected urban school districts test more-learning-time programs at an appropriate scale and then evaluate the results.

## **SIGNIFICANT DEVELOPMENTS AND CHALLENGES IN 2010**

To launch this initiative, Wallace’s board approved grants of nearly \$13 million in 2010. The year’s milestones included the following:

We commissioned a survey of top education leaders to get a reading of how important an issue more learning time is for them now. This provides a baseline from which to measure progress as the initiative proceeds. The responses indicate that education leaders have yet to recognize more learning time as a major concern. When given a list of 21 education issues and asked which were the top five for the next three to five years, only 11 percent of respondents selected “increasing the school day or year” and only 6 percent chose summer learning loss. This was far below the percentages for issues including teacher quality and principal leadership. An open-ended question found even less attention to learning time: only 6 of 296 respondents named lengthening the school day or year as among the three most important K-12 education issues.<sup>1</sup> The findings underscore the importance of Wallace’s effort to raise awareness about more learning time.

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<sup>1</sup> The survey, by the AED nonprofit research group, had 331 respondents; 296 answered the open-ended question.

## SUMMER LEARNING

### *Raising Awareness*

To gauge parents' interest in summer learning, we funded the *America After 3PM: Special Report on Summer*.<sup>2</sup> It pointed to a significant unmet demand for summer learning programs among parents, finding that although only 25 percent of school-age children take part in summer learning programs, 56 percent of parents of non-participating kids would likely use them if they were available.

We also supported an effort to strengthen the National Summer Learning Association, the major national organization in that field, by funding development of a 10-year strategic plan for communications and policy.

### *Supporting Leading Providers*

In 2010, the Wallace board approved grants to three nonprofit programs that have evidence of easing summer learning loss: Building Educated Leaders for Life (BELL), Higher Achievement and Horizons National. Our grants were intended to help them survive the economic downturn and to expand so they could offer high-quality summer learning activities to more children. Despite the recession and reduced funding for programs across the country, all three organizations saw their annual income jump, perhaps indicating interest in their work. BELL's and Higher Achievement's rose by roughly 20 percent from 2009 to 2010; Horizons' income doubled. This was not just because of Wallace support but also because each group received new grants from other donors and, in Higher Achievement's case, the federal 21st Century Community Learning Centers program.

Perhaps most important, each group served more children, as shown in the chart below:

	BELL	HIGHER ACHIEVEMENT	HORIZONS NATIONAL
Children served in summer 2009	3,008	508	1,689
Children served in summer 2010	7,336	610	1,833

### *Testing Programs at an Appropriate Scale in School Districts*

Throughout 2010, we were planning the launch of a formal, multi-year research and demonstration project to test whether summer learning programs can be undertaken at a large scale in selected urban school districts and, if so, whether they can reduce summer learning loss. To ensure this work rests on the best evidence, we engaged the RAND Corporation to analyze summer learning loss research and what's known about the effects of summer learning programs.<sup>3</sup> We also engaged MDRC, a research and demonstration project organization, to help us design the district effort and identify districts that would be good candidates for it. We expect the district work to get under way in the summer of 2011.

<sup>2</sup> Released on National Summer Learning Day in June 2010, the report, produced by the nonprofit Afterschool Alliance, drew national attention. It was a spinoff of an earlier report, backed by the JC Penney Afterschool Fund, that explored attitudes toward after-school programs.

<sup>3</sup> The report is expected to be published in 2011.

## **EXTENDED LEARNING TIME (ELT)**

In 2010, our extended learning time (ELT) efforts were less developed than our summer learning work, owing in no small part to the relative scarcity of information on how to extend school time in ways that actually boost children's learning. We did, however, take a few initial steps.

### *Raising Awareness*

We funded the National Center for Time and Learning, the only national organization dedicated to ELT, to strengthen its voice in communicating about the potential value of extended learning time. The group began developing materials such as a survey of the country's district-ELT landscape and a brief analyzing new state policies to support ELT. It also drafted a strategic communications plan plotting out activities including a national conference for fall 2011. And the group started working with other education organizations to familiarize a broader swath of the education world about ELT.

### *Supporting Leading Providers*

To learn more about extended learning and to identify nonprofits with high quality ELT programs, we asked the Child Trends research firm to analyze the available research. Their study, which is expected to be published in late summer 2011, found that the evidence of effectiveness of ELT programs is weaker than the evidence on summer learning programs. However, the research did find a number of positive associations with ELT programs, particularly for low-income, academically-struggling and minority students, and it suggests that longer school days (if done well) could help raise academic achievement for them.

## **PLANS FOR 2011**

### *Summer Learning*

We expect the major effort in summer learning in 2011 to be the launch of the research and demonstration project in up to six school districts. We plan to target elementary school students (grades 3 to 5), offer them learning programs that combine both academic and enrichment activities for consecutive summers, and then track their performance in subsequent school years. We also expect to provide expert assistance to the districts in areas including how to more effectively market these summer programs to parents and children.

On a smaller scale and for individual organizations, effective summer learning programs have been shown to reduce summer learning loss. But little information exists about the effects of summer programs at large scale and over time. Thus we expect keen interest among policymakers about the results, information that could be used to make decisions about how to allocate scarce public funding for the education of the nation's most vulnerable children.

### *Extended Learning Time*

In 2010, we were developing criteria for how to select the nonprofits best suited for carrying out a test of promising models of extended learning programs. ■

# ARTS EDUCATION

The chances of a city public school student getting a good education in the arts, either in a classroom or after-school program, are slim. They are slimmer still for those living in poverty.<sup>1</sup>

Since 2005, Wallace has been working to improve the odds by funding initiatives that coordinate the arts education work of schools, city agencies, cultural organizations and others. The idea behind this is that joint efforts are more powerful than individual efforts in lifting the quality and availability of arts instruction.

Until recently, we had asked our grantees to focus on improving both in- and out-of-school arts. However, based on our five-year experience in Dallas and shorter planning periods in other cities, in 2010 we changed tack. We asked our newer grantees to work on in-school arts education alone, and we designed two new strategies for arts learning outside of school: working with national youth-serving organizations and exploiting digital technology. The idea is to make arts opportunities available to children wherever they are – in the classroom, in after-school programs or in cyberspace

## SIGNIFICANT DEVELOPMENTS AND CHALLENGES IN 2010

### *Dallas*

In Dallas, arts education nonprofit Big Thought, our grantee since 2005, has spent years coordinating the work of the local school district, city agencies and more than 100 cultural organizations to bring more and better arts instruction to children and teens. The effort, called Thriving Minds, continues to be recognized as a national model for urban school districts, and our funding in 2010 supported four projects that build on Thriving Minds' work:

- Designing and conducting workshops to train teachers and artists in using the arts to support learning in math, science, social studies and English. The work benefitted from Big Thought's major role in 2010 in developing a new school district summer program centered on academics and arts.
- Connecting out-of-school arts programming to a newly-revised school arts curriculum. Among other things, Big Thought has spelled out the arts concepts and skills taught in school and come up with out-of-school time arts activities to reinforce them. This matching has become the basis for design of out-of-school arts programs.
- Setting up a Web site allowing school districts, after-school programs and others to take advantage of Thriving Minds' materials for evaluating the quality of arts teaching.
- Launching arts-focused after-school programs in two high-poverty neighborhoods. Using school census data to pick the sites, Big Thought opened both programs in fall.

### *New Directions*

Although our Dallas grantee has managed to take on both in- and out-of-school arts learning, we concluded in 2010 that more recent efforts, especially in today's difficult economic climate, were unlikely to be able to tackle the two tasks at the same time. Having our newer grantees concentrate

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<sup>1</sup> A Wallace-funded study found that in elementary school, visual arts and music education "tends to be spotty, casual and brief," and theater and dance instruction is "even more limited." Laura Zakaras, Julia F. Lowell, *Cultivating Demand for the Arts: Arts Learning, Arts Engagement, and State Arts Policy*, RAND Corporation, 2008, 51. Another report found that in California only 25 percent of children in high-poverty schools receive quality education in music; 29 percent in visual arts; 8 percent in theater and 7 percent in dance. K.R. Woodworth, H.A. Gallagher, and R. Guha, *An Unfinished Canvas: Arts Education in California: Taking Stock of Policies and Practices*. SRI International, 2007, 13.



on school was the priority, we reasoned, because a complete education includes the arts and because school is where the kids are. In 2010, we added the Seattle Public Schools to the list of grantees receiving Wallace funding to help develop plans for introducing more and stronger classroom arts instruction. Wallace-supported arts learning planning efforts were under way as well in Boston, Minneapolis and Los Angeles.<sup>2</sup>

Our overriding strategy is to try to provide arts education in different places – classrooms, after-school programs or the kids’ own computers.

That’s not to say that we lost sight of out-of-school arts for kids. We spent much of 2010 developing two new strategies to complement our schools effort: working with national youth-serving organizations to increase arts learning in after-school programs and exploring how to take advantage of technology to provide digital arts experiences that teenagers could engage in on their own. Our overriding strategy is to try to provide arts education in different places – classrooms, after-school programs or the kids’ own computers. That way, if one avenue to the arts is blocked, children might have another open to them. And if all are open, children will benefit from reinforcing arts experiences.

### *Challenges*

We know from past experiences that leadership changes can destabilize initiatives, and in 2010 one of the cities where we are supporting planning efforts saw the departure of both its school superintendent and the head of the nonprofit working with the schools on an arts learning plan. This triggered some delays. It was also a good reminder that transitions are inevitable, sometimes difficult and always necessary to navigate.

We also know that secure and adequate funding for school projects faces risks as school systems try to weather a turbulent economy. For these reasons, we are carefully monitoring the progress of the arts learning efforts in our selected school districts.

### **LOOKING AHEAD: 2011**

We believe that restructuring the initiative into three distinct strategies offers us greater opportunity to reach youngsters than we would have had working only with school districts. Each strategy is at a different stage of development, as described below.

#### *Strategy 1. Help school districts find effective ways to revitalize arts learning opportunities so that they become a meaningful part of students’ educational experience.*

Based on our experience, we believe that arts learning efforts in schools can succeed only when district leaders fully back arts learning, and the cities that are part of our initiative have all demonstrated this commitment. Arts learning plans for schools in Boston, Minneapolis and Los Angeles were expected to be completed in 2011; Seattle in 2010.

In early 2011, we plan to hold two meetings for representatives from each grantee school district to enable them to discuss four issues they are likely to face as they embark on new arts education efforts: student enrollment data collection and analysis; curriculum development; professional development for teaching artists; and building support for the arts from school leaders. We identified these subjects in a survey we sent to the grantees in 2010, asking them to list major aspects of improving arts education and rate both how important each was and how capable they were of tackling it. We also plan to engage the

<sup>2</sup> Our grant recipients in the Los Angeles area were the Los Angeles Unified School District and the Los Angeles County Arts Commission, which encompasses the 80 Los Angeles-area school districts not covered by Los Angeles Unified School District.

