

The James Irvine Foundation and CORAL

Part A

SAN FRANCISCO, CALIFORNIA, DECEMBER 2003

Jim Canales, president and chief executive officer of the James Irvine Foundation, had spent the previous several weeks consulting with staff in preparation for a presentation to the Foundation's board of trustees regarding the future of the Communities Organizing Resources to Advance Learning (CORAL) initiative.

The CORAL initiative was a five-site, eight-year, \$60 million demonstration project designed to improve the academic performance of low-income children in low-performing schools. Over the past few months, Canales had come to realize that the CORAL initiative was in deep trouble.

CORAL was halfway through its projected lifespan and had burned through more than half its budget. The board of trustees had asked Canales to recommend a way forward.

Canales had met with staff both within the Foundation and at the CORAL agencies, gathering their input. Now he had to decide: What should he recommend to the board?

THE IRVINE FAMILY AND THE JAMES IRVINE FOUNDATION

In the 1870s, sheep rancher James Irvine acquired over 100,000 acres of grazing lands in what is now Orange County, California. Upon his death in 1886, he bequeathed the land to his son, James Irvine Jr., who incorporated the property as the Irvine Company in 1894. In subsequent decades, the Irvine Company would move out of ranching and into agriculture, planting citrus and olive orchards and field crops such as lima beans.¹ In 1937 Irvine Jr. created the James Irvine Foundation mainly as a means to avoid paying state and federal taxes² and endowed it with a controlling share of stock in the Irvine Company. Failing to attend a single meeting of the Foundation's board of trustees, Irvine Jr. evidently had little or no interest in philanthropy. His

¹ City of Irvine, "History of the City." Retrieved from <http://www.cityofirvine.org/about/history.asp>.

² Nielsen, Waldemar A., *The Golden Donors: A New Anatomy of the Great Foundations*. New York: Truman Talley, 1985, p. 215.

Teaching Case Writing Program Director Barry Varela prepared this teaching case under the supervision of Professor Joel Fleishman and Associate Professor Kristin Goss as a basis for class discussion rather than to illustrate either the effective or ineffective handling of an administrative situation.

interest in the Irvine Company and in Orange County, however, led him to stipulate in the Foundation's trust agreement that the Foundation should retain in perpetuity its majority share in the Company and that it should make grants only to charities that benefited the people of California. Irvine Jr.'s opposition to supporting the sorts of activities taxes typically supported led him to stipulate further that the Foundation should not make grants to entities that received "a substantial part of their support from taxation."³

Upon the death of James Irvine Jr. in 1947, control of the Irvine Company passed to his son, Myford Irvine, who evinced no more interest in philanthropy than his father had, and who committed suicide in 1959 over a bad gambling debt.⁴ Meanwhile, the Foundation's board was almost entirely preoccupied with running the Irvine Company and with battling a series of lawsuits launched by a granddaughter of James Irvine who wanted to increase her income from the Company. During this period, the Foundation restricted its grantmaking to small, desultory gifts to hospitals and educational institutions located mainly in the Orange County area.⁵ Through the late 1960s the Foundation had no professional staff, lacked any defined program areas, and had issued only two (1964 and 1969) public reports on its activities—reports that were long on rhetoric but short on details.⁶

In 1969 changes in federal tax law forced the Foundation to begin divesting itself of its interest in the Irvine Company, despite the terms of the original trust agreement. After eight years of legal wrangling, the board of trustees sold the Foundation's Irvine Company holdings for \$184 million, hired former Stanford University administrator Kenneth Cuthbertson as CEO, and set about building a professional staff dedicated to serious grantmaking.⁷ By 2000, the Foundation's endowment had grown to about \$1.6 billion.⁸ In 2007, the Foundation was worth more than \$1.8 billion, making it number 32 on the list of America's largest foundations.⁹

BACKGROUND TO THE CORAL INITIATIVE

California schools: underfunded and underperforming

In 1978, California voters passed a ballot initiative known as Proposition 13, which amended the state constitution to cap property taxes at 1%. The effect of Proposition 13 was to lower local property taxes statewide by an average of 57%. Because individual school districts derived most of their revenue from property taxes, Proposition 13 effectively defunded the public schools, forcing them to turn to alternative sources of financing. The foremost alternative source was, predictably, the state government. With fiscal control moving from local communities to the state, funding for K-12 (kindergarten through high school) education in California, which in 1977-78 had been more than \$600 (in constant 1999-2000 dollars) higher than the national per-student average, began to fall.

To reverse the trend, in 1988 Californians passed Proposition 98, which mandated minimum spending levels on K-14 (kindergarten through community college) education as a percentage of the state budget. Yet despite the passage of Proposition 98, California school districts continued to be chronically underfunded, partly as a result of the late 1980s-early 1990s

³ Quoted in Nielsen, *The Golden Donors*, p. 215.

⁴ Nielsen, *The Golden Donors*, p. 216.

⁵ Nielsen, *The Golden Donors*, p. 216.

⁶ Nielsen, *The Golden Donors*, p. 217.

⁷ Nielsen, *The Golden Donors*, pp. 217-218.

⁸ James Irvine Foundation, *Annual Report 2002*. San Francisco: James Irvine Foundation, p. 35. Retrieved from http://www.irvine.org/assets/pdf/annual_reports/2002annual.pdf

⁹ Foundation Center, "Top Funders." Retrieved from <http://foundationcenter.org/findfunders/topfunders/top100assets.html>.

economic recession that depressed state tax revenues.¹⁰ School facilities were allowed to deteriorate as administrators poured money into more pressing needs. As it became increasingly clear that California's public schools were floundering, parents, educators, and other interested parties sought new solutions to the state's education difficulties. In 1992, California became the second state, after Minnesota, to pass legislation allowing public charter schools. The next year, an initiative to establish a voucher system for private schools was put on the statewide ballot (it failed). By 1995-96, California spending per student was more than \$800 dollars below the national average.¹¹

