



The James Irvine
Foundation



Year in Review 2018

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Letter from our CEO

Reflecting on 2018, it's easy to feel uneasy. Californians experienced another year of destructive wildfires; immigrants continued to live in fear; refugee and asylum-seeking families were separated at the border; and [nearly half of California workers struggled with poverty](#).

Yet looking back I also see progress and reason for optimism.

Californians once again responded to adversity with compassion, generosity, and action. Residents opened their homes and wallets for neighbors affected by the fires. A loud outcry about the separation of migrant families changed the federal practice. And the midterm elections saw a groundswell of civic engagement, with voters turning out at levels z seen for decades.

I also am encouraged by the growing conversation about shared prosperity, the dignity of work, and both rebuilding and expanding pathways to the middle class.

We're excited to be a part of that conversation and to join many others who share Irvine's singular goal: a California where all low-income workers have the power to advance economically. To help achieve this vision, Irvine works to bring people with a variety of perspectives together, foster partnerships, and, ultimately, invest in the leaders and organizations who work tirelessly to strengthen individuals, communities, and our state overall.

We are proud of what our grantees and partners accomplished in 2018, and here are some highlights of our efforts in 2018 to listen to those we serve, act on what we learned, and respond to urgent needs.

Listening took the shape of:

[A new approach to our support in Priority Regions](#), as we work with local partners to strengthen communities vital to the future of California. As part of that, [our board met in and toured Fresno](#) in June to better understand, through local residents and leaders, the city's challenges and promise

[Continued listening](#) to low-wage workers and sharing those findings to provide a snapshot of their shared experiences and perspectives

[Six community events](#) in Northern and Southern California for experts and participants to discuss how to identify and combat extremism, racism, and other forms of bigotry

Letter from our CEO

Implementation included:

\$95.9 million in grants in 2018 to organizations expanding opportunity in California

\$29.6 million of that went to 22 grantees added in 2018 to our [Better Careers](#) and [Fair Work](#) initiatives – large, multiyear efforts to help protect and propel low-wage workers

Rapid response efforts included:

Supporting organizations working across California on behalf of immigrants, including [to reunite families separated at the border](#) by federal policies in June ([with an update in July](#))

Grants to [Partnership for Public Service](#) and [California Volunteers](#) to better prepare California for the next wildfire, including helping to focus more disaster resources on economically challenged communities. California's success will be determined by the success of low-wage workers. So, while it's easy in these times to take a side, we pursue progress by finding pragmatic solutions with anyone and everyone concerned about California's low-wage workers.

California's success will be determined by the success of low-wage workers. So, while it's easy in these times to take a side, we pursue progress by finding pragmatic solutions with anyone and everyone concerned about California's low-wage workers.

As we step fully into the [next phase of our work](#), we seek partnerships with not only nonprofits but also those in the public and private sector who believe they have a responsibility to create an economy that works for everyone.

I'm inspired by the work our grantees and growing list of new partners do to improve the lives of working Californians, am hopeful for what's to come in 2019 – and I encourage you to read more about Irvine's efforts in 2018 below.

Thank you.



Portfolio Review

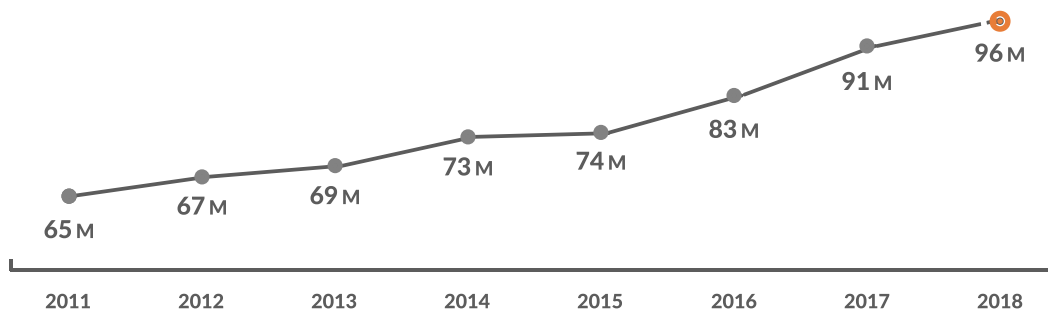
Our 2019 Grantmaking Portfolio Review was shared with Irvine's Board of Directors in March 2019. The review includes glimmers of hope we see in the fight against income inequality in California, a look at what new research reveals about the lives of California's low-wage workers, more about the Foundation's approach to grantmaking, our allocation of resources, and an update on our staff and organizational culture.

The Portfolio Review helps us understand and communicate how strategy development, talent management, finance and investments, and operations come together and relate to our singular goal of creating a California where all low-income workers have the power to advance economically. It is a useful tool to inform and guide our decisions moving forward.