Arts Education Partnership (an arts education improvement project of the Council of Chief State School Officers and other groups) to help manage these meetings, organize technical assistance for the districts and run a “learning community” in which they learn from one another.

*Strategy 2. Work with national youth organizations to bring better after-school arts learning opportunities to disadvantaged neighborhoods.*

We believe the reach of national youth organizations and their expertise in operating strong out-of-school time programs make them good candidates to expand arts learning opportunities for children in poor neighborhoods. We expect to continue exploring the feasibility of working with one or more of them to help them develop rich arts learning programs that could be adopted nationwide by their local affiliates.

*Strategy 3. Reach teens with electronic media – mobile applications, social networks and game technologies – for making and doing art.*

In an era marked by the rise of new technologies and the decline of public funding for arts instruction, we can benefit by exploring whether electronic media can step in when traditional arts education has faltered. Strategy 3, which seeks to tap into teens’ avid consumption of popular culture and digital media, is a response to the precipitous decline in students’ participation in arts classes from middle school to high school.<sup>3</sup> The development of an arts-learning technology is something of a departure for Wallace, so at the end of 2010, we commissioned a paper to learn more about the possibilities for a foundation role in promoting arts experiences for teenagers through digital media. The author is Kylie Pepler, an expert in media use by urban young people and assistant professor in the Learning Sciences Program at Indiana University, Bloomington. In 2011, we plan more examination of the possibilities.

**SUMMARY**

We realize our new three-part strategy is ambitious and that budget woes facing schools, youth groups and cultural organizations are likely to continue for several years. However, we believe we should continue our support of school districts, given their interest in our work and our expectation that lessons from other districts could yield new ideas and add validity to what Dallas has undertaken. We also look forward to further work on our two new strategies. ■

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<sup>3</sup> Laura Zakaris, Julia F. Lowell, *Cultivating Demand for the Arts: Arts Learning, Arts Engagement, and State Arts Policy*, RAND Corporation, 2008, 34.

# AUDIENCE DEVELOPMENT FOR THE ARTS

The Wallace Excellence Awards (WEA) initiative supports 54 exemplary arts organizations in six cities to identify, develop and share effective ideas and practices for engaging more people in the arts. In April 2009, we agreed to phase out the initiative and focus our efforts on arts learning for children. However, WEA's important work will continue through 2014 and is actively managed by Wallace's staff.

The initiative is based on the hypothesis that if arts organizations in selected cities carry out well-resourced strategies for audience development, they will be better able to engage new audiences in the arts and produce useful lessons for the field. Also, if a broad cross-section of arts organizations in a city learns about audience development and applies that new knowledge, then these organizations' audience-building capabilities will be strengthened, too. The initiative has three major undertakings:

- Funding selected arts groups in Boston, Chicago, Philadelphia, San Francisco, Seattle and Minneapolis/St. Paul to implement and assess their participation-building strategies.
- Supporting government agencies and/or foundations in each city to create forums in which arts organizations learn about participation-building from peers and experts, and to "re-grant" Wallace dollars for modest participation projects.
- Documenting and disseminating lessons about audience-building to the field.

A 2010 staff assessment concluded that these three activities are proceeding successfully in each WEA city. The learning forums have been set up. The arts organizations are carrying out their strategies. And the assistance from market research experts we are providing is helping the grantees to gather and use data to track their progress and make adjustments as necessary. We now have sufficient quantitative and qualitative data from grantees to confirm that our investment is yielding positive results in building arts participation.

## DEVELOPMENTS AND CHALLENGES IN 2010

As 2010 drew to a close, the WEA projects were between halfway and fully completed, with the grantees in the oldest WEA cities (Boston and Chicago) furthest along. Our analysis of their work leads us to the following observations:

*Overall, WEA audience-building efforts continue to succeed.* Each grantee is seeking to boost the participation of a particular audience segment or, in some cases, its total audience. In 2010, despite the difficult economy, the size of grantees' targeted audiences grew a median of 14 percent over 2009. This exceeded the 10 percent increase from 2008 to 2009. Looking at cumulative gains from the time WEA was launched to 2010, the median increase in participation among targeted groups across grantees has been 24 percent.

*Arts organizations that aimed to increase the participation of a specific group continued to see the largest increases.* Grantees targeting a particular group of people (say, families or teens) saw a median increase in participation of 15 percent in 2010, compared to 1 percent for grantees aiming to increase their overall audience size. These results have held steady for three years. Part of the explanation is mathematical; it's easier to show a larger percentage increase for a smaller target group. But the finding is also consistent with observations in a 2001 Wallace-commissioned RAND report. *A New Framework for Building Participation in the Arts* asserted that because the factors that inhibit participation can vary from one group of people to another, arts organizations would be wise to focus attention and resources on building the participation of a population segment, rather than all people.

*Larger arts organizations saw greater gains in participation than smaller ones.* Grantees with the largest annual operating budgets recorded a median increase in participation of 17 percent in 2010, followed by 11 percent for mid-sized grantees, and 5 percent for the smallest.<sup>1</sup> We saw similar results in 2009, and the staff attributes them in part to the larger organizations' having more expertise and experience in marketing, communications and other endeavors important for participation-building. Moreover, given their already thinly-stretched staffs, smaller organizations might feel more strain than larger ones in managing the new work.

*The first publications from the initiative look promising, combining credible data on results with practical guidance about how to reach new audiences.* In 2009 we commissioned a set of "case study evaluations" on four WEA participation efforts. Based on a staff review of the early drafts, we believe the case studies provide strong evidence that participation-building can be advanced using a variety of approaches, market research and management practices.

*Sustaining the work after the Wallace grants end may be difficult in the current economic environment.* In 2010, Boston became the first grantee site to end its WEA initiative, and at a closing event in November, our grantees presented the results of their work and detailed what they had learned in a report, *The Art of Participation: Shared Lessons in Audience Engagement*, published by the Massachusetts Cultural Council and The Boston Foundation.<sup>2</sup> In Boston, we also saw signs that the economic crisis and still-weak recovery have put funders under tremendous pressure. The question is whether this will prevent them from propelling the work begun under WEA in Boston and elsewhere.

#### **PLANS FOR 2011:**

##### *Development and Dissemination of Case Studies on Grantees' Participation-Building Efforts*

The arts field currently has little information, not to mention hard data, about what works – and doesn't – for arts organizations seeking to reach new audiences. Even Wallace, considered a valued resource for ideas on expanding audiences, has never published evaluations of specific strategies. So, our case studies are unusual and we anticipate a great deal of interest in them.<sup>3</sup>

The first set is expected to be published in 2011. The centerpiece of our communications effort for them will be a blog on [artsjournal.com](http://artsjournal.com), a leading Web site for arts and cultural organizations. The blog will focus on the reports and the importance of reaching new audiences, offering participants the chance to react to the studies and share their own experiences. We also plan to host a Webinar on the studies, hold an audio press conference, and pursue speaking engagements at meetings of such associations as the Alliance for the Arts in New York City, the National Arts Marketing Project and the Theatre Communications Group.

Since the four studies were commissioned, many more grantees have seen their audience-building efforts take hold and have developed their own stores of knowledge. We believe, therefore, that the time is right for a second harvest from WEA and expect in 2011 to get other reports under way. The reports would include case studies on up to seven arts organizations' audience-building projects and up to two studies looking at questions that many arts groups are asking – such as how to reach people who think "this art form isn't for me," or how to use digital technologies to engage new audiences.

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<sup>1</sup> The largest grantees have annual operating budgets of more than \$10 million, mid-sized grantees have budgets of \$3 to 10 million, and the smallest have budgets of \$1 to \$3 million.

<sup>2</sup> [http://www.tbf.org/uploadedFiles/tbforg/Utility\\_Navigation/Multimedia\\_Library/Reports/ArtofParticipation2010.pdf](http://www.tbf.org/uploadedFiles/tbforg/Utility_Navigation/Multimedia_Library/Reports/ArtofParticipation2010.pdf)

<sup>3</sup> The projects profiled are: The Isabella Stewart Gardner Museum's experience drawing young people to arts events; Steppenwolf Theatre's work to encourage single-ticket buyers to return; the Boston Lyric Opera's efforts to interest children and their families in opera; and the San Francisco Girls Chorus' work to attract classical music fans. The studies offer data on the results of these endeavors and information useful for many types of arts groups.

### *Technical Assistance and Grantee Conference*

Because we believe it is critically important to ensure that all grantees continue to receive the assistance they need to gather useful information about their target audiences and participation strategies, we will continue to fund the consultants who have been assisting WEA grantees on data collection and other issues through the life of the initiative.

In addition, we will plan a conference in 2011 that will enable all our WEA grantees (including those whose grants have now ended) to come together, to share lessons and learn from one another's experience. We know that our grantees value these conferences<sup>4</sup>, and believe a 2011 meeting to be particularly important in helping them plan how they'll sustain their participation gains as WEA draws to a close. ■

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<sup>4</sup> Source: 2010 WEA grantee progress reports

In keeping with our “facts are friendly” philosophy, we have long worked to find meaningful comparisons of our performance to that of other foundations. *In 2010, we examined our performance in five areas: strategy, mission and impact, grantee relationships, communication and governance.* Since 2004 a key source of information for these comparisons has been the Center for Effective Philanthropy’s Grantee Perception Survey, which gathers information from a large, anonymous sample of grantees from many foundations. We also draw from sources including third-party surveys of “thought leaders” and those who download our publications.

Within the Grantee Perception Survey, Wallace’s 2010 ratings were roughly similar to those in 2008.<sup>1</sup> However, some were lower, with two substantially so, and several higher. The declines appear to reflect two developments:

- Wallace staff reductions in late 2009 disrupted many grantees’ main point of contact with the foundation.
- Wallace announced it would not make new grants for on-the-ground work in several areas: the Wallace Excellence Awards for arts; state-district education leadership efforts; the after-school city-level system-building initiative; and New Orleans summer youth programs.

These disappointments could well have affected grantees’ ratings of their Wallace experience, and the staff has been working hard to manage and respond to grantees’ understandable and realistic concerns.

Despite the ratings’ declines, Wallace’s comparative effectiveness continues to be very high for our use of strategy, impact on public policy and grantees’ fields, non-monetary assistance to grantees, communication of lessons, reputation for influence, and transparency and accountability.