Meanwhile, the demographics of California schoolchildren were changing rapidly. From 1970 to 1995, the percentage of California's children born to mothers who were born outside the U.S. rose from 11 to 44. By 1990, half of all Southeast Asian newcomers to this country were settling in California, and by 1996 Hispanic enrollment in the state's public schools was higher than that of non-Hispanic whites.¹² Although the percentage of California children living in poverty in 1990 was nearly identical (18.2% v. 18.3%) to that of the nation as a whole, the trend line for the state was discouraging; by 2000, California children were significantly worse off (19.5% in poverty v. 16.6%) than their counterparts in other states.¹³

Although statewide testing of California schoolchildren began in 1961, because the state changed the test several times (including in 1993 and again in 1995), and because data from the tests that were administered were not made generally available, it was impossible for anyone to know with certainty just how well or poorly California schoolchildren in the mid-1990s were performing compared to students 10 years or 20 years before.¹⁴ Likewise, because there existed no nationwide, standardized, universally applied test of schoolchildren, there was no way of determining with certainty how California students performed compared to their peers in other parts of the country. Nevertheless, in 1996, eighteen years after the passage of Proposition 13, the prevailing wisdom in California was that the public schools generally were failing the state's students, and that low-income children in low-performing schools were suffering the most.

21st Century Community Learning Centers

Despite perennial dissatisfaction with the state of American schooling, education reform efforts at the national level have typically accomplished little. In 1981 newly elected President Ronald Reagan created the National Commission on Excellence in Education and directed it to "present a report on the quality of education in America . . . to the American people by April of 1983."¹⁵ That report, entitled *A Nation at Risk*, enumerated the many failings of the American educational system and concluded, in language evocative of Cold War fears, that the country had, over the course of the preceding 20 years, committed "an act of unthinking, unilateral educational disarmament."¹⁶ The report issued five policy recommendations: that high school graduation requirements be strengthened; that schools and colleges be held to higher standards and expectations; that more time be devoted to learning the five "New Basics" (English,

¹⁰ Carroll, Stephen J., et al., *California's K-12 Public Schools: How Are They Doing?* Santa Monica, CA: Rand, 2005, p. 36.

¹¹ Carroll et al., *California's K-12 Public Schools*, p. xxviii.

¹² Carroll et al., *California's K-12 Public Schools*, pp. 12, 15.

¹³ Carroll et al., *California's K-12 Public Schools*, p. 17.

¹⁴ See the discussion in Carroll et al., *California's K-12 Public Schools*, pp. 179-183.

¹⁵ Gardner, David Pierpont, "Letter of Transmittal." From *A Nation at Risk: The Imperative for Education Reform*. National Commission on Excellence in Education, U.S. Department of Education, April 26, 1983. Retrieved from <http://www.ed.gov/pubs/NatAtRisk/letter.html>.

¹⁶ National Commission on Excellence in Education, "A Nation at Risk." From *A Nation at Risk: The Imperative for Education Reform*, U.S. Department of Education, April 1983. Retrieved from <http://www.ed.gov/pubs/NatAtRisk/risk.html>.

mathematics, science, social studies, computer science); that the teaching profession be reformed in various ways; and that, with the public's support, educators and politicians be held responsible for the reforms.¹⁷ The report's policy recommendations, while well meaning, were so vague as to be virtually useless. Ten years after the publication of *A Nation at Risk*, America's children were still seen to be underperforming academically.

In the early 1990s, some education reformers began promoting the idea that public-school children might benefit from expanded after-school programs. These reformers identified three broad, pressing societal issues: 1) because more women were working outside the home or were single working mothers, more children were home alone during the afternoons, spending their time unproductively (i.e., watching TV rather than being socialized or doing their homework), 2) during those unsupervised hours, teen crime peaked, and 3) poor academic performance among low-income children (i.e., the "achievement gap") was coming to be understood to be the result of environmental factors rather than inherently low potential.¹⁸ Proponents of after-school programs argued that low-income children enrolled in such programs wouldn't be free to commit the kinds of petty, and not-so-petty, crimes that bored teens commit; they would be better socialized generally; they would be encouraged to do their homework; and they would have access to adults who could help them with their homework, if necessary. All of these outcomes, proponents argued, would add up to improved academic performance.

After-school programs thus seemed to be a "magic bullet" that would address the three broad societal issues simultaneously: they would help working families, they would reduce crime, and they would close the achievement gap. Academic research seemed to buttress the argument. A study published in 1994 in the journal *Child Development*, for example, showed that low-income children who attended formal after-school programs demonstrated "better grades and conduct in school as well as better peer relations and emotional adjustment."¹⁹

In response to the perceived need for more after-school programs, the federal Department of Education in 1997 launched, with just \$1 million in financing but with the intention of rapidly increasing that amount, a program called 21st Century Community Learning Centers (21st CCLC). Program grants were made available nationwide to school districts, community-based organizations, and other private and government entities to conduct after-school programs at schools or other appropriate sites. Funding for 21st CCLC rose from \$50 million in 1998 to \$1 billion in 2002.²⁰

The James Irvine Foundation considers stepping in

In 1996-1997, several members of the board of trustees of the James Irvine Foundation, concerned by the perceived poor performance of California public schools, called for the Foundation to become more involved in the area of public education. Trustees and staff faced an immediate dilemma, however: The Foundation's trust agreement forbade the granting of funds to entities that received "a substantial part of their support from taxation," which clearly included the public schools.

Over a two-year period, Foundation staff consulted with scholars and other education experts in an effort to find ways in which Irvine could improve the educational prospects of low-

¹⁷ National Commission on Excellence in Education, "Recommendations." From *A Nation at Risk: The Imperative for Education Reform*, U.S. Department of Education, April 1983. Retrieved from <http://www.ed.gov/pubs/NatAtRisk/recomm.html>.

¹⁸ Kugler, Marianne Russell, "After-School Programs Are Making a Difference." *National Association of Secondary School Principals. NASSP Bulletin*, 85(626), September 2001, pp. 4-5.

¹⁹ Posner, Jill K., and Deborah Lowe Vandell, "Low-Income Children's After-School Care: Are There Beneficial Effects of After-School Programs?" *Child Development*, 65(2), April 1994, p. 454.

