ACCOMPLISHMENTS

The Funds’ new directions, outlined on pages 6-11, build on accomplishments from 1989-99. The decade’s highlights include:

DEWITT WALLACE-READER’S DIGEST FUND

- Launched Pathways to Teaching Careers, an effective, replicable model for recruiting teachers for hard-to-staff public schools that now operates at 45 colleges and universities nationwide. Pathways has directly supported the preparation of more than 2,600 highly qualified new teachers from non-traditional candidate pools such as teachers aides, returned Peace Corp volunteers, and the military. The program’s accomplishments, which are supported by an independent evaluation conducted by the Urban Institute, led Congress to include its program components in federal legislation for improving teacher quality. Today, the Education Commission for the States is conducting workshops for state leaders around the important issues of recruiting and preparing quality teachers for low-income public schools.

- Raised teacher quality as an important issue, now on the national agenda. The Fund was a founding partner of the National Board for Professional Teaching Standards, and directly supported the professional development of thousands of teachers in low-income schools. The report of the National Commission on Teaching and America’s Future has galvanized states into looking at innovative ways to recruit and better prepare teachers.

- Inaugurated Library Power, a landmark initiative that supported improvements in 700 public schools in 19 communities across the country, became the national standard adopted by the American Library Association in its publication Information Power.

- Improved high school vocational programs through early support for High Schools That Work, an initiative of the Southern Regional Education Board now recognized as the country’s most successful secondary school reform effort, reaching more than 900 schools nationally and shaping state and national policy in this area.

- Enabled more poor and minority youth to continue their education through a founding partnership in Equity 2000, an innovative program of the College Board to eliminate tracking and increase the college-going rate of minority youth. Toward this end, the Fund also launched a national initiative to improve the ability of school counselors to provide academic guidance for all students. Our investments created community-based college information centers, and supported strong academic preparation programs and last-dollar scholarship programs.

- Invested in 60 new extended-service school programs, which provide academic and recreational programs in school buildings beyond the traditional school hours.

- Supported the training of more than 50,000 youth workers through national and local youth-serving organizations to improve the quality of their work and help promulgate positive youth development practices.

LILA WALLACE-READER’S DIGEST FUND

- Helped 500 arts and cultural institutions put audience building on a par with artistic and institutional development, thereby broadening and diversifying their audiences and deepening their participation. Ten years ago, not many people were thinking about how cultural organizations could become more “customer focused.” Today, we see an increasing interest in information about how to build participation, including two reports issued recently by the National Endowment for the Arts and the American Assembly.

- Enabled 29 fine arts museums to expand their role in their communities through the Lila Wallace-Reader’s Digest Museum Collections Accessibility Initiative. Museums are working closely with their communities and reorganizing their permanent collections, launching innovative programming and crafting effective strategies to attract new visitors and deepen the engagement of all their audiences.

- Made jazz accessible to millions of people through a variety of investments, including National Public Radio for the development of new jazz programming, ultimately helping to increase NPR’s membership by 42 percent. We also partnered with the Smithsonian Institution to increase the public’s understanding of and appreciation for jazz through America’s Jazz
**NEW DIRECTIONS**

*Heritage*, a 10-year effort that included traveling exhibitions, an oral history project, radio series and other activities. Thousands of people in communities across the country were able to see jazz performed live through 2,000 performances coordinated by the Fund-supported National Jazz Network, an affiliation of 19 jazz presenters and six regional arts organizations that connects musicians to performance venues.

- Helped 42 nonprofit theaters around the country expand and diversify their audiences. Fund-supported research helped theaters better understand the productions that appeal to target audiences, develop programming that complements stage productions, and enhance their internal management systems.

- Became the first national foundation to invest in American folk art traditions. Our work, which includes a Fund-commissioned study outlining the needs of the field, has since sparked other funders to underwrite folk arts. Our support includes a wide range of activities, such as local and regional projects that document, preserve and present folk art traditions; a network of folk arts organizations; touring exhibitions, performances; and radio programs.

- Raised visibility of public libraries as centers of high-quality adult literacy instruction and helped 20 leading libraries teach more than 22,000 adult learners, open new sites in accessible locations, recruit more than 3,000 new tutors and lever additional support. We also co-sponsored TV4/11, an innovative television-based program that makes learning enjoyable, accessible and effective for adult learners and developed the *What Works Literacy Partnership*, a national network of literacy programs dedicated to creating standards for practitioner quality.

- Secured more than 350 acres of new land for parks; restored and rehabilitated nearly 300 acres of existing parkland; and preserved more than 50 miles of new trails and greenways. Levered over $100 million in new public and private commitments and supported 19 public-private partnerships in 17 cities. Also created the *City Parks Forum* to encourage mayoral leadership in improving parks and sponsored the *Lila Wallace-Reader’s Digest Fund Urban Parks Institute* as a conference and resource center.

The Fund’s work historically has been guided by a commitment to people, equity and performance. These core values will continue to shape our future efforts to enrich community life through support for education, arts and culture. They are:

**People**
People are the source of our strength and the focus of our work. We tackle compelling social challenges to positively affect people and their communities.