## 1. STRATEGY

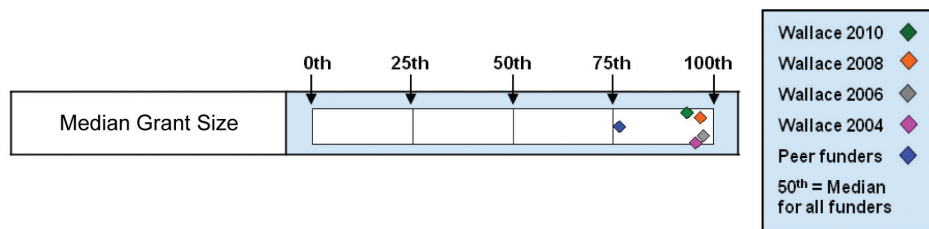
Many experts believe that a foundation’s effectiveness depends on its creating and executing clear, focused strategies to achieve results. In 2010, we further strengthened our use of strategy in all program areas and created strategies for several new undertakings. This work was (and is) an essential part of Wallace’s approach to philanthropy. Before launching a major initiative, representatives from the foundation’s program, communications, and research and evaluation units devote much time to designing a strategy for it. They then put their ideas to paper in strategy charts that lay out the goal of initiative, Wallace’s rationale for it, the actions Wallace and grantees will take to carry out the effort, the expected results, and the measurements Wallace will use to gauge them.

Below we summarize findings from a 2009 report, *Essentials of Foundation Strategy* (also by the Center for Effective Philanthropy), and compare them to Wallace practices.

- ***Clear goals:*** Less than half of CEOs and program officers at large foundations (those with assets of \$100 million or more) report that their board, CEO and staff understand the foundation’s goals. Wallace’s board has an opportunity to review the foundation’s vision, mission and investment priorities at every meeting.
- ***Coherent, well-implemented strategy:*** Some 37 percent of CEOs and program officers at large foundations report agreement among the board, CEO and staff that their foundation’s strategies are the most appropriate ones for achieving their goals. The practice at Wallace is to have the board review and approve of strategy charts before the staff makes grant recommendations.

<sup>1</sup> Sent to 175 organizations with active Wallace grants and completed by 135. Wallace’s 2010 Grantee Perception Survey had a response rate of 77 percent. This compares to an average response rate of 73 percent for Wallace’s four previous surveys. The comparative data on other foundations’ grantees come from almost 40,000 organizations that received grants from 262 large foundations between 2003 and 2010.

- **Relevant performance indicators:** Some 26 percent of large foundations report that they use performance metrics for all their strategies. At Wallace, all strategy charts contain performance measures, which the staff tracks over the course of an initiative.
- **Strategy tied to field data and track records of past programs and the foundation's current programs:** The Center for Effective Philanthropy places Wallace near the top of the range of large foundations for this metric.
- **Grant size and duration:** Experts agree that large, multi-year grants are generally the most effective, and Wallace grants are larger and longer than grants from most other large foundations. Wallace's average grant amount was \$493,000 for 2010, exceeding the average for 90 percent of large foundations. Wallace's average grant length is 3.5 years, compared to 2.1 years for large foundations.

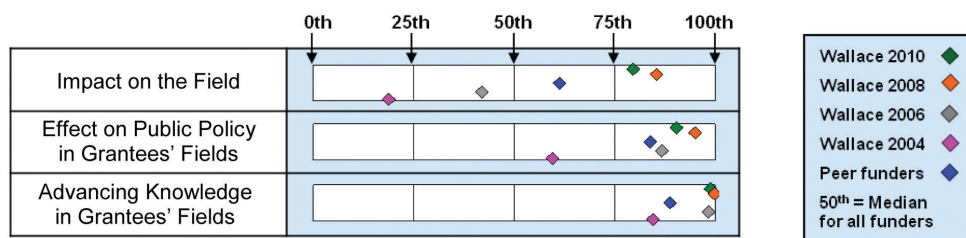


- **Evaluations:** Evaluations are not widely used by large foundations (although this is slowly changing) and are rarely made public. In 2010, the Evaluation Roundtable identified fewer than 20 large foundations that actively conduct evaluations – roughly 15 percent of large foundations.<sup>2</sup> Wallace and the Robert Wood Johnson Foundation are recognized as among the foundations most active in using evaluations.

## 2. MISSION AND IMPACT

Leaders of organizations receiving grants from large foundations observe the extent to which these foundations contribute to improvements in their fields of endeavor and public policy. Making such contributions is central to the Wallace approach of supporting “on the ground” innovation, closely-related research, and communication to policymakers and practitioners in the fields we support.

In 2010, Wallace was rated above 90 percent of large foundations in impact on public policy and advancing field knowledge and above 80 percent of large foundations in impact on grantees' fields, according to the Grantee Perception Survey. These ratings represent small drops from the last survey (2008), declining by -0.1 to -0.2 on a scale of 1.0 to 7.0 and likely reflecting the factors cited above – staff reductions and the end of grants in some initiatives.



<sup>2</sup> The Evaluation Roundtable is a group of senior staff members from foundations using or planning to use evaluations systematically.

For the 2010 survey, we requested a customized question (one seen only by Wallace grantees) asking Wallace grant recipients to rate the importance of Wallace’s grant in “helping your organization achieve its mission.” Sixty percent gave the top rating, 7, while 25 percent rated their Wallace grant at 6. Because the question appeared on our survey alone, we can’t compare the findings to other foundations, but the results suggest that Wallace’s mission is very closely aligned with the grantees’ missions.

### 3. RELATIONSHIPS WITH GRANTEES

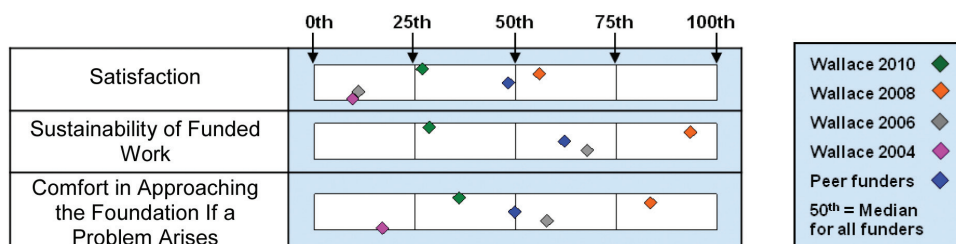
Wallace’s relationships with grantees directly affect our effectiveness and our reputation. Our staff works to develop strong “customer service” relationships with our grantees in many ways, including responding promptly to questions or unexpected events, providing non-monetary assistance (through technical support and connections with other grantees, for example), and helping grantees plan to sustain their work after the grant’s completion.

Wallace’s first Grantee Perception Survey in 2004 found that many of our grantee relationship ratings were well below the median for large foundations. The figures improved substantially from 2004 through 2008. In 2010, the ratings were mixed, with some declines and some improvements.

This was not a surprise; we’d anticipated that our relationships with grantees would be undermined by the staff reductions and end of grants in several areas. The 2010 survey confirmed this expectation, with 46 percent of grantees reporting that their primary Wallace contact had changed in the last six months, compared with 12 percent for other large foundations.

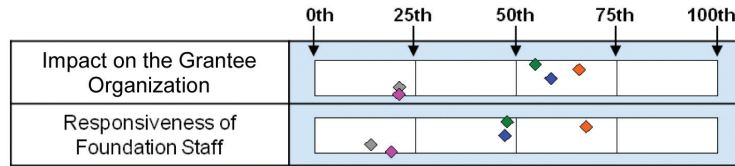
Three indicators of our relationships with grantees showed significant declines. Grantees’ overall satisfaction with their experience with Wallace fell from the 50th percentile to the 25th percentile. Although it is difficult to see inside grantees’ assessment of satisfaction with Wallace, the decline may be an understandable response to the loss of many grantees’ valued Wallace staff contacts, and the ending of grant-making for many grantees’ areas of work. The declines in satisfaction occurred among arts grantees and, to a lesser extent, education grantees, the two program areas with the greatest staff reductions and announcements of the end of new grant-making. The extent to which grantees believed that Wallace improved their ability to sustain the funded work in the future fell from the 85th percentile to the 30th percentile, possibly reflecting the same factors that disrupted relationships with Wallace. Also, it’s clear that it is much more difficult for grantees to replace grants averaging \$500,000 from Wallace than grants averaging \$60,000 from the other surveyed foundations. Finally, grantees’ comfort approaching the foundation if a problem arises fell from the 80th to the 35th percentile. The likely reasons are the disruption of the often longstanding relationships many grantees had with staff members whose positions were eliminated, and the need to start relationships with those newly assigned to work with them.

The ratings clearly call for Wallace to rebuild positive grantee relationships through stable and responsive staffing, flexibility in responding to grantees’ situations, and continued non-monetary support.

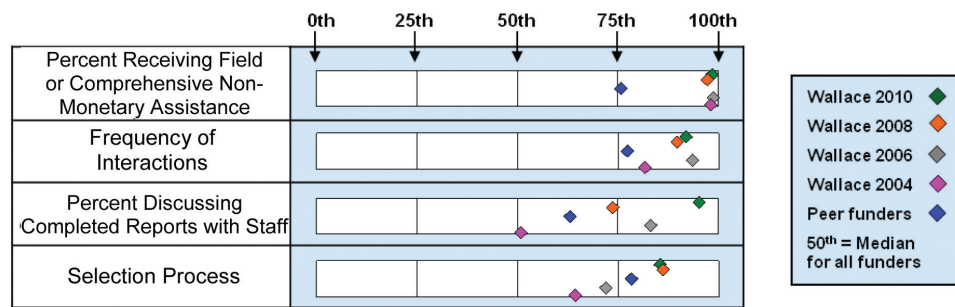




Two additional customer service ratings showed modest declines in 2010, by -0.1 to -0.15 on the 1.0 to 7.0 scale, translating into a percentile decline of roughly 10-15 percentile points. The drops occurred in ratings of Wallace’s impact on the grantee’s organization, and the responsiveness of Wallace’s staff to grantees. The foundation staff continues to focus on improving our work in these areas.

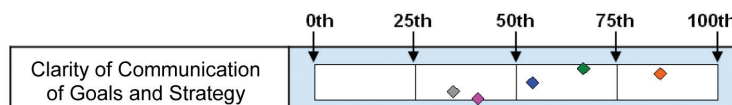


Simultaneously, the survey showed modest increases in four customer service ratings: the receipt of non-monetary assistance; the frequency of Wallace staff interactions with grantees; the staff’s discussion of grantees’ reports; and the helpfulness of Wallace’s grantee selection process. We will reinforce these aspects of Wallace’s work with grantees, because grantees clearly benefit from them.