²⁰ Afterschool Alliance, "21st Century Community Learning Centers Providing Afterschool Supports to Communities Nationwide." Retrieved from <http://www.afterschoolalliance.org/21stcclc.cfm>.

income children in low-performing schools without funding the schools themselves. The 1997 launch of 21st CCLC, combined with the increasing sense among scholars and policymakers that after-school programs were uniquely effective in addressing multiple social problems simultaneously, sharpened the Foundation's focus. One possibility discussed by the board was the funding of an advocacy campaign to promote the idea of after-school programs.²¹ Ultimately, though, the strategy arrived at by the Foundation was to fund a multisite demonstration project of locally coordinated out-of-school²² programs: Communities Organizing Resources to Advance Learning (CORAL).

CORAL

Launched in 1998 and envisioned as an eight-year, \$60 million initiative, CORAL was based on the premise that "education is a community-wide responsibility, and not just the province of public schools, and therefore involves students, families, schools, and community-based organizations in out-of-school learning opportunities."²³ (See Exhibit A, "12 Principles of CORAL.")

In terms of both time commitment and money, CORAL was the most ambitious single initiative the Irvine Foundation had ever undertaken. The goal of the project was to improve the academic achievement of children in the lowest-performing schools in five California cities. The Foundation's plan was to select a local nonprofit organization to be the lead agency in each city. The lead agency would work with schools and community-based organizations to provide out-of-school programming. Depending on its interests and abilities, the lead agency might either administer programming directly at all sites or subcontract with other nonprofits to operate some sites. Participating communities would not be required to contribute financially to the project; the Foundation would be the sole funder of the initiative.

Help with homework and academic enrichment were the main CORAL programming components, though some sites would include activities such as art or dance. "CORAL wasn't about self-esteem building, or arts, or athletics," Irvine president Jim Canales recalled in an interview in 2008. At the time of CORAL's launch, Canales was the executive in charge of overseeing all the Foundation's programs and initiatives. "It was built around work that focused on academic achievement."²⁴

The ultimate aim of the program was to serve as a model for how out-of-school programs could improve the academic performance of low-income children in low-performing schools. The hope was that by the time CORAL wrapped up, funds from 21st CCLC and other sources, including the state government, would be there to sustain CORAL programs in the original five sites and spread the CORAL model to cities all over the state. (See Exhibit B, "CORAL Project Overview.")

Rather than put out a call to prospective grantees, Irvine Foundation staff responsible for the initiative met quietly with leaders of various school districts across the state to assess readiness across several domains. To receive funding, communities would need to show the ability to organize and collaborate around the initiative. The Foundation avoided the metropolitan areas of San Francisco, Los Angeles, and San Diego because it wanted to focus on

²¹ Walker, Gary, *Insight*, May 2007, p. 8.

²² The after-school field adopted the term "out-of-school" in the early 1990s to reflect that such programs were directed to youth and especially to low-income youth not just in the after-school hours but also before school and during vacations.

²³ Walker, *Insight*, May 2007, p. 6.

²⁴ Canales, James, interview with Barry Varela, January 8, 2008.

school districts that were not overwhelmingly large and complex. Among the factors Irvine considered when assessing “readiness” were:

- interest on the part of the school district superintendent,
- the degree to which the Foundation’s efforts would align with what was already happening in the schools and community to support student development and learning, and
- the presence and capacity of an outstanding lead agency candidate with a track record in cross-sector and cross-agency collaborative work, to partner with the local schools, the Foundation, and the organizations it would fund.

Pasadena test site

With a population of about 135,000, the city of Pasadena, located in Los Angeles County, scored well on all three measures. It had a superintendent who was already thinking about how out-of-school environments affected academic performance. A liberal Episcopalian church, All Saints, had indicated interest in being the lead agency for the community. With its deep roots in the community and a variety of active peace and social justice outreach programs, All Saints Church was affiliated with numerous other community-based organizations. “There was a good provider, a network in place already, and enlightened school leadership,” Canales recalled. “Pasadena was a ripe place to start.”²⁵ In 1998, Irvine chose the city as the test site for CORAL.

The first year of the test proved more challenging than Irvine staff had anticipated. New Ventures Partners (NVP), the agency created by All Saints Church to administer the CORAL program, alienated some members of the community by purchasing for the program a former YMCA facility that had recently come on the market. Those who were unhappy with NVP felt the purchase had been made without sufficient input from the community. Children from poorer areas of the city would have difficulty getting to the YMCA, critics in the community charged. Furthermore, some CORAL participants assumed that funding decisions would derive from a community planning process and were disappointed to learn that NVP, as the designated regrantee agency for Foundation funds, would be making those decisions. Finally, the Foundation had identified several specific developmental “gateways,” such as the ability to read at grade level by fourth grade, and some program participants were reluctant to target specific age groups.

Nevertheless, rather than cause Irvine to reconsider its decision to enter an arena, public education, with which it had no previous experience, these difficulties inspired Foundation staff to redouble their commitment to the initiative.²⁶

CORAL National Advisory Board

Staff at Irvine were well aware of their limited experience in public education. In order to help guide the CORAL initiative as it grew and evolved, the Foundation formed a National Advisory Board made up of experts in the field. The board included policy mavens such as Wendy D. Puriefoy, president of the D.C.-based Public Education Network, and academic leaders such as Harold A. Richman, founding director of the Chapin Hall Center for Children at the University of Chicago.

“The idea coming in was that this group would convene annually or biannually to learn what was happening on the ground with CORAL, what we were doing, what we were learning,” Canales recalled. “They would then advise the program staff as to best practices, what the

²⁵ Canales interview, January 8, 2008

²⁶ Walker, *Insight*, May 2007, p. 9.

research was saying about what was most effective, and so on. The Advisory Board was an attempt to link the worlds of theory and practice.”²⁷

The Finance Project

Because CORAL was conceived of as having an eight-year lifespan, staff knew from the beginning that some kind of exit strategy would have to be devised. To that end, the Foundation funded the Finance Project, a Washington D.C.-based group that provided nonprofits with “the information, tools, advice, and training to identify financing strategies that fit their needs and to build their capacity to successfully sustain programs over time.”²⁸ Representatives of the Finance Project worked with CORAL lead agencies to mobilize funds locally from private and government sources and to create the structures and organizations across California that would be prepared to access public resources as they became available for after-school programming.²⁹

Launch of the Initiative

Although experience with the Pasadena test site had been rockier than staff had hoped, enthusiasm within Irvine for the CORAL project was undiminished. Over an 18-month period (1999-2000), the Foundation hired additional staff members and paid numerous consultants to help with the planning work, including a research firm that designed an outcomes evaluation and a management information system.

