

JUNE 2004

The William and Flora Hewlett Foundation has been making grants since 1966 to help solve social and environmental problems at home and around the world.

Page 2
Arts Contribute to California's Economy

Page 3
California Teacher Survey Reveals Serious Problems, Support for Reform

Hewlett Foundation Honored by Arts Council

Page 4
At the Foundation

The William and Flora Hewlett Foundation

2121 Sand Hill Road
Menlo Park, CA 94025

Tel: 650-234-4500
Fax: 650-234-4501

www.hewlett.org

Group Calls for More General Support Funding

Publications as diverse as *Backstage*, *Youth Today*, and the *NY Law Journal* have reported on the Independent Sector's recent endorsement and release of "Guidelines for the Funding of Nonprofit Organizations," underscoring the desire of nonprofits for foundations and others to look beyond project-specific funding.

"To anyone at a nonprofit youth agency trying to live in part on foundation grants, a statement endorsed by the Independent Sector last month sounds as if it was designed to set his heart aflutter," wrote Patrick Boyle in *Youth Today*. There's even more to it than that, according to Paul Brest, principal author of the guidelines and president of the Hewlett Foundation. "General support is very effective grantmaking when it's a reciprocal commitment between grantmakers and grantees."

Often, project-specific grants fail to cover some of the necessary expenses of a well-run nonprofit. By calling on funders to provide

multiyear, general support when appropriate, the guidelines's authors hope to build momentum toward core operating support. In 2002, about 19 percent of foundation grants were for general support, up from the previous high of 13 percent. About half of the Hewlett Foundation's annual grants are for general operating support, including support of organizations' self-defined subdivisions and programs.

The guidelines suggest that funders can "appropriately expect top-notch performance from nonprofit organizations in strategic planning, financial management, evaluation, development, and ultimate impact" in return for general support. When project-specific funding is appropriate, the guidelines make clear that "funders should presumptively pay the full costs incurred by the organization, including a fair proportion of administrative and fundraising costs necessary to manage and sustain whatever is required by the organization to run that particular project." ■

Communications Trainings Assist Grantees

When the Education Program at the Hewlett Foundation brought a group of grantees together this May for a strategy conference, some meeting participants were surprised to see a communications training session on the agenda as well. "I went into the session full of trepidation," said Steve English, of the Advancement Project. "It looked tedious on paper. But it was electric! And I learned a lot." Francisco Estrada of MALDEF was even more enthusiastic. "This was the best communications workshop I have ever attended," he said.

(continued on page 4)

Clean Air Rule Will Save Lives

This May, the Environmental Protection Agency issued a comprehensive regulation that will cut emission levels from construction, agricultural, and industrial diesel-powered equipment by more than 90 percent. The rule also sets substantial new restrictions on the sulfur level in diesel fuel for these engines and for locomotive and marine diesel engines.

Over the last two years, the Hewlett Foundation made a package of grants, through the Breakthrough Technologies Institute (BTI), to ensure that EPA issued the strongest possible

(continued on page 2)

Clean Air Rule Will Save Lives

(continued from page 1)

rule. In addition to pulling together the best medical and scientific evidence on the issue, BTI formed a coalition that included engine manufacturers, environmental and public interest organizations, public health organizations, labor unions, conservation organizations, and associations of state and local air pollution control officers.

Nonroad diesel engines are a significant presence in every community in America. They power farm, construction, industrial, and mining equipment. Largely unregulated until now, they are responsible for more particulate soot emissions than the nation's cars, trucks, and buses combined. The new rule will remove 99 percent of sulfur in diesel fuel by 2010, resulting in dramatic reductions in soot from all diesel engines. And new engines build after 2010 will have to use sophisticated tailpipe technology, such as diesel particulate filters, to cut their emissions.

Using the Hewlett Foundation grant, BTI was able

to work with a wide array of partners to compile data and build consensus for the result, generating more than 150,000 public comments in support of the rule, which covers more than 6,000 engine models.

"Quite simply, this is one of the biggest clean air victories ever," said Hewlett Foundation Environment Program Director Hal Harvey. "It is an extraordinary achievement."