#### 4. COMMUNICATION AND PUBLIC OUTREACH

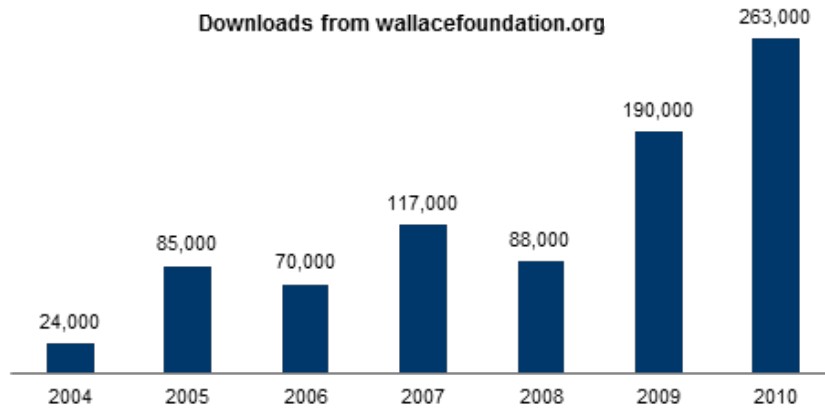
Wallace’s work requires clear and in-depth communication with grantees, policymakers and field leaders. In 2010, grantee ratings of Wallace’s communication activities were stable and high. Grantees rated Wallace’s communication of the foundation’s goals and strategies at the 70th percentile, slightly lower than in 2008. In survey comments, grantees comments pointed to the staff reductions as a factor in these ratings.



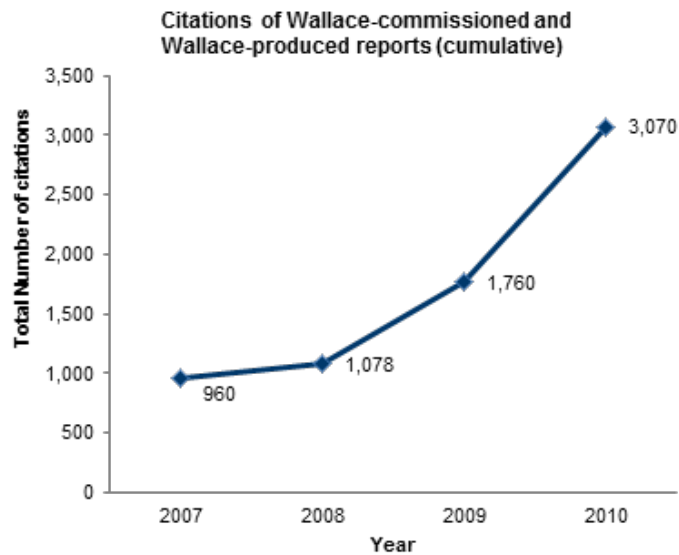
Comparative communications data from other foundations are not available, mostly because few large foundations publicly release research and evaluation reports. This aspect of Wallace’s work is unusual among foundations.

We measure our communication of ideas and information from Wallace’s work by looking at the number of reports and other material downloaded from the foundation Web site, and citations of Wallace-funded research and evaluations in trade and scholarly journals. Downloads increased to more than 260,000 in 2010, a 37 percent increase over 2009. This likely reflects the release of new reports and other resources, vigorous outreach and positive perceptions of the value of lessons from Wallace.<sup>3</sup>

<sup>3</sup> Based on consistent findings from Wallace’s 2010 survey of our Web site users, 2010 focus groups conducted for Wallace by Edge Research and a 2009 survey of thought leaders done for Wallace by the Academy for Educational Development.



Citations of Wallace-commissioned and Wallace-produced reports in research and professional literature have tripled in the last three years, likely owing to the release of more than 80 new publications since 2007, the value readers place on them, expanded communications and the two- to three-year time lag between Wallace’s release of a report and subsequent citations of it.<sup>4</sup>



In our decade assessment a year ago, we mined a survey of thought leaders in the fields where we are active to examine Wallace’s reputation for influence on issues that we work on. The survey was conducted by the Academy for Educational Development, a nonprofit research group.<sup>5</sup> Because Wallace’s perceived influence is unlikely to change much from year to year (and any changes are likely to be increases, because we continued to release major findings from the last decade’s work in education and after school), we briefly summarize the survey here: Some 76 percent of non-grantee leaders ranked Wallace high as a source of effective ideas and practices in 2009, almost double the 39 percent in 2004. Wallace was also ranked above sources of information including membership organizations, specialized organizations, government, and research journals.

<sup>4</sup> As measured by Google Scholar, the main authority on citations in the research and professional literature.

<sup>5</sup> Thought leaders were identified for the survey based on their reputation, leadership of major organizations in Wallace’s fields, and media prominence. Wallace grantees were excluded to avoid bias.

## 5. GOVERNANCE

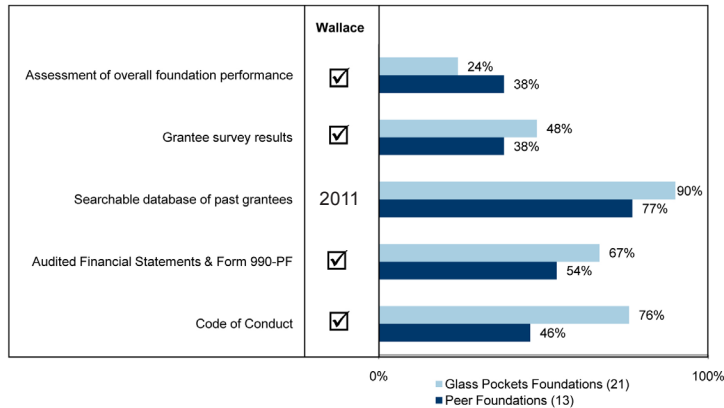
Foundations are often judged by how open they are about their operations. A recently-launched effort offers foundations a way to compare themselves to other foundations on that score.

In 2010, the Foundation Center unveiled its Glasspockets initiative to encourage openness in philanthropy. The project invites foundations to describe their “online transparency and accountability practices,” specifically whether and how they disclose 23 pieces of information about themselves online – from their conflict of interest policies to their assessments of their performance. These descriptions are then posted in individual foundation profiles at glasspockets.org.

At the end of 2010, Wallace was one of 21 foundations with a Glasspockets profile, and it showed that Wallace publishes on its Web site most of the information in question. Our one notable gap, a searchable database of past grantees, was to be filled in Wallace’s redesigned Web site, scheduled for launch in 2011.

For this report, we selected five of the most significant Glasspockets benchmarks and compared Wallace to the other foundations with Glasspockets profiles in 2010, as well as to 13 “peer” foundations, that is, foundations roughly similar to Wallace in size and other respects. ■

GLASSPOCKETS SELECTED BENCHMARKS



6 The information falls into six categories: basics (mission statements, for example); governance policies (such as committee charters); human resources policies (including the executive compensation process); financial matters (audited financial statements, for example); grantmaking (including discussion of strategy and priorities); and performance measurement (including a grantee feedback mechanism).

# NEW PUBLICATIONS AND MULTIMEDIA RESOURCES AT WALLACEFOUNDATION.ORG

Downloadable for free at [www.wallacefoundation.org](http://www.wallacefoundation.org)

## SCHOOL LEADERSHIP

### PUBLICATIONS

#### LEARNING-FOCUSED LEADERSHIP AND LEADERSHIP SUPPORT: MEANING AND PRACTICE IN URBAN SYSTEMS

*Center for the Study of Teaching and Policy/University of Washington.* Veteran research team describes five practices key to supporting effective school leadership.

#### THE THREE ESSENTIALS: IMPROVING SCHOOLS REQUIRES DISTRICT VISION, DISTRICT AND STATE SUPPORT, AND PRINCIPAL LEADERSHIP

*Southern Regional Education Board.* SREB report details strategies for improving public high school education, including effective use of data.

#### DISTRICTS DEVELOPING LEADERS: LESSONS ON CONSUMER ACTIONS AND PROGRAM APPROACHES FROM EIGHT URBAN DISTRICTS

*Education Development Center, Inc.* Urban school districts encounter payoffs and challenges when they set out to improve principal training by flexing their consumer muscle.

#### WHEN URBAN SCHOOL DISTRICTS DEMAND IT, PRINCIPAL TRAINING AND PREPARATION CAN IMPROVE

*The Wallace Foundation.* Wallace summary of major findings from report examining a consumer approach by districts to improving principal training. With updates from four districts.

#### THE SCHOOL TURNAROUND FIELD GUIDE

*FSG Social Impact Advisors.* What's known – and what isn't – about turning around the lowest-performing schools.

#### LEARNING FROM LEADERSHIP: INVESTIGATING THE LINKS TO IMPROVED STUDENT LEARNING

*University of Minnesota/University of Toronto.* Largest in-depth study of school leadership so far provides new evidence on how school leadership affects student learning.

#### CONNECTING LEADERSHIP TO LEARNING

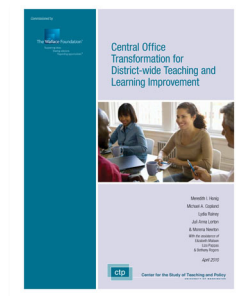
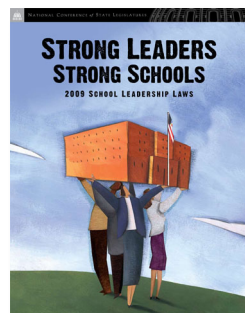
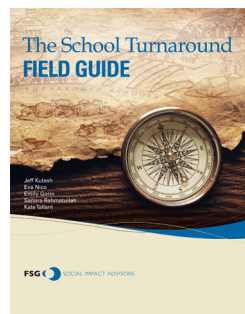
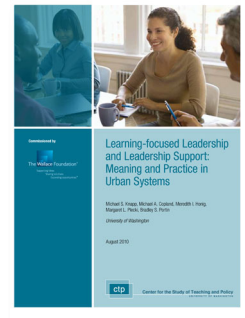
*The Wallace Foundation.* Wallace summary of key findings from major study of links between leadership and learning also describes implications for schools, districts and states.

#### STRONG LEADERS STRONG SCHOOLS: 2009 SCHOOL LEADERSHIP LAWS

*National Conference of State Legislatures.* Survey of new state laws on school leadership finds lawmaker focus on topics ranging from inspection of training programs to principal bonuses.

#### CENTRAL OFFICE TRANSFORMATION FOR DISTRICT-WIDE TEACHING AND LEARNING IMPROVEMENT

*Center for the Study of Teaching and Policy/University of Washington.* Report details five steps for district central offices to take to shift from compliance to improvement of instruction.



**HOW DISTRICT CENTRAL OFFICES CAN HELP LEAD SCHOOL IMPROVEMENT**

*The Wallace Foundation.* Wallace summary of major findings from study on changing central offices to focus on instruction. With recommendations for district leaders.