The management information system included the tracking of individual students through key cards. “We wanted to know more than just how many students were showing up at CORAL sites,” Canales explained:

We needed to know what kind of consistency we would see in terms of who showed up—not just a raw number, but also how many were coming back on an ongoing basis. We wanted to track individual youths, their level and frequency of participation in CORAL programs, and their academic progress.³⁰

By the beginning of 2001, CORAL was up and running in five cities, serving approximately 5,000 children in total. In addition to Pasadena, the CORAL sites were Long Beach, Fresno, San Jose, and Sacramento. Each CORAL city was told it would receive \$2 million a year for six years. Four Foundation staff members worked on the project, and 15 long-term consultants were hired. The consultants and staff provided assistance to the six lead agencies (there were two in Sacramento) along six main lines:

- Community-wide organizing and planning based on educational goals and issues
- Nonprofit collaboration in the design and implementation of an array of after-school programs managed by the lead agency
- Family outreach and training to improve parental involvement in individual young and community education issues
- A summer work/learning institute for older youth
- A Web-based communication system for cross-site and Foundation-site communication

²⁷ Canales interview, January 8, 2008.

²⁸ Finance Project, “About Us: Frequently Asked Questions.” Retrieved from <http://www.financeproject.org/index.cfm?page=8>.

²⁹ Canales interview, January 8, 2008.

³⁰ Canales interview, January 8, 2008.

- Evaluation and information systems.³¹

Changes at the Foundation

In late February of 2001, Irvine President Dennis Collins announced his retirement, effective early 2002. Collins had succeeded Kenneth Cuthbertson as Irvine president in 1986 and thus was only the second real leader the Foundation had known.

The task of replacing the longtime president wasn't easy, and oversight of the CORAL project suffered as a result. "I think it's fair to say that Dennis and the board turned their attention elsewhere," Canales recalled:

Not that CORAL was the only thing we were doing, but when you're in the second or third year of a big, signature initiative, that's probably the time when the board and senior leadership should be asking questions about what's happening, how's it going, what's working, what's not working. In that time period a lot of those questions weren't being asked, not because of negligence but simply because people's attention had turned to another major event in the life of the institution. The board had to come together and think about what the qualities and characteristics of the new CEO should be. It was very engaged in the search process through most of 2001.³²

In early November, the board announced the appointment of Mary G.F. Bitterman as new president. Bitterman had served since 1993 as president and CEO of KQED, Inc., San Francisco's public broadcasting center. She began work at Irvine in February 2002.

It was around the time that Bitterman took the reins at Irvine that it was becoming apparent that the stock market, which had peaked in early 2000, was not going to be recovering anytime soon, and neither would the Foundation's endowment. The Foundation's total assets, \$1.605 billion at the end of 1999, had slipped to \$1.510 billion at year end 2000. By the end of 2001, when Bitterman was coming onboard, assets were down to less than \$1.378 billion. They would bottom out at the end of 2002 at \$1.133 billion,³³ about three quarters of what they had been only three years before.

The plummeting value of Irvine's endowment caused the Foundation to cut back on its grantmaking proportionately, from a high of \$71.5 in 2001 to \$50.6 billion in 2003.³⁴ The Foundation also let go seven staff members (out of a total of 42) in 2002.

That same year, amid the upheavals in personnel and in the context of the shrinking endowment, Irvine conducted a thorough review of its programs, initiatives, and mission. The year-long strategic planning process resulted in the elimination of three of the Foundation's longstanding funding areas, Higher Education, Civic Culture, and Sustainable Communities. The three newly defined program areas were Arts, Youth (under which CORAL fell as a special project), and California Perspectives (i.e., work on pressing issues facing California). (See Exhibit C, "Mission.") As had happened the year before with the CEO search, the Foundation's board and upper management were so preoccupied with the strategic planning process that they were unable to turn their full attention to the CORAL initiative.

No sooner had the strategic planning process wrapped up than, in April 2003, Bitterman resigned. The Foundation quickly announced that Jim Canales would replace her as president.

³¹ Walker, *Insight*, May 2007, p. 11.

³² Canales interview, January 8, 2008.

³³ James Irvine Foundation, *Financial Information/Staff List 2007*. Brochure produced by the James Irvine Foundation, 2007.

³⁴ James Irvine Foundation, *Financial Information/Staff List 2007*.

James E. Canales

A graduate of Stanford University with a bachelor's in English and a graduate degree in education, James E. "Jim" Canales began at the Irvine Foundation in 1993. His titles included Special Assistant to the President, Program Officer, and Chief Administrative Officer/Corporate Secretary. From 1999 to 2003, he provided oversight for Irvine's grantmaking, communications, and evaluation functions. Canales served on the boards of KQED, Inc., the Stanford Alumni Association, and the BoardSource in Washington, D.C. He cofounded and served as board chair of Grantmakers for Effective Organizations, a philanthropic affinity group committed to building strong and effective nonprofit organizations. Canales was appointed president and chief executive officer of the Irvine Foundation in May 2003.

Bad publicity for the Foundation, and doubts about CORAL coalesce

Hard on the heels of Bitterman's resignation and Canales's appointment came a front-page story in the San Jose *Mercury News* that charged the Irvine Foundation with having granted its recently retired longtime president an overly generous compensation package, and with having generally been profligate in its spending.³⁵ Staff at the Foundation were temporarily thrown into damage-control mode.