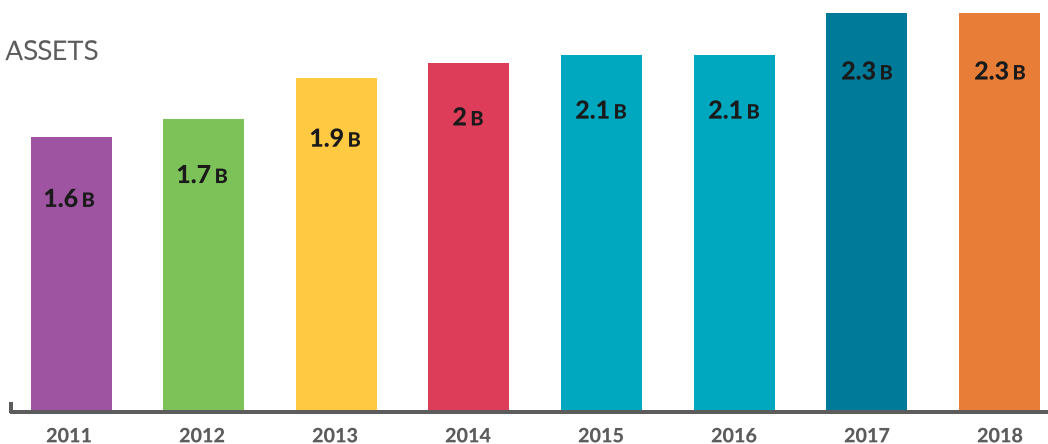
[Download our Portfolio Review](#)