**EDUCATION LEADERSHIP: AN AGENDA FOR SCHOOL IMPROVEMENT**

*The Wallace Foundation.* Nationally-recognized figures at Wallace conference acknowledge central role of leadership in turning around schools and suggest how to support it.

**NEW MEDIA**

**THE LEARNING FROM LEADERSHIP STUDY: A VIDEO COMMENTARY ON THE REPORT**

In online interviews, researchers discuss findings from largest in-depth study to date on links between leadership and learning.



**AUDIENCE DEVELOPMENT FOR THE ARTS**

**PUBLICATIONS**

**FROM START TO FINISH: LESSONS FROM THE WALLACE FOUNDATION'S WORK WITH STATE ARTS AGENCIES**

*The Wallace Foundation.* Retrospective look at Wallace's State Arts Partnerships for Cultural Participation (START) initiative finds ambiguity in goals but successes as well.

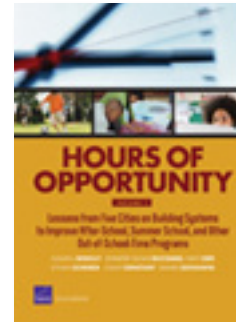


**AFTER SCHOOL**

**PUBLICATIONS**

**HOURS OF OPPORTUNITY (VOLUMES I AND III): LESSONS FROM FIVE CITIES ON BUILDING SYSTEMS TO IMPROVE AFTER-SCHOOL, SUMMER SCHOOL, AND OTHER OUT-OF-SCHOOL-TIME PROGRAMS**

*RAND Corporation.* Major report finds promise in citywide approach to improving quality and accessibility of after-school programs. With analysis and profiles of Wallace-supported efforts.



**HOURS OF OPPORTUNITY (VOL. II): THE POWER OF DATA TO IMPROVE AFTER-SCHOOL PROGRAMS CITYWIDE**

*RAND Corporation.* Study finds that management information systems can be powerful tools for cities seeking to improve quality and accessibility of after-school programs.

**BOLSTERING OUT-OF-SCHOOL TIME FOR CITY KIDS: A NEW "SYSTEMS" APPROACH**

*The Wallace Foundation.* Wallace summary of central findings from major RAND study on citywide approach to improving quality and accessibility of after-school programs.

**USING INFORMATION TECHNOLOGY TO BOOST CITY AFTER-SCHOOL OPPORTUNITIES**

*The Wallace Foundation.* Wallace summary of findings from RAND research on data use in citywide after-school efforts offers pointers on setting up management information systems.



**THE BEACON COMMUNITY CENTERS MIDDLE SCHOOL INITIATIVE: REPORT ON IMPLEMENTATION AND YOUTH EXPERIENCE IN THE INITIATIVE'S SECOND YEAR**

*Policy Studies Associates, Inc.* Examination of New York City effort to attract younger teens to after-school programming suggests that a master teacher can make a difference.

**ENGAGING OLDER YOUTH: PROGRAM AND CITY-LEVEL STRATEGIES TO SUPPORT SUSTAINED PARTICIPATION IN OUT-OF-SCHOOL TIME**

*Harvard Family Research Project, Public/Private Ventures.* Six-city study identifies strategies high-quality after-school time programs can use to attract and hold on to teenagers.

**AFTERZONES: CREATING A CITYWIDE SYSTEM TO SUPPORT AND SUSTAIN HIGH-QUALITY AFTER-SCHOOL PROGRAMS**

*Public/Private Ventures.* Study finds successes in enrollment and challenges in long-term funding for model Providence, Rhode Island middle school after-school effort.

**STRENGTHENING PARTNERSHIPS AND BUILDING PUBLIC WILL FOR OUT-OF-SCHOOL TIME PROGRAMS**

*National League of Cities.* Guide describes strategies municipal leaders can use to build up after-school programming, including involving many institutions in the effort.

**NEW MEDIA**

**HOURS OF OPPORTUNITY: A VIDEO COMMENTARY**

Researcher and Wallace director discuss findings from major RAND study on citywide approach to improving quality and accessibility of after-school programs.

**ILLUSTRATION OF AN OST SYSTEM**

Online graphic shows “before” and “after” of building citywide effort to improve after-school programming.

**WEBINAR. HOURS OF OPPORTUNITY: INSIGHTS FROM CITIES' EFFORTS TO BUILD CITYWIDE AFTERSCHOOL SYSTEMS**

Researchers, city after-school officials and other experts highlight key findings from major RAND study of citywide approach to improving after-school programming.

**SUMMER AND EXTENDED LEARNING TIME**

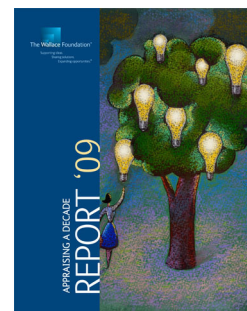
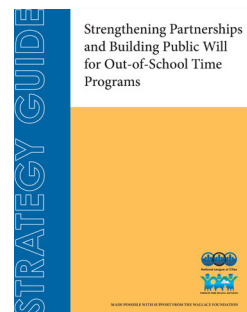
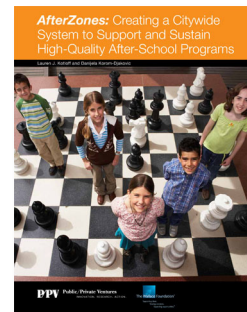
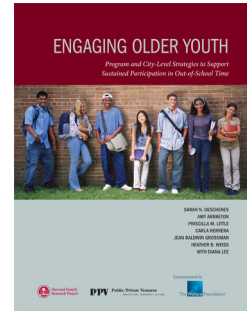
**AMERICA AFTER 3 PM: SPECIAL REPORT ON SUMMER**

*Afterschool Alliance.* National survey finds high demand for summer learning programs among parents.

**ADVANCING PHILANTHROPY**

**WALLACE'S REPORT '09: APPRAISING A DECADE**

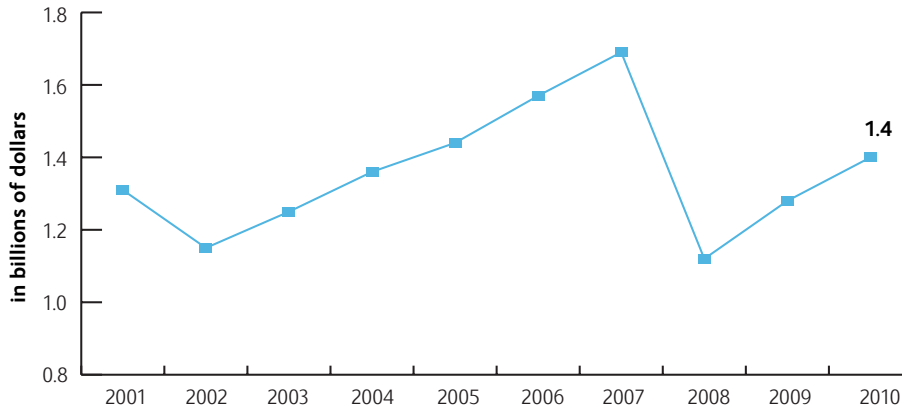
*The Wallace Foundation.* Wallace's 2009 report reviews progress at the foundation since its pivotal 1999 decision to reshape its work around knowledge-sharing.



# FINANCIAL OVERVIEW

## INVESTMENT ASSETS

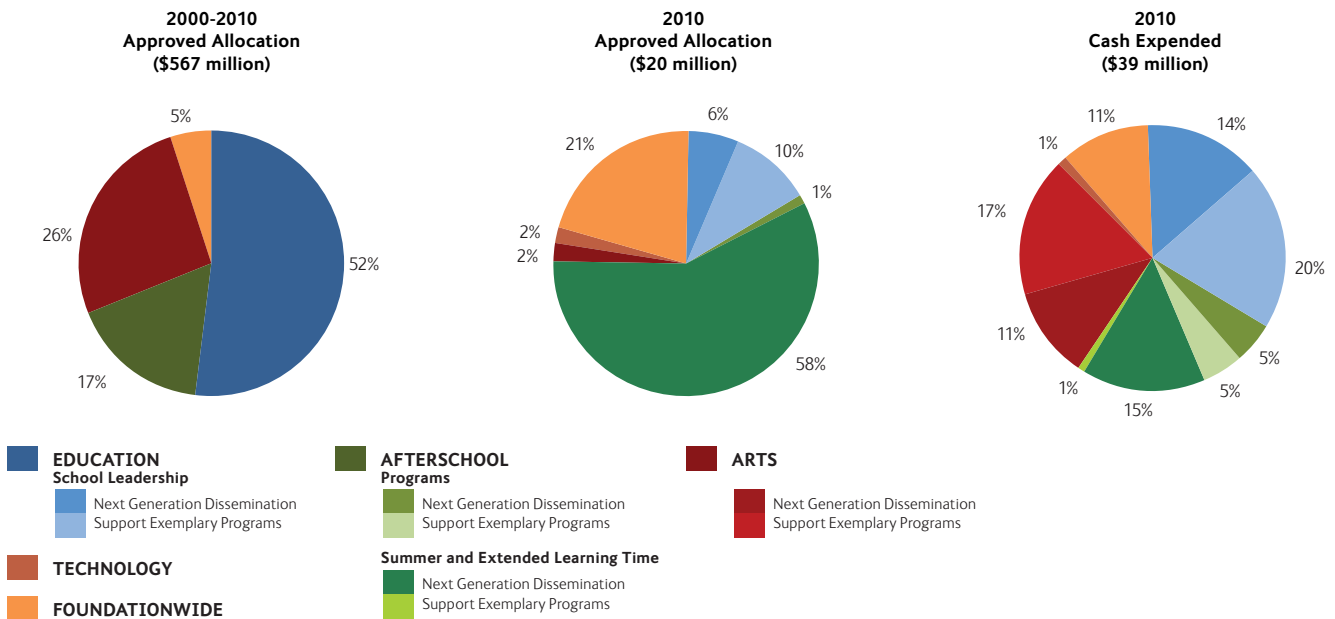
Our portfolio totaled \$1.406 billion as of December 31, 2010, which was \$132 million higher than December 31, 2009. Over the last 10 years, we also paid \$626 million in grants and expenses, which included \$48 million paid in 2010.



## RESOURCE ALLOCATION OF GRANTS AND RELATED EXPENSES

The grants and related expenses approved in 2010 reflect the foundation’s emphasis on having strong and well-thought-out strategies in place before making commitments of our resources and staff. Because most of 2010 was devoted to developing strategies which were presented and approved by the board throughout the year, most grants actually paid out in 2010 represented areas for which strategies had been developed in prior years. The notable exception was our *Summer and Extended Learning Time* initiative, whose strategies were approved early enough in the year to permit initial grants to be made in 2010.