In May, amid the turmoil generated by the *Mercury News* story, the firm hired to evaluate CORAL issued its first report to the Foundation, giving the initiative mostly low scores. Despite the supposed aim of improving academic performance, the report noted, most sites offered little programming that had an educational component, aside from "homework help." Fewer children were being served than goals had called for. Programs in art, music, and sports predominated, alignment with classroom teaching was inconsistent, and most sites had failed to collaborate successfully with the public schools.³⁶

Furthermore, the system used to track individual students was proving to be impractical. "The key-card system ended up being not particularly successful," Canales recalled. "There were problems with the technology, there were problems around privacy, there were problems around the ability to collect the data. We invested a fair amount in a pretty robust system and I'm not sure at the end of the day that we had a whole lot to show for it."³⁷

As 21st CLCC expanded into a billion-dollar program, scholarly and public interest in the relationship between after-school programs and academic performance rose accordingly. By the summer of 2003, the expanded body of knowledge about such programs had begun to call into question some of the assumptions on which CORAL had been founded. Some scholars questioned whether, given the limited time available to after-school programs, they could make any difference to academic performance at all, especially if they weren't designed specifically to improve the skills and knowledge measured by schools. Even the one service that CORAL seemed to deliver well—homework help—was unlikely to benefit the poorest students in the worst-performing schools because many such students lacked fundamental literacy.

Four months after the first CORAL assessment arrived at the Foundation, the Youth program director resigned, necessitating a leadership transition in the initiative. By this time, Irvine had spent more than \$30 million of the planned \$60 million on CORAL.

In November, Anne Stanton, former director of the San Francisco nonprofit Larkin Street Youth Services, was named director of the Youth program. Among her other duties, she would assume responsibility for the floundering CORAL program. Canales recalled the circumstances of her hiring:

³⁵ Nalder, Eric, "CEO's Rewards at Non-profit." San Jose *Mercury News*, April 27, 2003, p. 1A.

³⁶ Walker, *Insight*, p. 12.

³⁷ Canales interview, January 8, 2008.

We hired Anne with the express purpose of designing a whole new direction for our Youth program. The program had been aimed at younger children, and we wanted to focus on a different cohort. We were going to concentrate on ages 14 to 24, and primarily on how we could help low-income youth in that age band make a successful transition from high school to college and/or a career.³⁸

THE DECISION

In December 2003, Canales faced a decision regarding the future of the most expensive and ambitious initiative the Foundation had ever undertaken.

Over the previous several years, Irvine had weathered an unrelenting series of turbulent events: the retirement of the Foundation's longtime president; a drop in the stock market that had reduced the Foundation's assets by a quarter; a commensurate loss of staff and reduction in grantmaking; the hiring of a new president simultaneous with a year-long strategic planning process that eliminated half the Foundation's programs, followed by the sudden resignation of the new president.

Canales had been on the job less than two weeks when a newspaper article raised questions about loose spending at the Foundation. Meanwhile, an outside evaluator had given CORAL low marks.

The evaluation itself had been beset by missteps and disappointments, including cost and time overruns. The key card system used to track students had technical flaws and was never fully implemented; without a reliable system to collect basic attendance information, the evaluator was unable to undertake analysis that would link participation in CORAL to school performance. Furthermore, the evaluator had initially proposed an online assessment of student reading and math skills that would provide immediate data to program providers and the evaluators. In 2001-02, the evaluator developed and implemented the online system, but then discovered that the data were unreliable. The system was abandoned. It was only with the first comprehensive evaluation report, delivered in spring 2003, that it became apparent to Irvine Foundation staff that the evaluation was not meeting expectations.

The CORAL National Advisory Board had met only a couple of times, and its work had not contributed significantly to the evolution of the initiative.³⁹ The initiative's program director had resigned. There was growing reason to doubt the very assumptions upon which the initiative had been founded.

As a result of the strategic planning process, the board was moving the Foundation's Youth program in a new direction. In the future Irvine wouldn't be funding initiatives that were aimed at younger children. Yet the Foundation still had CORAL.

Now the Foundation's board was indicating that it needed guidance on how to move forward with the initiative.

Perhaps, Canales reflected, the Foundation had been rash to launch a major initiative in an area in which it had no experience.

The Foundation had promised the five CORAL cities that it would spend \$2 million a year for six years. Canales took that promise seriously—after all, he himself had been the executive in charge of overseeing grant programs when the initiative was launched. CORAL was his responsibility as much as anybody's.

³⁸ Canales interview, January 8, 2008.

³⁹ Canales interview, January 8, 2008.

Hundreds of children and their families were depending on CORAL money to provide safe, nurturing places to go to outside of school. Even if CORAL wasn't improving academic performance, it was providing that service at the least. The reputations and capacities of the lead CORAL agencies would be severely damaged if the Foundation shut down the program prematurely. Perhaps Irvine should stay the course, follow through on its promise, and then move on, expensive lesson learned.

Yet the commitment to fund CORAL didn't mean Irvine couldn't ask for changes in the initiative, even at this late date. Perhaps the Foundation should make an active effort to figure out how CORAL might be improved. Canales knew that Anne Stanton was fully occupied in charting the new course for the Youth program. To ask her to lead an effort to reevaluate CORAL and possibly set a new direction for it would distract her from the critical work she was already engaged in. Canales believed there was no one at Irvine who had the time, skill set, and objectivity to overhaul CORAL. Perhaps he should bring in an outside entity to take a fresh look at the project and the Foundation's relationship with it, and to make recommendations for how to proceed.

On the other hand, hiring yet another outside entity would mean throwing still more dollars at an initiative that had already cost over \$30 million. There was no guarantee that anything could be done to improve CORAL. The design appeared fundamentally flawed. Even if the design could be improved, there was the separate question of implementation. At this point the initiative had its own momentum. How likely was it that anyone, inside the Foundation or outside it, could turn CORAL around now? Almost \$30 million remained in the CORAL budget. Those dollars might well produce more social good spent elsewhere. Maybe Canales should advise the trustees to pull the plug on the project.

The series of upheavals that Irvine had faced had undoubtedly contributed to the lack of effective oversight of CORAL. Was it fair to penalize the children served by CORAL, and the agencies that administered the initiative, for being involved in a situation created at least in part by Foundation matters that had had nothing to do with them? But never mind "fair." As Foundation president, Canales had a single overriding responsibility: to spend Irvine's money wisely, even if it meant cutting off the CORAL agencies and the families they served.