The EPA has also now begun the process of proposing new emission standards for locomotive and marine vessels, and has issued an advance notice of proposed rulemaking covering those engines. Standards under consideration would apply to new and existing locomotives and vessels.

The EPA estimates that the health and environmental impact will be significant. The nonroad diesel rule will annually prevent up to 12,000 premature deaths, one million lost work days, 15,000 heart attacks, and 6,000 asthma-related emergency room visits. ■

Arts Enhance California's Economy and Quality of Life

A new study showing that arts activities benefit the California economy comes just in time for nonprofit arts organizations. Recent budget cuts have made raising awareness about the value of the arts even more crucial. According to the report, commissioned by the California Arts Council with support from the Hewlett Foundation and titled "The Arts: A Competitive Advantage for California II," nonprofit arts organizations are responsible for pumping \$5.4 billion into California's economy annually. "Funding the arts is not a subsidy, it's an investment," Barry Hessenius, director of the California Arts Council (CAC), recently told the *San Jose Mercury News*.

More than 3,000 nonprofit arts and cultural organizations participated in the study, which was conducted between May 2003 and March 2004. The research revealed that the economic activity generated by nonprofit arts in California has increased by \$3.25 billion in the last ten years alone, up 152 percent. In all, non-

profit arts activity contributes 66,300 full-time jobs and 95,100 part-time jobs, generates nearly \$300 million in state and local taxes, and attracts an audience of 71.2 million people.



Other findings uncover the important role the arts play in the economic vitality of communities of all sizes. Rural communities see a \$120 million economic benefit annually, and, according to the Department of Tourism, the arts are the primary motivation for 6 million tourist visits to California each year. Taxpayers seem to understand these benefits as well. Audience research indicated that Californians are willing to pay more in taxes in order to protect arts and cultural programming.

Nonetheless, funding for these organizations remains extremely tight. CAC Chair Barbara George and Hessenius are optimistic that damage to the sector can be reversed. In the report, they write, "We hope these findings result in increased public awareness and support for the arts in our state and the view that the 'arts mean business' in California." ■

New Survey of California Teachers Reveals Serious Problems in Classrooms, Teacher Support for Education Reform

On the 50th anniversary of the *Brown v. Board of Education* ruling, a new Louis Harris survey of teachers across California, commissioned by The William and Flora Hewlett Foundation, offers a troubling look directly from the classrooms: Teachers report that the public school system is struggling with textbook shortages, overcrowded classrooms, run-down facilities, and a serious shortage of qualified teachers. This crisis is especially bleak in schools with high concentrations of African American and Latino students.

In the face of this grim news, however, the survey reveals widespread support among teachers for school reform. Accord to the Harris research, two-thirds of California's teachers support a new proposal being discussed in Sacramento that would improve public schools by setting budgets based on individual student needs and giving local schools both more authority and accountability.

"This report from the front lines is sobering," said pollster Louis Harris, who directed the survey with the Peter Harris Research Group. "Huge numbers of schools are failing to hire and keep qualified teachers. Textbooks are so scarce kids can't even take them home to do their homework. Classrooms are severely overcrowded, and the buildings themselves are crumbling and infested with rats and cockroaches."

Harris noted that these trends are magnified at California schools

with a high concentration of African American and Latino students. Teachers in these schools report much greater problems with basic educational resources than teachers in schools attended by

mostly white students: 43 percent have a high percentage of under-qualified teachers (vs. 4 percent in mostly white schools); and 35 per-

(continued on page 4)

William Hewlett and the Hewlett Foundation Honored by the Arts Council of Silicon Valley

The Silicon Valley Arts Council awarded The William and Flora Hewlett Foundation its Lifetime Achievement Award at the 8th Biennial Arts and Business Awards ceremony on May 7. The Performing Arts Program was honored for its commitment to supporting the Bay Area arts community and for best practices in arts grantmaking.

John Kreidler, Executive Director of Cultural Initiatives Silicon Valley, presented the award. "Just as Bill Hewlett believed that his employees were his colleagues and actively sought their feedback, so the Hewlett Foundation treats its grantee institutions as participating colleagues. It has had the capacity and the vision and the dedication to change our world for the better. Without question, the Hewlett Foundation has been instrumental in creating and supporting a flourishing arts community in Silicon Valley."