The following pie charts show spending in the various focus areas over the past 11 years, and more specifically differentiate grants approved in 2010 (which reflect initial grants in some new areas of work) from grants actually paid in 2010 (which encompass both old and new work).



# PROGRAM EXPENDITURES AND COMMITMENTS

The following tables describe and list the expenditures made in 2010 to advance Wallace’s work in its areas of after school, arts education, audience development for the arts, school leadership, and summer and extended learning time. In each of these areas, our approach and expenditures are grouped under two main categories: Develop Innovation Sites, and Develop and Share Knowledge.

- **DEVELOP INNOVATION SITES** — We fund and closely work with our grantees – which are usually institutions rather than individuals – to help them plan and test out new approaches to solving major public problems. These “innovation site” efforts can provide us and the broader field with insights into which ideas work, which do not and which conditions support or impede progress.
- **DEVELOP AND SHARE KNOWLEDGE** — Through our grantees’ work and related research we commission, we develop lessons that can improve both public policy and the standard practices in our fields of interest. We then use a number of different communications strategies to get the word out.



Our goal is to lift the quality of leadership by principals and other key school figures so they can better improve teaching and learning in their schools.

## 1. DEVELOP INNOVATION SITES

These grants provide consolidated state-district support to help grantees link state and district policies affecting leadership training, standards and conditions.

Organization / IRS name, if different (City, State)	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>ILLINOIS STATE UNIVERSITY</b> / The Board of Trustees of Illinois State University (Normal, IL)	–	1,000,000	–
<b>JEFFERSON COUNTY PUBLIC SCHOOLS</b> (Louisville, KY)	–	950,000	–
<b>MASSACHUSETTS DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION</b> (Malden, MA)	–	500,000	–
<b>STATE OF LOUISIANA OFFICE OF THE GOVERNOR</b> (Baton Rouge, LA)	–	275,000	–
<b>STATE OF NEW MEXICO DEPARTMENT OF FINANCE AND ADMINISTRATION</b> (Santa Fe, NM)	–	850,000	–
<b>THE UNIVERSITY OF THE STATE OF NEW YORK</b> / The University of the State of New York Regents Research Fund (Albany, NY)	–	850,000	–

## 2. DEVELOP AND SHARE KNOWLEDGE

These grants support the dissemination of ideas and information learned through Wallace’s research efforts and work in states and districts.

<b>AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS</b> (Arlington, VA) – To organize forums and brief publications to support leadership preparation program faculty and their institutions in thinking through the implications of Wallace knowledge.	75,000	75,000	–
<b>COUNCIL OF CHIEF STATE SCHOOL OFFICERS, INC.</b> (Washington, DC) – To share Wallace knowledge on education leadership with state chiefs through speaking engagements and other means.	200,000	200,000	–



	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>THE EDUCATION TRUST, INC.</b> (Washington, DC) – To assist in knowledge dissemination through conferences and other means to bring greater national focus to education leadership.	75,000	75,000	–
<b>NATIONAL ASSOCIATION OF STATE BOARDS OF EDUCATION</b> (Alexandria, VA) – To share Wallace knowledge on education leadership and after-school learning with state board members through speaking engagements and other means.	100,000	100,000	–
<b>NATIONAL CONFERENCE OF STATE LEGISLATURES</b> (Denver, CO) – To share Wallace knowledge on education leadership with state legislators and policy advisers through means including speaking engagements and publications.	265,000	265,000	–
<b>NATIONAL GOVERNORS ASSOCIATION CENTER FOR BEST PRACTICES</b> (Washington, DC) – To share Wallace knowledge on education leadership with governors and policy advisers through means including policy forums.	200,000	200,000	–
<b>UNIVERSITY COUNCIL FOR EDUCATIONAL ADMINISTRATION</b> (Austin, TX) – To organize forums and brief publications to support leadership preparation program faculty and their institutions in thinking through the implications of Wallace knowledge.	75,000	75,000	–

## OTHER EDUCATION PROJECTS

<b>THE FUND FOR PUBLIC SCHOOLS, INC.</b> (New York, NY) – Matching grant for federal Investing in Innovation grant. To further develop, refine and expand School of One's pilot program, which uses an innovative, adaptive and individually-tailored computer technology to teach math to middle school students.	425,000	212,500	212,500
<b>HARVARD UNIVERSITY</b> / President and Fellows of Harvard College (Cambridge, MA) – To create the Wallace Fellowship Endowment Fund at the Harvard Graduate School of Education.	–	7,500,000	–
<b>JAMES B. HUNT, JR. INSTITUTE FOR EDUCATIONAL LEADERSHIP AND POLICY FOUNDATION</b> (Durham, NC) – To provide partial support for a governors' education symposium in 2011 focusing on education policy.	100,000	100,000	–
<b>KIPP FOUNDATION</b> (San Francisco, CA) – Matching grant for federal Investing in Innovation grant. To support scaling up KIPP's effective leadership development model.	2,000,000	200,000	1,800,000

### AFTER SCHOOL

Our goal is to improve the quality and accessibility of city out-of-school time (OST) programs so that children and teens, especially those with the highest needs, attend often enough to benefit.

#### 1. DEVELOP INNOVATION SITES

These grants support efforts to develop and test coordinated, citywide approaches to increasing participation in high-quality after-school learning opportunities for children and teens.

<b>AFTER SCHOOL MATTERS</b> (Chicago, IL) – To expand the capabilities of the OST project's information technology system and to expand an effort to improve the quality of OST programs.	–	1,000,000	400,000
<b>PROVIDENCE AFTER SCHOOL ALLIANCE</b> (Providence, RI) – To develop OST activities that reinforce what children are learning in school, and to help improve administrative management of OST program operators.	–	550,000	1,150,000

STRENGTHENING FINANCIAL MANAGEMENT – This effort seeks to strengthen the financial management capabilities of nonprofit organizations that provide high-quality after-school programs to children and teens in Chicago, and to study and recommend how funder/nonprofit contracting procedures and policies could be improved.

	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>AFTER SCHOOL MATTERS, INC.</b> (Chicago, IL)	–	40,000	–
<b>ALBANY PARK COMMUNITY CENTER, INC.</b> (Chicago, IL)	–	20,000	20,000
<b>ALTERNATIVES INCORPORATED</b> (Chicago, IL)	–	75,000	40,000
<b>ASSOCIATION HOUSE OF CHICAGO</b> (Chicago, IL)	–	75,000	40,000
<b>BETTER BOYS FOUNDATION</b> (Chicago, IL)	–	20,000	20,000
<b>BIG BROTHERS BIG SISTERS OF METROPOLITAN CHICAGO</b> (Chicago, IL)	–	40,000	–
<b>BUILD, INC.</b> / BUILD Incorporated (Chicago, IL)	–	20,000	20,000
<b>CAROLE ROBERTSON CENTER FOR LEARNING</b> (Chicago, IL)	–	40,000	–
<b>CASA CENTRAL SOCIAL SERVICES CORPORATION</b> (Chicago, IL)	–	20,000	20,000
<b>CENTER ON HALSTED</b> (Chicago, IL)	–	75,000	40,000
<b>CHICAGO YOUTH CENTERS</b> (Chicago, IL)	–	20,000	20,000
<b>CHINESE AMERICAN SERVICE LEAGUE, INC.</b> (Chicago, IL)	–	20,000	20,000
<b>ERIE NEIGHBORHOOD HOUSE</b> (Chicago, IL)	–	40,000	–
<b>GADS HILL CENTER</b> (Chicago, IL)	–	40,000	–
<b>GIRL SCOUTS OF GREATER CHICAGO AND NORTHWEST INDIANA, INC.</b> (Chicago, IL)	–	40,000	–
<b>GIRLS IN THE GAME NFP</b> (Chicago, IL)	–	40,000	–
<b>HOWARD AREA COMMUNITY CENTER</b> (Chicago, IL)	–	40,000	–
<b>INSTITUTE FOR LATINO PROGRESS</b> (Chicago, IL)	–	75,000	40,000
<b>LATIN WOMEN IN ACTION</b> (Chicago, IL)	–	20,000	20,000
<b>LOGAN SQUARE NEIGHBORHOOD ASSOCIATION INC.</b> (Chicago, IL)	–	20,000	20,000
<b>METROPOLITAN FAMILY SERVICES</b> (Chicago, IL)	–	75,000	40,000
<b>NEIGHBORHOOD BOYS AND GIRLS CLUB</b> (Chicago, IL)	–	20,000	20,000
<b>SGA YOUTH AND FAMILY SERVICES, NFP</b> (Chicago, IL)	–	20,000	–
<b>SOUTH SHORE DRILL TEAM &amp; PERFORMING ARTS ENSEMBLE</b> (Chicago, IL)	–	20,000	20,000
<b>SOUTHWEST YOUTH SERVICES COLLABORATIVE</b> (Chicago, IL)	–	20,000	20,000
<b>YOUTH GUIDANCE</b> (Chicago, IL)	–	40,000	–
<b>FISCAL MANAGEMENT ASSOCIATES, INC.</b> (New York, NY) – To provide financial management training and assistance to grantees.	1,066,500	1,066,500	–
<b>DONORS FORUM</b> (Chicago, IL) –To establish a Chicago policy forum of government, philanthropic and nonprofit leaders to analyze and recommend improvements in funding policies, practices and conditions that affect the performance of nonprofit organizations in that city.	–	350,000	350,000

## 2. DEVELOP AND SHARE KNOWLEDGE

These grants are designed to fill key knowledge gaps and to share the lessons being learned through Wallace’s grantee work and research efforts.

	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>NATIONAL LEAGUE OF CITIES INSTITUTE</b> (Washington, DC) – To promote the spread of useful, reliable knowledge, information and tools that will help city leaders to build systems that support high-quality OST services.	125,000	125,000	–
<b>NATIONAL LEAGUE OF CITIES INSTITUTE</b> (Washington, DC) – To conduct research on OST systems in U.S. cities and assist Wallace with planning.	100,000	100,000	–
<b>THE PENNSYLVANIA STATE UNIVERSITY</b> (University Park, PA) – To support an innovative effort to address behavior problems that arise in many youth-serving programs.	–	50,000	–
<b>PUBLIC/PRIVATE VENTURES</b> (Philadelphia, PA) – To conduct a study about the effectiveness of financial management training for OST providers.	–	250,000	425,000



This initiative seeks to enable city children to boost their school achievement by spending more time learning both over the summer and during the school year.

## 1. DEVELOP INNOVATION SITES

In 2011, Wallace plans to help selected city school districts begin to test on a wide scale approaches to summer learning that have been effective on a small scale.

