

2001 Year in Review

PUBLIC EDUCATION NETWORK

OUR VISION

Every day, in every community,
every child in America benefits
from a quality public education.

OUR MISSION

To build public demand and
mobilize resources for quality
public education through a
national constituency of local
education funds and individuals.

2001

was a wonderfully productive year for Public Education Network as the organization focused on community engagement as the way to improve public education. Membership grew dramatically, policy initiatives attracted and engaged local education funds (LEFs), an intellectual framework for public engagement and policy development was created, an LEF research agenda was conceived, and a research framework for the policy initiatives was developed.

PEN'S STRATEGIC GOALS

The goals of PEN's four-year strategic plan are based on a *theory of action* that focuses on public engagement as the missing, essential ingredient in effecting sustainable, whole-system education reform.

- Expand the number of LEFs to 100 across all 50 states.
- Change local, state, and national policies by building community support for qualified teachers, standards-based reform, and school and community services.
- Build a constituency of one million individuals for quality public education.
- Establish LEF organizational principles and practices as the national standard for organizations working to improve public education in their communities.

Goal 1

EXPANDING THE NETWORK

Two strategies are helping the Network meet the membership goal of 100 LEFs across all 50 states by 2003: working with school reform organizations, foundations, and corporations to identify prospective LEF organizations; and tapping the expertise of former LEF directors to assist in recruiting efforts and technical assistance. At year-end, PEN had 69 members, an increase of 15 over 2000.

PEN staff visited 95 percent of the Network's members in 2001. PEN also conducted an orientation for all new LEF directors and re-granted \$1.13 million to the policy initiatives implementation and planning sites. Opportunities for professional growth and networking included a communications affinity group meeting in Denver, CO; a directors retreat in Keystone, CO; and PEN's annual conference in

Washington, DC, which featured keynote speeches by Toni Morrison, Nobel laureate and author, and Nicholas Lehman, author of *The Big Test*.

Goal 2

PUBLIC ENGAGEMENT INITIATIVES

PEN has raised \$17.35 million to support the first round of technical assistance and planning and implementation grants. PEN also received additional support from the Carnegie Corporation for the teacher quality initiative and from Metropolitan Life Foundation to undertake an examination of first-year teachers. Policy Study Associates, a nationally known research firm, was selected to conduct a three-year evaluation of the initiatives' success in reaching desired outcomes.

- In 29 states and the District of Columbia, 69 LEF members work to improve public education for more than 6.5 million K–12 students in 313 school districts across the country.
- LEFs operate 300+ programs, including professional development and teacher preparation programs, last-dollar scholarships, math and science programs, and school health services.
- LEFs serve disadvantaged communities in which, on average, 53 percent of all students are eligible for free or reduced-price lunches.
- In 2001, LEFs contributed more than \$120 million to support school reform efforts.
- Since 1983, LEFs have raised more than \$1 billion to support the improvement of public education for the nation's poorest children.

Goal 3

BUILDING A PEOPLE'S CONSTITUENCY

To help bring the *theory of action* on public engagement into the homes, schools, and civic organizations of the nation's communities, PEN formed a five-year partnership with *Education Week* to conduct an annual poll on American attitudes toward public education.

The 2001 poll confirmed that improving public schools is an important issue to America's voters. To give voters a meaningful way to express their commitment to public education, PEN has drafted a campaign blueprint for a citizen-focused organization. Its goal: to move the issue of civic responsibility for public education intentionally and powerfully into popular culture.

Standards and Accountability: This initiative helps communities understand their role in supporting high standards and crafting sound accountability policies so that all students can get the help they need to meet rigorous standards. In July 2001, five implementation sites—Durham, NC; Mobile, AL; Paterson, NJ; Portland, OR; and a statewide Pennsylvania consortium—were chosen to receive three-year implementation grants.

Schools and Community: This initiative integrates public education with community-based academic and non-academic support programs through a child-centered, coordinated-services perspective that recognizes the role of schools, families, and community agencies in the lives of children. Nine planning sites were selected in July 2001.

Teacher Quality: This initiative addresses the inequitable distribution of quality teaching in low-performing middle schools and high schools through a public exploration of teacher compensation, working conditions, and skills and capacities. Seven planning sites were selected in August 2001. Representatives from these sites and eight others funded by the US Department of Education's Office of Educational Research and Improvement met in Houston to discuss current and potential practices.