Accepting the award on behalf on the Foundation was Performing Arts Program Director Moy Eng. "The arts can be many things," said Eng, "not the least of which is an economic engine that contributes to the financial well-being of our state. But beyond that, and more importantly, we applaud and support the courage and imagination of artists who share their perspective, opinion, and vision of the world. During 37 years we have invested almost \$140 million to help artists realize their visions and to give Bay Area residents the opportunity to learn how to create and experience worlds beyond their day-to-day existence."

Begun in 1989, the Arts and Business Awards (known as the ABBYs) recognize and celebrate local Silicon Valley businesses and individuals who have inspired the region with their vision, commitment, leadership, and support. The Lifetime Achievement Award is presented to an organization or individual for sustained commitment to the arts. Award recipients are selected by an independent panel of distinguished and impartial representatives from the business, arts, civic, and nonprofit communities. ■



John Kreidler and the Performing Arts Program Staff (from left) Andrea Faiss, Moy Eng, John McGuirk, and Kerry O'Connor.

Communications Trainings

(continued from page 1)

The Conflict Resolution Program had similar ideas about offering communications support to their grantees, especially as the Hewlett Foundation winds down its grantmaking in this area. In May, the program hosted more than two dozen grantees in Washington, D.C., in a session that was equally well received.

The Foundation brought in consultant Kristen Wolf of Spitfire Strategies to provide both groups of Hewlett grantees with a simple, useful tool to help them create an effective communications strategy. The Spitfire “Smart Chart” training takes participants through a series of steps that help an organization set a measurable goal, identify its assets and challenges, focus on an audience, craft a compelling message, and, based on this information, select appropriate tactics.

“It’s obvious that our grantees are benefiting from additional support like this,” said Hewlett Foundation Education Program Director Mike Smith. ■

California Teacher Survey

(continued from page 3)

cent lack textbooks for students to take home (vs. 20 percent).

“The inequalities revealed in this study represent a moral—and arguably a state constitutional—problem,” said Mike Smith, Education Program Director for the Hewlett Foundation. “The issues are simple to understand. Is it fair that schools with our most low-income students also have the poorest resources? Shouldn’t all students have a fair chance to succeed?”

“Fifty years ago, *Brown v. Board of Education* promised a fair and equal opportunity to learn for every American child,” said John Rogers, associate director of UCLA’s Institute for Democracy, Education & Access (IDEA), who provided additional analysis with funding from the Hewlett Foundation. “This survey reveals that, here in California, this promise is being broken every day and it’s African-American and Latino students whose opportunities to learn suffer most.”

The Harris survey, conducted between February 12 and March 7, 2004, consisted of 1,056 telephone interviews with teachers in California. ■

At the Foundation

The Hewlett Foundation welcomed **Agustin “Gus” Araya** to the investment team this past April as Associate Director, Private Assets. Gus will work with Kelly Meldrum and Susan Meaney to research and monitor the private equity and real assets market. Gus comes to the Foundation from Intuit, where he was a product manager for consumer and small business software. Gus holds a B.A. in mechanical engineering from UCLA and an MBA from the Stanford Graduate School of Business, and is a Chartered Financial Analyst.

Welcome back to **Jackie Compton** and **C.R. Hibbs**, who

have both returned from maternity leave. Jackie’s daughter, Jade Rose, was born on December 28, 2003. C.R.’s daughter, Lilia, was born on January 5, 2004.

Danielle Deane has been promoted from Associate Program Officer to Program Officer, Environment Program. Danielle manages the New Constituencies for the Environment work, which is helping to engage citizens across California in environmental issues that affect their lives. She is also assisting with transportation grants. Danielle joined the Foundation in 2003. She holds a B.A. in political economy from

Williams College and a M.Sc. in environment and development from the London School of Economics.

Faye Hernandez, who filled in during Jackie Compton’s maternity leave, will be joining the Accounting Department as a permanent staff member. Faye was most recently assistant controller for a high-tech start-up. She holds a B.S. in business administration from the National College of Business and Arts in the Philippines and has passed the California CPA exam. ■