<b>MDRC</b> (New York, NY) – To support the design and site development of a summer learning demonstration project in urban school districts.	600,000	450,000	150,000
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## 2. DEVELOP AND SHARE KNOWLEDGE

These grants are designed to identify and fill key knowledge gaps and to support the dissemination of ideas and information learned through Wallace’s research efforts and work with grantees.

EXTENDED LEARNING TIME			
<b>ACADEMY FOR EDUCATIONAL DEVELOPMENT, INC.</b> (Washington, DC) – To survey leaders in public education and city government on their understanding of emerging education issues.	45,000	45,000	–
<b>ACADEMY FOR EDUCATIONAL DEVELOPMENT, INC.</b> (Washington, DC) – To assist Wallace in planning a conference of leading thinkers to explore the topic of reimagining the school day and its link to school improvement.	250,000	232,000	18,000
<b>CHILD TRENDS, INC.</b> (Washington, DC) – To support a literature review on extended learning time programs.	150,000	150,000	–
<b>NATIONAL CENTER ON TIME &amp; LEARNING</b> / Massachusetts 2020 Foundation Inc. (Boston, MA) – To help the organization serve as an effective voice for extended learning time through its communications’ efforts, knowledge development and development of strategic partnerships.	250,000	250,000	–

	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>SUMMER LEARNING</b>			
<b>AFTERSCHOOL ALLIANCE</b> (Washington, DC) – To develop and disseminate a report – based on data collected from the America After 3PM survey – on the supply of and demand for summer enrichment programs for youngsters nationwide.	92,000	92,000	–
<b>NATIONAL SUMMER LEARNING ASSOCIATION INC.</b> (Baltimore, MD) – To support ongoing communications activity and development of NSLA's organizational strategic plan and communications plan.	350,000	350,000	–
<b>RAND CORPORATION</b> (Santa Monica, CA) – To produce a report examining what's known about summer learning programs, their effectiveness and their costs.	635,000	570,000	65,000

### SUPPORT PREMIER PROVIDERS

These grants support “premier providers” – that is, multiple-city or multiple-district organizations that have demonstrated they use extra learning time in ways that result in learning gains – so that they can refine and expand their programming to meet demand for high-quality services.

<b>BUILDING EDUCATED LEADERS FOR LIFE</b> / The B.E.L.L. Foundation, Inc. (Dorchester, MA) – To provide general operating support to execute the organization's strategic plan.	4,000,000	1,800,000	2,200,000
<b>HIGHER ACHIEVEMENT</b> (Washington, DC) – To provide general operating support to execute the group's strategic plan, and expand an ongoing program evaluation by Public/Private Ventures to assess the impact of after-school and summer program components.	3,000,000	1,600,000	1,400,000
<b>HORIZONS NATIONAL STUDENT ENRICHMENT PROGRAM INC.</b> (Norwalk, CT) – To provide general operating support to refine and execute its business plan.	300,000	300,000	–

### OTHER SUMMER AND EXTENDED LEARNING TIME PROJECTS

<b>HARVARD UNIVERSITY</b> / President and Fellows of Harvard College (Cambridge, MA) – Matching grant for federal Investing in Innovation grant. To support Project READS.	2,000,000	830,000	1,170,000
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#### AUDIENCE DEVELOPMENT FOR THE ARTS

This initiative seeks to support innovative ways for getting more people more deeply involved in the arts so they may reap the rewards of engaging with art.

#### 1. DEVELOP INNOVATION SITES

The WALLACE EXCELLENCE AWARDS program supports exemplary arts organizations in selected cities to test practices for building participation in the arts. Grants also support community foundations and other organizations in those cities to help disseminate useful information and ideas about arts participation.

<b>ALONZO KING'S LINES BALLET</b> / Alonzo Kings LINES Ballet San Francisco Dance Center (San Francisco, CA)	–	50,000	–
<b>ANNENBERG CENTER FOR THE PERFORMING ARTS</b> / Trustees of the University of Pennsylvania (Philadelphia, PA)	–	50,000	–
<b>ARDEN THEATRE COMPANY</b> (Philadelphia, PA)	–	50,000	–
<b>BOSTON FOUNDATION</b> (Boston, MA)	–	50,000	–

	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>BOSTON LYRIC OPERA COMPANY</b> (Boston, MA)	–	35,000	–
<b>CENTER FOR ASIAN AMERICAN MEDIA</b> (San Francisco, CA)	–	50,000	–
<b>THE CHAMBER ORCHESTRA OF PHILADELPHIA</b> / Concerto Soloists of Philadelphia (Philadelphia, PA)	–	210,000	–
<b>THE CHICAGO COMMUNITY TRUST</b> / The Chicago Community Foundation (Chicago, IL)	–	50,000	–
<b>THE CLAY STUDIO</b> (Philadelphia, PA)	–	50,000	–
<b>THE CONTEMPORARY JEWISH MUSEUM</b> (San Francisco, CA)	–	50,000	–
<b>CORPORATION OF THE FINE ARTS MUSEUMS</b> (San Francisco, CA)	–	50,000	–
<b>EXPERIENCE MUSIC PROJECT/SCIENCE FICTION MUSEUM AND HALL OF FAME</b> / Experience Learning Community (Seattle, WA)	–	285,000	160,000
<b>GARFIELD PARK CONSERVATORY ALLIANCE</b> (Chicago, IL)	–	25,000	–
<b>ISABELLA STEWART GARDNER MUSEUM, INC.</b> (Boston, MA)	–	25,000	–
<b>MACPHAIL CENTER FOR MUSIC</b> (Minneapolis, MN)	–	200,000	100,000
<b>THE MINNEAPOLIS INSTITUTE OF ARTS</b> / The Minneapolis Society of Fine Arts (Minneapolis, MN)	–	200,000	100,000
<b>MINNESOTA COMMUNITY FOUNDATION</b> (Saint Paul, MN)	–	400,000	300,000
<b>THE MINNESOTA OPERA</b> (Minneapolis, MN)	–	200,000	100,000
<b>MINNESOTA ORCHESTRA</b> / Minnesota Orchestral Association (Minneapolis, MN)	–	200,000	200,000
<b>MIXED BLOOD THEATRE COMPANY</b> (Minneapolis, MN)	–	50,000	50,000
<b>NORTHERN CLAY CENTER</b> (Minneapolis, MN)	–	100,000	100,000
<b>ODC / OBERLIN DANCE COLLECTIVE</b> (San Francisco, CA)	–	50,000	–
<b>ON THE BOARDS</b> (Seattle, WA)	–	185,000	185,000
<b>ONE REEL</b> (Seattle, WA)	–	150,000	50,000
<b>OPERA COMPANY OF PHILADELPHIA</b> (Philadelphia, PA)	–	50,000	–
<b>ORDWAY CENTER FOR THE PERFORMING ARTS</b> (Saint Paul, MN)	–	200,000	150,000
<b>PACIFIC NORTHWEST BALLET</b> / Pacific Northwest Ballet Association (Seattle, WA)	–	100,000	62,000
<b>THE PHILADELPHIA FOUNDATION</b> (Philadelphia, PA)	–	200,000	200,000
<b>PHILADELPHIA LIVE ARTS FESTIVAL &amp; PHILLY FRINGE</b> / Philadelphia Fringe Festival (Philadelphia, PA)	–	50,000	–
<b>THE PHILADELPHIA ORCHESTRA ASSOCIATION</b> (Philadelphia, PA)	–	50,000	–
<b>PHILADELPHIA THEATRE COMPANY</b> (Philadelphia, PA)	–	125,000	–
<b>THE SAINT PAUL CHAMBER ORCHESTRA SOCIETY</b> (Saint Paul, MN)	–	200,000	150,000
<b>SAMUEL S. FLEISHER ART MEMORIAL INC.</b> (Philadelphia, PA)	–	50,000	–
<b>SAN FRANCISCO FOUNDATION</b> (San Francisco, CA)	–	370,000	50,000
<b>SAN FRANCISCO GIRLS CHORUS, INC.</b> (San Francisco, CA)	–	50,000	–
<b>SAN FRANCISCO JAZZ ORGANIZATION (SFJAZZ)</b> (San Francisco, CA)	–	150,000	–
<b>SAN FRANCISCO MUSEUM OF MODERN ART</b> (San Francisco, CA)	–	50,000	–

	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>SAN FRANCISCO OPERA ASSOCIATION</b> (San Francisco, CA)	–	50,000	–
<b>SEATTLE ART MUSEUM</b> (Seattle, WA)	–	200,000	150,000
<b>SEATTLE OPERA</b> (Seattle, WA)	–	315,000	215,000
<b>SEATTLE REPERTORY THEATRE</b> (Seattle, WA)	–	115,000	70,000
<b>SEATTLE YOUTH SYMPHONY ORCHESTRAS</b> (Seattle, WA)	–	125,000	125,000
<b>SIFF</b> (Seattle, WA)	–	370,000	180,000
<b>WASHINGTON STATE ARTS COMMISSION</b> (Olympia, WA)	–	400,000	300,000
<b>THE WILMA THEATER</b> (Philadelphia, PA)	–	50,000	–
<b>WORLD ARTS WEST</b> (San Francisco, CA)	–	50,000	–
<b>YERBA BUENA CENTER FOR THE ARTS</b> (San Francisco, CA)	–	50,000	–
<b>S. RADOFF ASSOCIATES</b> (New York, NY) – To provide technical assistance to arts organizations for data collection.	371,600	371,600	–

## 2. DEVELOP AND SHARE KNOWLEDGE

This funding supports the writing and publication of case studies of Wallace Excellence Award grantees as they develop and measure their projects to build participation in the arts.

<b>BOB HARLOW RESEARCH AND CONSULTING LLC</b> (New York, NY) – To research and write Wallace Excellence Award case studies.	306,000	306,000	–
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This initiative seeks to improve, expand and equitably distribute arts education for city children both in and outside of school.

## 1. DEVELOP INNOVATION SITES

These grants help efforts in selected cities to plan or develop approaches to lifting the quality and availability of arts education.