Champions of Active Learning: PEN continues to serve as administrator of the Champions of Active Learning (C.A.L.) initiative, funded by JPMorgan Chase, which provides teacher development grants to middle schools in 14 communities across the nation.

Goal 4

BRANDING LEFS

In addition to a research agenda exploring the utility and effectiveness of LEFs, PEN is working on a branding strategy to promote LEF organizational structure and practices as the national standard for public education reform. Phase one of a four-phase LEF leadership research project has been launched and a baseline leadership survey of 59 LEFs completed. A 14-member group of LEF directors is guiding brand development work with the assistance of the Williams Group, a strategic planning/communications firm.

Financial Overview

In 2001, 33 foundations, corporations, and federal agencies gave support to PEN. Approximately \$27 million was raised from these sources in 2000/2001.

STATEMENTS OF FINANCIAL POSITION

For the Year Ended December 31,	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 702,755	\$ 1,651,929
Accounts receivable	13,019	9,401
Interest receivable	65,160	70,148
Prepaid expenses	87,158	21,787
Unconditional promises to give, current portion	5,285,929	3,347,096
Short-term investments	2,631,538	1,309,550
TOTAL CURRENT ASSETS	8,785,559	6,409,911
FIXED ASSETS		
Office equipment	204,643	187,235
Computer equipment	370,404	298,861
Leasehold improvements	167,049	165,049
Property held under capital lease	15,584	15,584
	757,680	666,729
Less accumulated depreciation and amortization	(446,451)	(313,323)
TOTAL FIXED ASSETS	311,229	353,406
Long-term investments	597,010	1,736,635
Long-term investments, restricted	1,107,397	1,160,148
TOTAL LONG-TERM INVESTMENTS	1,704,407	2,896,783
UNCONDITIONAL PROMISES TO GIVE, net of current portion	6,640,949	11,020,800
DEPOSITS	47,999	48,314
TOTAL ASSETS	\$ 17,490,143	\$ 20,729,214
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 191,094	\$ 268,347
Accrued expenses	146,124	111,932
Obligation under capital lease, current portion		2,066
Loan payable, current portion	12,025	33,769
TOTAL CURRENT LIABILITIES	349,243	416,114
LOAN PAYABLE, net of current portion		12,025
TOTAL LIABILITIES	349,243	428,139
NET ASSETS		
Unrestricted	2,843,721	4,407,149
Temporarily restricted	13,297,179	14,893,926
Permanently restricted	1,000,000	1,000,000
TOTAL NET ASSETS	17,140,900	20,301,075
TOTAL LIABILITIES AND NET ASSETS	\$ 17,490,143	\$ 20,729,214

STATEMENTS OF ACTIVITIES

For the Year Ended December 31,

2001

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Grants	\$ 739,818	\$ 2,374,149		\$ 3,113,967
Member dues	129,270			129,270
Corporate contributions	171,605	42,500		214,105
Individual contributions	113,127			113,127
Conferences and events	98,400			98,400
Investment income	297,273			297,273
Realized gain on investments	1,634			1,634
Unrealized loss on investments	(72,048)			(72,048)
Miscellaneous	11,255			11,255
Satisfaction of program restrictions	4,013,396	(4,013,396)		
TOTAL REVENUE	5,503,730	(1,596,747)		3,906,983
EXPENSES				
Program services	5,132,497			5,132,497
Management and general	1,720,225			1,720,225
Fundraising	214,436			214,436
TOTAL EXPENSES	7,067,158			7,067,158
CHANGE IN NET ASSETS	(1,563,428)	(1,596,747)		(3,160,175)
NET ASSETS, BEGINNING OF YEAR	4,407,149	14,893,926	\$ 1,000,000	20,301,075
NET ASSETS, END OF YEAR	\$ 2,843,721	\$ 13,297,179	\$ 1,000,000	\$ 17,140,900