What should Canales recommend to the board?

EXHIBIT A

12 Principles of CORAL

1. Educating children is a community-wide responsibility, not just the province of the schools, and every community member can contribute to the success of young people.
2. Each community has a different set of assets, priorities and challenges that preclude the imposition of generic solutions from outside the community.
3. Neighborhood and community programs that focus on academic achievement during out-of-school hours can have a positive impact on the in-school performance of children and youth, and on the schools themselves.
4. Sustainable, systemic change can be achieved by building neighborhood capacity and aligning programs and organizations toward a shared vision.
5. Diversity is an asset that enriches life and learning; successful programs build on the strengths of that diversity as well as existing relationships and services.
6. Inclusivity and collaboration among diverse circles of community members is essential to building a community-wide network that supports the academic achievement of all children.
7. Community-based planning needs to be accompanied by timely and coordinated training and technical assistance, with a special emphasis on communication and technology.
8. Out-of-school educational programs should enrich, complement and reinforce, not duplicate, in-school curriculum.
9. Young people can serve, as well as be served, and should be actively involved in the planning and decision-making process.
10. Successful youth-serving programs enable young people to develop close relationships with peers and caring adults.
11. Communities can learn from each other by sharing challenges and accomplishments in a meaningful and authentic manner.
12. Building trust throughout the initiative at all levels is crucial to the successful implementation of a statewide initiative.

Source: James Irvine Foundation, *Five Cities, One Vision*. San Francisco: James Irvine Foundation, 2001, p. 4. Retrieved from http://www.irvine.org/assets/pdf/pubs/education/Coral_5_Cities.pdf.

EXHIBIT B

CORAL Project Overview

Since 1937, The James Irvine Foundation has supported programs to improve the quality of life in California. In the spring of 1999, after almost two years of planning, the Foundation launched a new initiative to encourage academic achievement of youth during out-of-school hours. That initiative is called Communities Organizing Resources to Advance Learning (CORAL).

CORAL is based on a simple, yet compelling, concept: by building the capacity of local youth-serving programs within a community while simultaneously mobilizing broad-based support both for the programs and for academic achievement, a framework for advancing children's learning can be put into place and sustained in that community over time.

This theory requires four major and concurrent strategies:

1. Mobilizing broad support from policy makers, school leaders, neighborhood groups, faith-based organizations, funders, business leaders and the media to build a more supportive local infrastructure for students;
2. Assisting youth serving organizations to work together and with schools to provide a rich and broad-based array of educational opportunities both in and out of school;
3. Educating parents and caregivers to build an informed constituency who will demand high quality activities for their children;
4. Selecting five California communities to implement CORAL.

What distinguishes CORAL from other initiatives is its core conviction that education is a community-wide responsibility and its emphasis on building capacity within communities to produce sustained improvements in educational achievement.

“Most programs begin and end with a focus on the student, designing activities intended to help meet achievement goals (i.e., the tutoring model),” says Eugene Garcia, Professor at the Graduate School of Education at the University of California at Berkeley. “CORAL recognizes the importance of incorporating non-school entities, including the community where students live and their out-of-school activities. Taking a more comprehensive and localized approach, CORAL strives to enhance overall well-being—health, social relationships, peer and family interactions—and the community environment as they relate to educational endeavors.”

To put its four concurrent strategies in motion, the Foundation identified communities to serve as CORAL sites, and is providing them broad-based financial support and technical assistance. These sites will develop detailed, multi-year plans and form local collaborations and partnerships, all centered around building a network of complementary educational options for children and youth. An evaluation team is assessing progress and outcomes.

Even as the Foundation continues to refine the theory and model for CORAL, the project has gone into action. Pasadena was the first of the five California communities to be selected. Since that time, Long Beach, San Jose, Fresno and Sacramento have also become CORAL sites.

Source: James Irvine Foundation, *Five Cities, One Vision*. San Francisco: James Irvine Foundation, 2001, p. 6. Retrieved from http://www.irvine.org/assets/pdf/pubs/education/Coral_5_Cities.pdf.

EXHIBIT C

Mission

The mission of the James Irvine Foundation is to expand opportunity for the people of California to participate in a vibrant, successful and inclusive society.

James Irvine, a California agricultural pioneer, established the Irvine Foundation in 1937 to benefit the people of California. Over the last 70 years, the Foundation has met the objectives of its founder by providing over \$1 billion in grants to more than 3,000 nonprofit organizations.

Following a process of strategic planning undertaken during 2002-2003, Irvine board and staff took a fresh look at the people of California—who they are, where they live and what their prospects are. As a result, the Foundation refined its mission and its grantmaking program, focusing on the notion of expanding opportunity as the guiding principle of all of our activities. Whether we expand opportunity by helping youth navigate critical transitions in their lives, by fostering creativity and nurturing a rich cultural environment in our state, or by improving decision making related to the critical issues facing California today and into the future, our vision is a state where full and active participation by all Californians becomes a reality.

In pursuit of this mission, we are guided by the following goals:

- Advance the educational and economic prospects of low-income Californians to share in and create California's prosperity.
- Engage a broad cross section of Californians in the civic and cultural life of their communities and the state.
- Enhance mutual understanding and communication among diverse racial, ethnic and socioeconomic groups.
- Enrich the state's intellectual and creative environment.

Source: James Irvine Foundation, "About Us: Mission." Retrieved from http://www.irvine.org/about_irvine/mission.shtml.

The James Irvine Foundation and CORAL

Part B

In January 2003, the James Irvine Foundation through a competitive process hired the consulting firm Public/Private Ventures (P/PV) to conduct a rigorous review of the CORAL initiative and make recommendations concerning how to proceed.