<b>BIG THOUGHT</b> (Dallas, TX) – To promote Thriving Minds' efforts to introduce innovations in improving the quality of arts instruction in and out of school in Dallas.	–	3,400,000	900,000
<b>EDVESTORS INCORPORATED</b> (Boston, MA) – To develop plans to expand and improve public school arts education in Boston public schools.	–	700,000	50,000
<b>THE PHILADELPHIA EDUCATION FUND</b> (Philadelphia, PA) – To support a coordinated arts learning effort in Philadelphia, The Philadelphia Arts for Children and Youth initiative, in collaboration with the William Penn Foundation.	–	200,000	–

## 2. DEVELOP AND SHARE KNOWLEDGE

<b>COUNCIL OF CHIEF STATE SCHOOL OFFICERS, INC.</b> (Washington, DC) – To plan and facilitate a meeting in early 2011 of representatives from school districts participating in Wallace's arts learning initiative.	45,000	45,000	–
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**FOUNDATION-  
WIDE  
GRANTS**

**COMMUNICATIONS**

	APPROVED 2010	PAID 2010	FUTURE PAYMENTS
<b>EDITORIAL PROJECTS IN EDUCATION, INC.</b> (Bethesda, MD) – To provide support for Education Week’s coverage of issues in school leadership, after school and arts learning.	1,000,000	1,000,000	–
<b>LEARNING FORWARD</b> / National Staff Development Council (Dallas, TX) – To assist in knowledge dissemination through conferences and other means to bring greater national focus to school leadership, after school and summer learning.	100,000	100,000	–
<b>LEARNING MATTERS, INC.</b> (New York, NY) – To support coverage of Wallace’s areas of interest: education leadership, after school, arts learning, and summer and extended learning time.	350,000	350,000	–
<b>NATIONAL PUBLIC RADIO, INC.</b> (Washington, DC) – To support coverage of the arts, education and after school and to continue to broaden awareness of The Wallace Foundation through on-air and podcast acknowledgements.	1,500,000	1,500,000	–

**SERVICES TO THE FIELD**

<b>THE CENTER FOR EFFECTIVE PHILANTHROPY, INC.</b> (Cambridge, MA) – For general support of this nonprofit organization focused on the development of comparative data to assist higher-performing funders and to support the Wallace grantee perception survey.	100,000	100,000	–
<b>THE COMMUNICATIONS NETWORK</b> (Naperville, IL) – To support this nonprofit membership organization whose mission is to provide resources, guidance and leadership to advance the strategic practice of communications in philanthropy.	10,000	10,000	–
<b>COUNCIL OF CHIEF STATE SCHOOL OFFICERS, INC.</b> (Washington, DC) – To support the work of the Arts Education Partnership to advance arts learning for children.	25,000	25,000	–
<b>COUNCIL ON FOUNDATIONS INC.</b> (Arlington, VA) – To support this national nonprofit membership organization for grantmakers.	49,500	49,500	–
<b>THE FOUNDATION CENTER</b> (New York, NY) – To support this national clearinghouse for information on private grantmaking.	100,000	100,000	–
<b>GRANTMAKERS FOR EDUCATION</b> (Portland, OR) – For general support and for GFE to incorporate expanded learning opportunities beyond the traditional school day, including after-school and arts education, into its work.	49,500	49,500	–
<b>GRANTMAKERS IN THE ARTS</b> (Seattle, WA) – General support of this nonprofit membership organization, which brings together staff members and trustees of private and corporate foundations to discuss issues of mutual concern, share information and exchange ideas about programs in the arts and cultural field.	22,000	22,000	–
<b>INDEPENDENT SECTOR</b> (Washington, DC) – To support this nonprofit coalition of organizations for giving, volunteering and nonprofit initiatives.	10,000	10,000	–
<b>FJC</b> (New York, NY) – To support the 2010 program activities of the New York City Youth Funders Network.	2,500	2,500	–
<b>NONPROFIT COORDINATING COMMITTEE OF NEW YORK</b> (New York, NY) – To support this association of nonprofit social service, education, arts, health care and philanthropic organizations dedicated to advancing New York’s nonprofit sector.	3,000	3,000	–
<b>PHILANTHROPY NEW YORK INC.</b> (New York, NY) – For general support of the principal professional community of philanthropic foundations based in the New York City region.	24,350	24,350	–
<b>MATCHING GIFTS</b>	13,044	13,550	4,044

**TOTALS**

**20,559,994      39,080,000      13,711,544**

Our vision is that children, particularly those living in distressed urban areas, have access to good schools and a variety of enrichment programs in and outside of school that prepare them to be contributing members of their communities. Our mission is to improve learning and enrichment for children.

To achieve this, we are focusing on efforts to:

- Improve the quality of schools, primarily through investments in developing and placing effective principals in high-needs schools.
- Improve the quality of and access to high quality out-of-school time programs, primarily through the creation of coordinated city systems that, among other things, use data and ongoing assessment; and to strengthen the financial management skills of the non-profits that deliver out-of-school time programs to children.
- Integrate in- and out-of-school learning by: supporting efforts to re-imagine and expand learning time during the traditional school day and year as well as during the summer months; helping develop ways to expand access to arts learning in and out of school; and using technology in new ways as a teaching tool and to promote creativity and imagination.

In all of our work, our approach is to select and invest in organizations willing to test promising new approaches, while commissioning and sharing independent research that could benefit the work in those “innovation sites” as well as many others places that are interested in pursuing similar changes but may never receive our direct funding. The strategies we are using in each of the areas are described elsewhere in this report.

In most cases, we identify and evaluate prospective grantees through the issuance of requests for proposals or other careful screening processes. While we believe this approach strengthens the effectiveness of our investments, it also means that unsolicited proposals are rarely funded. Nevertheless, you may submit an inquiry by e-mail briefly describing the project, your organization, the estimated total for the project and the portion requiring funding to: The Wallace Foundation [grantrequest@wallacefoundation.org](mailto:grantrequest@wallacefoundation.org).

The Foundation does not award grants for religious or fraternal organizations, international programs, conferences, historical restoration, health, medical or social service programs, environmental/conservation programs, capital campaigns, emergency funds or deficit financing, private foundations or individuals.

Whether or not your organization receives our funding, we welcome your continued interest in our work. We provide free access to a range of knowledge products containing ideas and practices that you may find useful. Please visit our Knowledge Center at [www.wallacefoundation.org](http://www.wallacefoundation.org) and sign up for our newsletter. ■



**THE WALLACE  
FOUNDATION:  
A BRIEF HISTORY**

The Wallace Foundation traces its origins back more than half a century to the philanthropic impulses of DeWitt and Lila Acheson Wallace, founders of The Reader's Digest Association. Giving freely of their time and the wealth amassed from the "little magazine" they launched in 1922, the Wallaces during their lifetimes contributed generously to a wide assortment of artistic, cultural and educational causes.



They also ensured that after their deaths their entire fortune would go to philanthropy. The Wallaces' giving touched many institutions and their legacy continues today through the work of The Wallace Foundation. You may read more about the Wallaces and their philanthropy in a booklet published by The New York Community Trust ([nycommunitytrust.org](http://nycommunitytrust.org)), where they established a number of charitable funds.

With assets of about \$1.4 billion in 2011, The Wallace Foundation stays true to Lila and DeWitt Wallace's passions for learning and the arts. Wallace today aims to better the lives of disadvantaged children in American cities by providing more opportunities to learn, both in and out of school. In particular, we focus on improving: the quality of the principals who lead our schools; the use of time devoted to learning during summer and the school day and year; and access to and the equitable distribution of quality arts learning and after-school programs. We also work on building appreciation and demand for the arts.

**GETTING ORGANIZED (1986 – 1990)**

The Wallaces died in the early 1980s (DeWitt in 1981 and Lila in 1984). Their

estate plan gave all of their assets to their foundations, a magnanimous philanthropic gesture. With the founders gone, the foundations – which owned all of Reader's Digest's stock – needed to develop an organizational structure. They rented office space in New York City and began to hire staff. M. Christine DeVita, who had been deputy general counsel at Reader's Digest, joined as executive director in 1988; then, with the board of directors, she helped create a plan to take Reader's Digest public to provide a public market in which the foundations could sell the founders' stock over time. The four Wallace foundations were merged into two and renamed the DeWitt Wallace-Reader's Digest Fund and the Lila Wallace-Reader's Digest Fund. Their missions were revised to concentrate on education and youth for DeWitt, and arts and culture for Lila. Grants evolved from supporting relatively small local programs to foundation-created initiatives with a more national focus.

**FIRST DECADE AS A NATIONAL  
FOUNDATION (1990 TO 1999)**

DeVita was named president of the Wallace Funds in 1989. In the following years, she played a key role in increas-

ing the number of national multi-year philanthropic initiatives taken on by the Funds. She also helped incorporate evaluation and communication expertise into the staff, a pioneering move for philanthropy of the time. The DeWitt Wallace-Reader's Digest Fund continued to focus on education (particularly teachers and school libraries) and national youth-serving organizations. The Lila Wallace-Reader's Digest Fund created audience development efforts for a variety of art forms and added initiatives in public libraries and urban parks.

The work of both Funds began to draw national attention. A teacher-recruitment program, Pathways to Teaching Careers, was recognized as a model in the 1998 reauthorization of the federal Higher Education Act. A program for school libraries, Library Power, became the basis for new national standards by the American Library Association. The Lila Wallace fund was among the first national foundations to invest in American folk art traditions. The Fund also received the National Medal for the Arts from the first President Bush for its work helping cultural organizations develop new audiences.

#### **SECOND DECADE AS A NATIONAL FOUNDATION (2000 TO 2009)**

Early in the 2000s, the Funds sold the last of their Reader's Digest stock and merged into a single philanthropy with a name reflecting its roots: The Wallace Foundation.

Equally significant was the adoption of a new approach to philanthropy. After studying the results of their efforts in the 1990s, Wallace's board and staff concluded that although the Funds had accomplished much, they had not fun-

damentally changed the areas in which they worked. The Wallace Foundation moved, therefore, from "doing good" to "making change," and developed the approach to philanthropy that is the hallmark of its work today: developing and sharing ideas and practices that can be used to effect beneficial changes in the areas of Wallace interest.

Over the decade, the foundation issued more than 150 reports and other publications highlighting findings from its on-the-ground work and commissioned research. Wallace's efforts in school leadership helped put an important but marginalized issue – the need to better train and support principals – high on the national education reform agenda. The foundation's work in Dallas supported the building of a national model for improving arts education for city children. Wallace's approach to improving after-school programming for urban youngsters is being adopted in a number of American cities. Our efforts in the arts helped shed light on ways arts organizations could reach new audiences.

#### **INTO THE FUTURE: 2010 AND BEYOND**

Wallace marked the first year of its third decade as a national foundation by intensive planning and a decision to concentrate further on providing children, particularly those living in distressed urban areas, with more and better opportunities to learn, in and out of school. The foundation also moved into a new area of interest: creating more time for learning. In 2011, Wallace reached another milestone with the retirement of DeVita, the organization's founding president. It steps into a new era with the arrival of William I. Miller at the helm beginning July 1. ■

## DIRECTORS & STAFF

### DIRECTORS

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## The Wallace Foundation®

Supporting ideas.  
Sharing solutions.  
Expanding opportunities.®

Our vision is that children, particularly those living in distressed urban areas, have access to good schools and a variety of enrichment programs in and outside of school that prepare them to be contributing members of their communities. Our mission is to improve learning and enrichment opportunities for children. We do this by supporting and sharing effective ideas and practices.

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