For the Year Ended December 31,

2000

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Grants	\$ 6,414,336	\$ 16,294,100		\$ 22,708,436
Member dues	110,130			110,130
Corporate contributions	244,416			244,416
Individual contributions	12,396			12,396
Conferences and events	77,857			77,857
Investment income	248,962			248,962
Realized gain on investments	41,070			41,070
Unrealized loss on investments	(114,668)			(114,668)
Miscellaneous	13,226			13,226
Satisfaction of program restrictions	2,357,151	(2,357,151)		
TOTAL REVENUE	9,404,876	13,936,949		23,341,825
EXPENSES				
Program services	3,983,679			3,983,679
Management and general	1,028,645			1,028,645
Fundraising	167,978			167,978
TOTAL EXPENSES	5,180,302			5,180,302
CHANGE IN NET ASSETS	4,224,574	13,936,949		18,161,523
NET ASSETS, BEGINNING OF YEAR	182,575	956,977	\$ 1,000,000	2,139,552
NET ASSETS, END OF YEAR	\$ 4,407,149	\$ 14,893,926	\$ 1,000,000	\$ 20,301,075

STATEMENTS OF CASH FLOW

For the Year Ended December 31,	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,160,175)	\$ 18,161,523
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	133,128	60,588
Unrealized loss on investments	72,048	114,668
Realized gain on investments	(1,634)	(41,070)
(Increase) decrease in:		
Accounts receivable	(3,618)	7,891
Interest receivable	4,988	(55,993)
Prepaid expenses	(65,371)	(11,789)
Unconditional promises to give	2,441,018	(13,125,755)
Increase (decrease) in:		
Accounts payable	(77,252)	(98,050)
Accrued expenses	34,191	(16,092)
Unconditional promises to give payable		(37,166)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(622,677)	4,958,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of fixed assets	(90,951)	(123,545)
Purchases of investments	(3,646,988)	(14,596,815)
Sales of investments	3,446,962	11,523,203
Payment of deposit	315	
NET CASH USED IN INVESTING ACTIVITIES	(290,662)	(3,197,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments under capital lease	(2,066)	(3,726)
Principal payments on loan payable	(33,769)	(30,568)
Repayments on line of credit		(155,000)
NET CASH USED IN FINANCING ACTIVITIES	(35,835)	(189,294)
CHANGE IN CASH AND CASH EQUIVALENTS	(949,174)	1,572,304
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,651,929	79,625
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 702,755	\$ 1,651,929

2001 Funders

ABC, Inc. Foundation
American Express Foundation
The Annenberg Foundation
BP Amoco Foundation
Carnegie Corporation of New York
Centers for Disease Control and Prevention
ChevronTexaco Corporation
Edna McConnell Clark Foundation
Ford Foundation
The J.P. Morgan Chase Foundation
Metropolitan Life Foundation
The New York Times Company Foundation
Pew Charitable Trusts

Philip Morris Youth Smoking Prevention
Plan for Social Excellence, Inc.
The Prudential Foundation
The Rapides Foundation
The Sulzberger Foundation
Tides Foundation
The UPS Foundation
US Department of Education
US Department of Health & Human Services
Wallace-Reader's Digest Fund
Washington Mutual Foundation
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2002 Network Members

Alabama

- Mobile Area Education Foundation (Mobile)

California

- Berkeley Public Education Foundation (Berkeley)
- The Galef Institute (Los Angeles)
- Los Angeles County Alliance for Student Achievement (Los Angeles)
- Los Angeles Educational Partnership (Los Angeles)
- Marcus A. Foster Educational Institute (Oakland)
- San Francisco Education Fund (San Francisco)

Colorado

- Public Education & Business Coalition (Denver)

Connecticut

- Bridgeport Public Education Fund (Bridgeport)
- New Haven Public Education Fund, Inc. (New Haven)
- Norwalk Education Foundation, Inc. (Norwalk)
- Stamford Public Education Foundation (Stamford)

District of Columbia

- DC VOICE
- In2Books
- Parents United for the DC Public Schools

Florida

- The Alliance for World Class Education (Jacksonville)
- Collier County Education Foundation (Naples)
- Education Foundation of Palm Beach County, Inc. (West Palm Beach)
- The Education Fund (Miami)
- Hillsborough Education Foundation, Inc. (Tampa)

Georgia

- APPLE Corps, Inc. (Atlanta)

Illinois

- The Chicago Public Education Fund (Chicago)

Indiana

- Allen County Local Education Fund (Fort Wayne)
- South Bend Community School Corporation Education Foundation, Inc. (South Bend)