After reviewing internal documents and interviewing Foundation staff and trustees, as well as staff in all five CORAL cities, P/PV concluded that “CORAL’s cost per youth [was] well beyond the \$1,000 to \$2,000 range that public and private funders around the nation would typically provide for after-school programming,” and that “[e]ven if [implementation] improved, it was highly unlikely to meet CORAL’s original goal of improving student performance without substantial change in the basic program design.”⁴⁰

Indeed, P/PV advised the Foundation that it should change the basic program design. CORAL should not work on improving overall academic performance, but rather concentrate on improving literacy solely. The Foundation, P/PV said, should “focus CORAL’s work on providing after-school programming that contained a literacy component to improve the basic reading and writing skills of third- and fourth-graders performing below grade level.” Because other CORAL components—organizing, family outreach, summer institute, communications technology, and so on—served mainly as distractions from the main goal of improving school performance, P/PV recommended that they be scaled back substantially. Cuts to those aspects of the initiative would also reduce the cost per child.⁴¹

Canales and the Foundation’s board accepted P/PV’s recommendations. Through a separate competitive process, P/PV was hired to serve as an intermediary manager to implement the recommended changes in the CORAL program. Over the course of the next two years, P/PV followed through on the so-called midcourse corrections. In December 2005, P/PV published, on the Irvine website, a report titled “Launching Literacy in After-School Programs: Early Lessons from the CORAL Initiative.”⁴² The report summarized P/PV’s work to date and its impact on the children served by CORAL. The report also issued preliminary recommendations for how to design an effective out-of-school literacy program.

CORAL formally ended in June 2006. All told, Irvine spent \$58 million on it.

In May 2007, Irvine published a report written by P/PV president emeritus Gary Walker titled “Midcourse Corrections to a Major Initiative: A Report on The James Irvine Foundation’s CORAL Experience.”⁴³ The “Midcourse Corrections” report told the story of CORAL up through P/PV’s recommended changes in the program and drew a series of “lessons” from the

⁴⁰ Walker, Gary, “Midcourse Corrections to a Major Initiative: A Report on the James Irvine Foundation’s CORAL Experience.” *Insight*, May 2007, p. 13.

⁴¹ Walker, “Midcourse Corrections to a Major Initiative: A Report on the James Irvine Foundation’s CORAL Experience,” p. 14.

⁴² Arbretton, Amy J.A., Julie Goldsmith, and Jessica Sheldon, “Launching Literacy in After-School Programs: Early Lessons from the CORAL Initiative.” *Insight*, December 2005.

⁴³ Walker, Gary, “Midcourse Corrections to a Major Initiative: A Report on the James Irvine Foundation’s CORAL Experience.” *Insight*, May 2007.

Foundation's difficulties. (See Exhibit D, "Midcourse Corrections': Executive Summary.") Walker also indicated that P/PV and the Irvine Foundation would soon publish a series of follow-up reports to summarize the impact of the midcourse corrections.

In August 2007, Jim Canales and Paul Brest, president of the William and Flora Hewlett Foundation, cowrote an opinion piece for the *Chronicle of Philanthropy*. Like Irvine, Hewlett had recently published a report on a large-scale program that had failed to live up to expectations. In the piece for the *Chronicle*, Canales and Brest laid out their reasons for discussing in public what foundations have traditionally preferred to keep quiet:

We issued these reports because we believed they provided important lessons for grant makers and nonprofit groups about what it takes to bring about major changes in communities. The only thing philanthropy needs less than reinvented wheels is reinvented potholes.

We also wanted to promote a more open culture in philanthropy.⁴⁴

In February 2008 Irvine and P/PV published six reports:

- "Advancing Achievement: Findings from an Independent Evaluation of a Major After-School Initiative," by Amy Arbretton, Jessica Sheldon, Molly Bradshaw, and Julie Goldsmith, with Linda Jucovy and Sarah Pepper
- "What Matters, What Works: Advancing Achievement After School," a brief based on the findings published in "Advancing Achievement"
- "Supporting Success: Why and How to Improve Quality in After-School Programs," by Jessica Sheldon and Leigh Hopkins
- "After-School Toolkit: Tips, Techniques and Templates for Improving Program Quality," by Nora Gutierrez, Molly Bradshaw, and Kathryn Furano
- "Gaining Ground: Supporting English Learners Through After School Literacy Programming," by Julie Goldsmith, Linda Jucovy, and Amy Arbretton

"Advancing Achievement" summarized P/PV's on-the-ground experience in attempting to revamp CORAL. The report documented impacts, lessons learned, and promising strategies for future programs:

The story that emerges from the evaluation of CORAL is that a well-structured academically oriented component—in this case, literacy—can be integrated into an existing after-school program relatively quickly, and that by focusing on consistent, high-quality implementation of literacy strategies, such a program can benefit the children who participate.⁴⁵

"Advancing Achievement" concluded:

The initiative's transition to a balanced literacy approach emerged amid a larger transition in the afterschool field, in which practitioners and policymakers are reevaluating the role of the after-school hours and becoming more attuned to the importance of high-quality programming and engagement among participants.

⁴⁴ Brest, Paul, and James E. Canales, "Let's Stop Reinventing Potholes." *Chronicle of Philanthropy*, August 9, 2007.

⁴⁵ Arbretton, Amy, et al., "Advancing Achievement: Findings from an Independent Evaluation of a Major After-School Initiative." *Insight*, February 2008, p. 58.

Consequently, the evaluation of CORAL provides important guidance from a programmatic standpoint and from a public policy perspective. An understanding of the ways in which CORAL has engaged children in quality programming, and the relationship of those factors to academic outcomes, has drawn further attention to the potential role for after-school programs in the ongoing drive to improve children's academic achievement. And, increasingly, as researchers identify and examine effective practices for after-school programs, studies such as this one will be needed to determine if programs can equally benefit children, regardless of their differences in cultural, language and educational backgrounds.⁴⁶

(See Exhibit E, "Excerpts from 'Advancing Achievement.'") The publication of the six February 2008 reports represented the final chapter in the CORAL story.

The Irvine Foundation took a chance when it decided to hire a consultant to help it evaluate a struggling project. By casting an objective eye on CORAL, P/PV was able to make constructive recommendations and was also able to carry through on them effectively.

By going public with its experience in dealing with a difficult project, the Irvine Foundation was able both to contribute hard-earned knowledge to the debate surrounding an important issue in education and to set a positive example of openness for the philanthropy community. Had Canales recommended either staying the course or shutting down the initiative, these secondary—though perhaps, in the long run, most significant—impacts of the CORAL initiative would not have occurred.