**Equity and Quality**
We are committed to ensuring that all people, especially those with limited access, have an equal chance to participate in educational and cultural programs of high quality.

**Performance**
We strive to continuously improve our performance, using all our resources creatively and responsibly to produce tangible changes that benefit society.
I have had the privilege of leading The Wallace Foundation for two decades. As we assessed the first of those decades in 1999, we concluded that while there had been some notable successes – for example, a teacher training program written into federal law and a school library program adopted as the national standard – by and large our grant making had not led to as much widespread or sustained change in our areas of concern as we would have wished.

Based on that first assessment, we restructured the foundation around the concept of creating change in our chosen fields by developing and sharing effective ideas and practices. We decided to take a more systemic view of the areas in which we were working and engage directly with people who had power and authority to make more sustainable, widespread change. This meant that we would make grants directly to governmental agencies in states, cities and school districts, in addition to non-profits. And it led to a common approach used across all our program areas – one in which we develop and test useful ideas “on the ground,” gather credible, objective evidence on the results of significant innovations, and then share that knowledge with the individuals and institutions that have the authority or influence to bring those effective ideas to life.

At the close of another decade, we are now in a position to assess whether this approach led to greater change than we accomplished in our first 10 years as a national foundation. The answer, in my view, is yes, and the following sections of this report tell the story of our work in education leadership, arts participation and out-of-school time learning and present the basis for our conclusion. But from an overall foundation perspective, I’d like to offer some general reflections.

- **Working with government is difficult but can have great payoffs.**
  It is rare for foundations to fund government agencies directly, and it carries risks. Concerns include having foundation dollars disappear into the much larger agency budget or displace public funding for the project as well as the possibility of bad publicity if a government figure with whom the foundation is working does something wrong. These concerns are real and have to be managed by the foundation staff. However, government action can ensure the long-term sustainability of the positive changes foundation-supported efforts have created. For example, changes in state law about standards for education leadership training or creating mentoring programs institutionalize this work in a very substantial way. And, as we have seen with our city-based systems work in out-of-school time, it is possible to profoundly and permanently change how cities identify and contract for quality services by helping them build and use new data management systems.

  Still, bureaucracies are inherently change-averse and even the most forward-thinking government leaders must invariably contend with institutional inertia that can slow change. While a number of government leaders we have supported have made progress in achieving results, to date we have not paid enough attention to supporting organizations working outside the public sector. We will give more serious consideration to supporting such “outside” change agents in the years ahead.

- **Knowledge counts, especially if you can get it into the hands of the right people when they most need it.**
  One of the major premises underlying the approach we’ve taken this past decade is that change is often blocked not by lack of money (as important as it is) but by uncertainty about what works,
insufficient evidence that change is possible, inadequate strategies for mobilizing change and bureaucratic resistance. The huge volume of knowledge products we have developed over the past decade has helped define the issues we care about, fill knowledge gaps for field leaders and explain how certain practices (such as principal training or assessment) can be improved or what things cost (such as quality out-of-school time programs). And our ability to share this knowledge as it was being developed with the leaders in our innovation sites has helped accelerate change.

However, we sometimes got the timing wrong and programs were created before the research was complete. For example, it would have been better to understand the characteristics of effective principal preparation programs (the subject of a 2007 Stanford study) before our sites had progressed so far down the road of developing such programs. And while we have published major groundbreaking research reports that have been widely valued, we've also learned that many of these reports could have been even more useful if they were accompanied by information on how the findings could be practically applied by policymakers and practitioners in their day-to-day work. This focus on more specific application will guide our future product development.

- **Evidence of effectiveness is crucial.**
  We have learned that it is important to be closely engaged with our grantees, to ensure the work is proceeding on course or to help devise solutions to unanticipated hurdles. So we develop specific progress benchmarks with each grantee. Through regular phone calls and periodic written reports, we carefully monitor each site's progress. By critically analyzing the work of each site and comparing it with similar sites, we learn what's going well and what's not and are able to suggest solutions or consider course corrections as needed.

However, we often underestimated the ability of our partners to gather credible data on the effectiveness of their chosen strategies — information that the many organizations that don't get our grants would find compelling or useful. For example, we had to develop a quality rubric for our education sites to use in assessing the quality of their leadership training programs and help them learn how to identify evidence that could substantiate those assessments. And in our work with arts organizations, it was only when we provided ongoing technical assistance with data collection and analysis that we began to get data that we felt was reliable enough to support the creation of case studies to share the work with the broader field.

- **Luck and timing help.**
  Raising awareness and understanding of the issues we choose to tackle is an important first step in Wallace's change approach. While we think we generally do a good job in that respect, there is no denying that forces beyond our control have propelled our work. For example, awareness of the importance of education leadership was helped by the standards and accountability movements, including the enactment in 2002 of No Child Left Behind, which threw a public spotlight on the success of principals in ensuring all the children in their schools were making adequate yearly progress. And the federal 21st Century Community Learning Centers program brought new attention and resources to the out-of-school time field. Looking forward, the fact that all of our work is consistent with many of the priorities of the current federal administration should help further the issues we care about in the years ahead.