Kentucky

- Forward in the Fifth (Berea)

Louisiana

- Academic Distinction Fund (Baton Rouge)

Maryland

- Fund for Educational Excellence (Baltimore)

Massachusetts

- Alliance for Education (Worcester)
- The Boston Plan for Excellence in the Public Schools (Boston)
- The Cambridge Partnership for Public Education (Cambridge)
- Lynn Business/Education Foundation (Lynn)
- Mary Lyon Education Fund (Shelburne Falls)

Michigan

- Kalamazoo Public Education Foundation (Kalamazoo)
- Schools of the 21st Century Corporation (Detroit)

Mississippi

- Hattiesburg Area Education Foundation (Hattiesburg)

Nebraska

- Lincoln Public Schools Foundation (Lincoln)

New Jersey

- Englewood Community Foundation (Englewood)
- Montclair Fund for Educational Excellence (Montclair)
- Paterson Education Fund (Paterson)
- Public Education Foundation of Plainfield (North Plainfield)

New York

- Education Fund for Greater Buffalo (Buffalo)
- Greater Syracuse Education Fund (Syracuse)
- New Visions for Public Schools (New York)

North Carolina

- Charlotte Advocates for Education (Charlotte)
- Chatham Education Fund (Pittsboro)
- Durham Public Education Network (Durham)
- Public School Forum of North Carolina (statewide)
- Wake Education Partnership (Raleigh)

Ohio

- Cleveland Initiative for Education (Cleveland)
- Stark Education Partnership, Inc. (Canton)

Oklahoma

- Oklahoma City Public Schools Foundation, Inc. (Oklahoma City)

Oregon

- Portland Schools Foundation (Portland)

Pennsylvania

- Lancaster Foundation for Educational Enrichment (Lancaster)
- Mon Valley Education Consortium (McKeesport)
- Philadelphia Education Fund (Philadelphia)
- Pittsburgh Council on Public Education (Pittsburgh)

Rhode Island

- Public Education Fund (Providence)

South Carolina

- Alliance for Quality Education (Greenville)
- The Charleston Education Network (Charleston)
- The Education Foundation (Charleston)
- Pee Dee Education Foundation (Florence)
- Public Education Partners (Aiken)

Tennessee

- HC*Excell – The Education Foundation (Morristown)
- Nashville Public Education Foundation (Nashville)
- Partners in Public Education (Memphis)
- Public Education Foundation (Chattanooga)

Texas

- The Houston Annenberg Challenge (Houston)

Washington

- Alliance for Education (Seattle)

West Virginia

- The Education Alliance (statewide)

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Public Education Network (PEN) believes that every child in every community deserves the benefit of a quality public education and that community engagement, too often the missing ingredient in school reform, ultimately determines the quality of education provided by public schools.

PEN builds public demand and mobilizes resources for quality public education through a national constituency of organizations and individuals that stand for quality public education. By building an active, vocal constituency, PEN works to ensure that access to quality public education is the right of every child, not the privilege of a few. PEN's 69 local education fund members are active in 29 states and the District of Columbia, serving more than 6.5 million students—15 percent of America's public school population—in 8,600 schools in over 300 school districts in high-poverty areas.

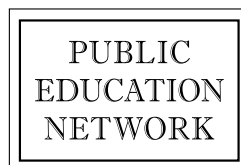
In 2001 alone, PEN and its member LEFs provided nearly \$120 million to improve the nation's public schools and, in partnership with communities, operated more than 300 school improvement programs.

Local Education Funds were established in 1983 with funding from the Ford Foundation to improve public education for low-income and minority children living in urban areas.

Today, local education funds are leaders in school reform—dedicated to increasing student achievement in public schools and building broad-based public support for quality public education.

LEFs advocate for *involvement* by all segments of the public in public education, for *accountability* and achievement of high standards by everyone involved with public education, and for significant *improvement* in the quality of public education. In addition, LEFs generate *resources* for public education by facilitating investments from local governments, businesses, and philanthropic foundations.

PEN member LEFs share the following characteristics: They are nonprofit community-based organizations, independent of the school districts in which they operate, have boards reflective of their communities, are professionally staffed, and work with public school systems serving a significant population of low-income at-risk students; an average of 53 percent of students in communities served by LEFs are eligible for free or reduced-price lunches.



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