As Brest and Canales concluded in their article for the *Chronicle of Philanthropy*:

Careful evaluation, a genuine openness to learn from failure, and a willingness to change are critical to success in these [large-scale philanthropic] undertakings. When foundations don't learn and share the information necessary to correct course, it is their intended beneficiaries—often the neediest members of society—who ultimately bear the cost.

Success stories don't suffice. To serve our missions and maintain our credibility in the nonprofit world and with the public at large, foundations must tell the whole truth. Today, much of the wisdom gained by foundations is packed away in file cabinets and stashed in computer servers. Let's change our approach: Admit mistakes. Share them. Move on. Take fullest advantage of the one thing philanthropy may have in almost as much abundance as money—knowledge.⁴⁷

⁴⁶ Arbretton et al., "Advancing Achievement: Findings from an Independent Evaluation of a Major After-School Initiative," p. 64.

⁴⁷ Brest and Canales, "Let's Stop Reinventing Potholes."

EXHIBIT D

“Midcourse Corrections”: Executive Summary

At the midpoint of its CORAL initiative, The James Irvine Foundation gathered lessons about the pitfalls of planning and adjusting large-scale philanthropic programs — lessons it wishes to share with peer foundations and others who pursue ambitious social change objectives. Using the example of the CORAL initiative, this report describes the context and motivations behind the inception of major programming, pinpoints the grantmaker inclinations that help and hinder program design and implementation, and recommends strategies for overcoming the inherent challenges to honest midcourse assessments and improved program results.

Key Findings: The CORAL Initiative Surfaced a Set of Inherent Challenges that in Turn Led to Significant Lessons Learned with Regard to the Design, Assessment, and Correction of Major Philanthropic Initiatives

Inherent challenges	Lessons learned
<ul style="list-style-type: none"> • Foundations are pressured to address critical social issues and take risks; change in an initiative may be perceived as a lack of willingness to maintain a commitment • Ongoing program reviews merit lower priority than new grant work • Major social initiatives address difficult-to-measure social issues • Foundation staff primarily devoted to an initiative face conflicts of interest between personal promotion and surfacing needs for major change • Grantees instinctively do not want major change in an initiative • Grantee performance (or underperformance) has no relationship to the amount of assets a foundation has available to distribute 	<ul style="list-style-type: none"> • Do not commit to a major initiative without a well-vetted theory of change, clear interim outcomes, and a field-tested information system that produces reliable outcome data • Think critically about the facts on which the initiative is based • Think equally critically about grantee and staff capacities and their alignment with initiative priorities • Make external, midcourse review a planned event in large-scale initiatives • Establish ongoing and structural internal oversight of initiative performance • Be cautious about calls for more time, more resources, and more assistance

Source: Walker, Gary, “Midcourse Corrections to a Major Initiative: A Report on the James Irvine Foundation’s CORAL Experience.” *Insight*, May 2007, p. 8.

Exhibit E

Excerpts from “Advancing Achievement”

Summary of Findings from the Two-Year Evaluation of CORAL

The findings described in this report have been drawn from two years of data collection on literacy implementation and outcomes using a wide range of instruments that permit linking these data together and describing important patterns of relationships between the quality of programs, engagement and outcomes. The results of the study are informative for program designers, funders, researchers and policymakers—people who share an interest in making after-school programs as effective as possible for children. The children involved in CORAL represented great diversity in their ethnicity and language proficiency and also, to some degree, in their performance at school. This diversity adds dimension to an examination of the role of the afterschool program for different subgroups of youth, in particular English learners — a topic often missing in after-school research

Key findings include:

Children’s reading success was strongly related to programming quality; CORAL participants showed greater gains in grade-level reading and performed better on standardized tests when they were exposed to more consistent and higher-quality literacy activities. . . .

Higher levels of engagement were related to positive changes in children’s attitudes toward reading as well as attitudes and behaviors in school. . . .

English learners and children far behind in reading showed similar gains when compared to their peers. . . .

The quality of literacy programming was increased relatively quickly. By the end of the second year of implementation almost all (88 percent) of the literacy activities observed had reached a moderate level of quality. This was a key achievement, as quality was found to be related to children’s reading gains. . . .

The CORAL program successfully served a diverse group of children (in terms of age, English proficiency and academic need) in large numbers and attained high levels of participation and engagement. . . .

CORAL demonstrated that after-school programs can provide dynamic and fun programming that blends academics and enrichment activities in a way that is beneficial to children and meets the needs of its other constituents, including parents and schools. . . .

Costs for providing CORAL's combined academic and enrichment program (just under an estimated \$20 per day for each child in attendance) were similar to those of other after-school programs. . . .

Implications for Programs, Research and Policy

The information learned from the CORAL evaluation also has important implications for the after-school field, including practitioners, those who research after-school programs with the goal of improving their quality and outcomes, and the policy community interested in the potential of after-school programs to provide children with enriching experiences and academic support. A number of key lessons emerge:

When considering CORAL's success in promoting gains in literacy, it is important to keep in mind that these results are likely the product of a "mixed" program that combined quality literacy instruction with enrichment activities and homework help. . . .

Increasing the quality of a targeted literacy component is clearly possible, but requires focused effort. Program staff's access to crucial data on program quality and practices, and the ways in which they were able to use that information for program improvement, were critical components of their success. . . .

The fact that English learners achieved academic gains in equal measure to other children in the program deserves particular attention. In the current environment of scarce resources for academic support, and the evolving demographic profile of the children in this country, these results take on added significance. . . .

The accumulation of results from this evaluation is promising but not conclusive. Future experimental design studies of programs that focus on this population of children, reach a moderate to high level of quality in implementing this type of literacy programming, and garner similarly high rates of participation and engagement would constitute an important addition to the body of knowledge on after-school program effectiveness. . . .

Source: Arbreton, Amy, et al., "Advancing Achievement: Findings from an Independent Evaluation of a Major After-School Initiative." *Insight*, February 2008, pp. 58-64.