- **Our approach embodies the characteristics of a creative and effective philanthropy.**
  This was the conclusion of Helmut Anheier and Diana Leat in Creative Philanthropy, their study of foundations in the United States, Britain and Australia. The authors argue that foundations are uniquely positioned to serve as society's "idea factories," but they found few that do so. And our use of comparative assessment data and the non-monetary assistance we
"At the close of another decade, we are now in a position to assess whether this approach led to greater change than we accomplished in our first 10 years as a national foundation. The answer, in my view, is yes..."

provide our grantees also resulted in our being the subject of two case studies published by the Center for Effective Philanthropy.

- **The administrative changes we made contributed to our effectiveness.**

  Finally, my reflections would not be complete without a mention of the major administrative changes we made during this decade. From 2000 to 2003, we sold the balance of our Reader's Digest stock, a legacy from our founders, and transitioned into a fully liquid and diversified investment portfolio. We merged two separate foundations – the DeWitt Wallace-Reader's Digest Fund and the Lila Wallace-Reader's Digest Fund – into one entity and renamed it The Wallace Foundation. We created a new look and logo. We transformed our website and repositioned our public face around our knowledge as opposed to our money. We created an interdisciplinary, team-based structure that brought program, communications, and research and evaluation expertise to inform all our work. And we developed an annual assessment of our progress, shared with the board each January, which has helped us scrutinize our work each year and make appropriate corrections when needed.

As the decade drew to a close, we were challenged by the effects of the collapse of the financial markets. A significant decline in our assets forced us to take a hard look at our expenses. Because every dollar we spend on administrative and operating expenses is a dollar that is not available to support the work of our grantees, we made the painful decision to eliminate 15 staff positions at the end of 2009. While these changes were extremely difficult, we believe they placed us in the strongest possible position to pursue our mission – to provide learning and enrichment opportunities for children – now and for many years in the future. As we ended 2009 and began 2010, our overall financial condition was very strong. We are proud that we have been able to fulfill all of our existing commitments on time and as scheduled and invest in new work for the future.

**LOOKING FORWARD**

As we prepared for the next decade, we refined our vision and mission to focus more exclusively on children and reaffirmed the principles that will guide our work and the elements of the our approach. [See our vision, mission and approach, p. 8]

In general, our future work will continue to revolve around efforts to lift the quality of schools, to improve out-of-school time programs and make them more accessible to children, and to integrate in-school and out-of-school learning. While specific details of future initiatives are still in development, each of our various activities going forward is likely to fall into one of the following four categories:

1. “Next Generation” ideas for our existing work in education leadership, out-of-school time and arts education. Each of these represents system-level approaches (working broadly with states, cities and school districts). In education leadership and out-of-school time, two long-standing initiatives, we believe we are at the point where we can orient future work more toward helping others use the knowledge and apply the innovations we’ve helped develop. In arts education, we
expect to build on our current efforts, begun in Dallas, to help cities and school districts expand, raise the quality of, and ensure equitable access to arts learning opportunities in public schools and, in some cases, city neighborhoods.

2. "New Work" that is more specifically targeted at improving the academic achievement of children in low-performing schools by (a) improving the quality and retention of the leaders in those schools and (b) rethinking how to better use time for learning, by reimagining and expanding learning time during the traditional school day and year as well as during the summer months.

3. Support of innovative practices in the use of technology (as opposed to creating new technologies) as a teaching tool and to promote creativity and imagination.

4. Wallace Excellence Awards, which represents our concluding initiative designed to help arts organizations in six cities develop effective ways to reach new audiences. This work will continue through 2014, and while we will not add any new cities to it, we are continuing to invest in data collection and the development of case studies, which will help ensure that lessons learned from this effort can be captured and shared broadly with the field.

We began the first decade of the new century with the then-unusual notion that a foundation can, and should, contribute ideas about how to improve institutions. That notion required a different approach to foundation work from simply writing checks to worthy organizations. And we have worked to figure out what that different approach might look like and how to make it effective. In doing so, we have drawn upon the distinctive assets a national foundation, unrestrained by market forces or government funding formulas, can employ:

- identifying nascent problems, opportunities and issues not yet widely recognized;
- establishing relationships with innovative leaders in the field and investing in and strengthening their efforts;
- gathering together groups of people – policymakers, practitioners and researchers – who might not otherwise have the opportunity to learn from each other; and
- funding and sharing independent, objective research that seeks to capture the work of innovators and to understand problems in new ways that illuminate potential solutions.

As this assessment of our work in the century’s first decade reveals, things haven’t always worked out as planned and we’ve certainly made our share of mistakes. But on balance we believe we contributed knowledge and solutions to important social problems. We will strive to continue to do that in the years to come.

M. Christine DeVita, President