Foundation Statistics: Our Grantmaking

Our grantmaking
and assets increased
in 2018

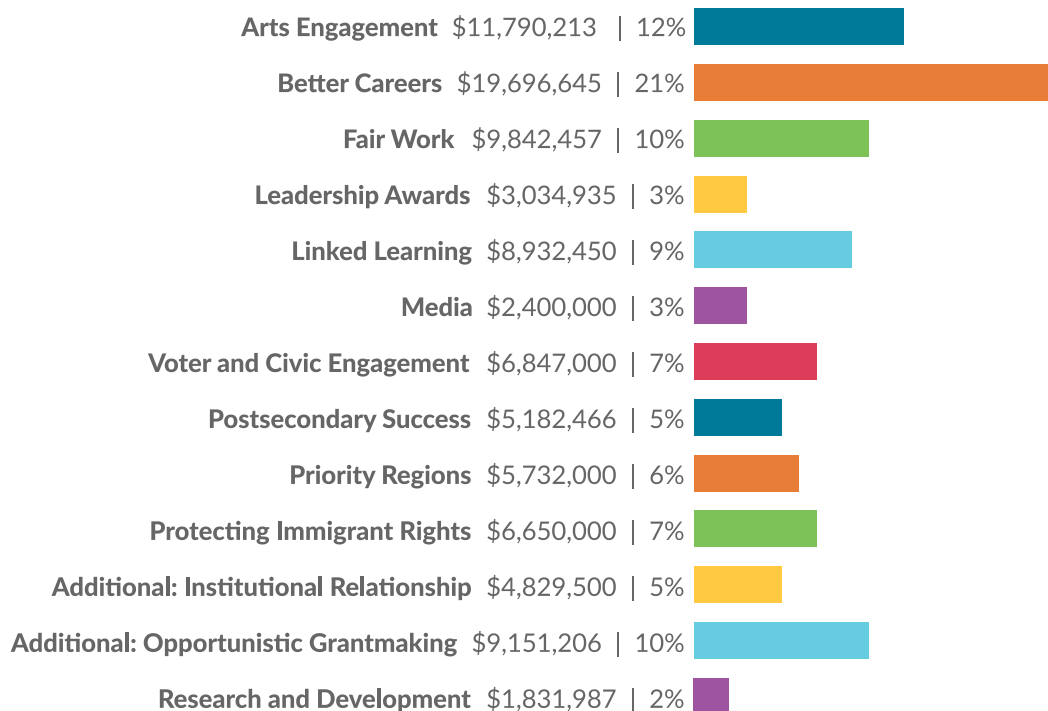


ASSETS



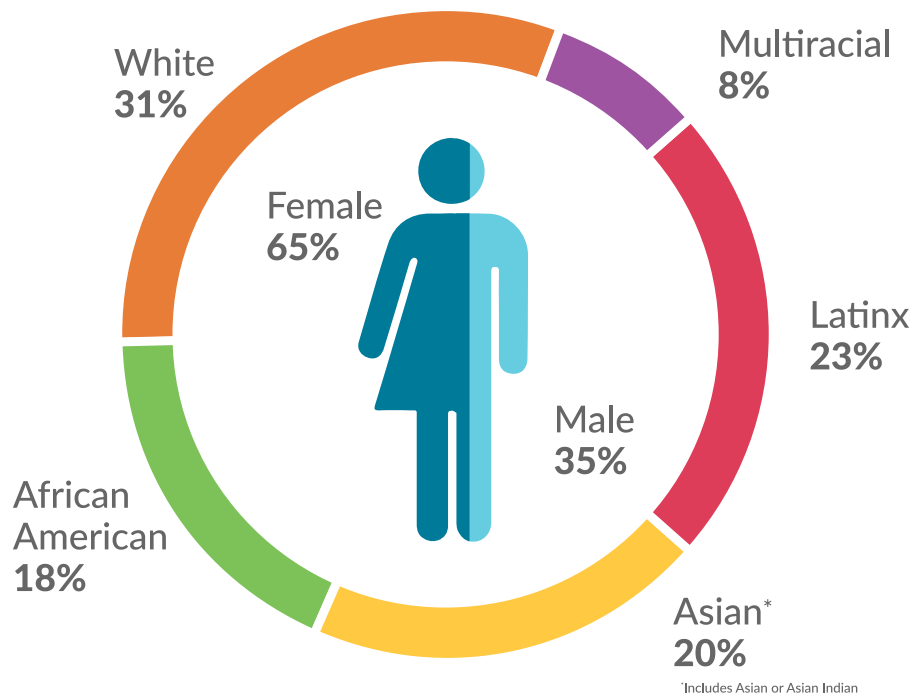
Foundation Statistics: Our Grantmaking

in 2018, we gave
\$95,920,967 to
329 organizations



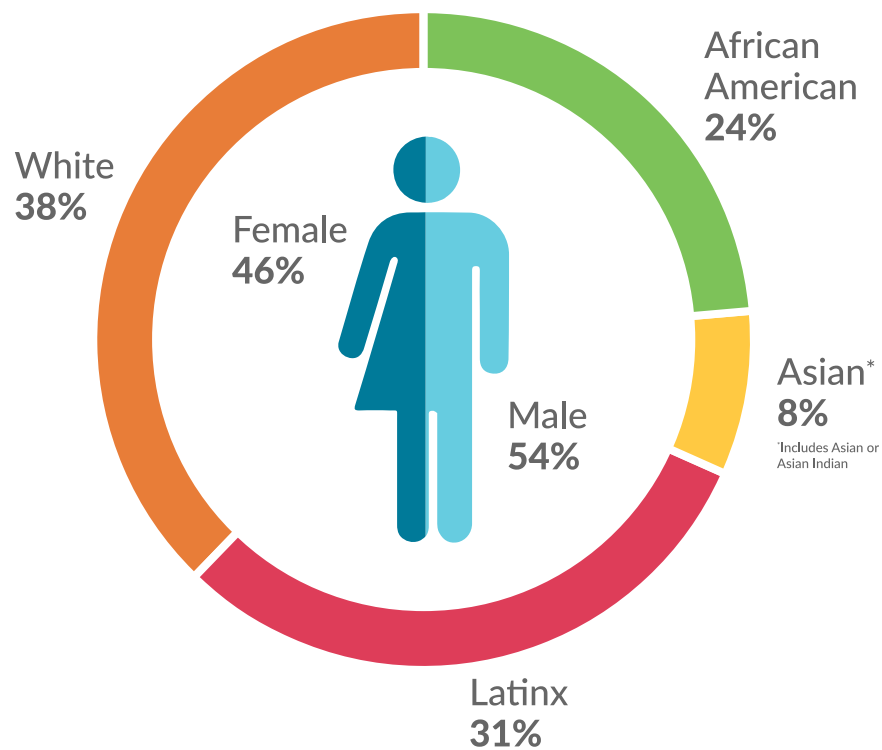
Foundation Statistics: Demographics

Staff 2018 Demographics



Foundation Statistics: Demographics

Board of Directors 2018 Demographics



Our Initiatives

2018 was the first year of grantmaking for Better Careers and Fair Work, the two, seven-year initiatives that support our vision of a California where all low-income workers have the power to advance economically.



Better Careers

Supporting organizations that connect low-income Californians to jobs with family-sustaining wages and advancement opportunities

In 2018, Irvine invested \$19.7 million in grants to 17 innovative, high-impact organizations serving jobseekers who can fill California's more than 1.4 million open, middle-skills jobs. These include low-wage workers who want to gain more skills, talented youth who are disconnected from work and school, the formerly incarcerated, and those who have been laid off and seek a new career path. Better Careers supports career pathways programs, employer engagement activities, and efforts to improve public policies and systems that are barriers - or doorways - for Californians seeking opportunities.

Listening to and learning from our grantees and partners

In addition to investing in the critical, direct service work of Better Careers grantees, we also seek their expertise and perspectives to inform Irvine and the larger field of workforce development providers and policymakers. Toward this end, we convened 21 grantees and partner organizations to gain a common understanding of the Better Careers purpose and approach, to hear about grantee challenges and accomplishments, and brainstorm ideas to further support grantee work as we embark on the road ahead. Bringing together these inspiring leaders, who represent a diverse set of organizations and perspectives, created a wealth of ideas for creating pathways to better careers and a stronger field for those carving those pathways.

[Learn more about the Better Careers initiative.](#)

Our Initiatives



Fair Work

Supporting organizations that inform, engage, and mobilize California workers

In 2018, Irvine provided nearly \$10 million in grants to organizations advancing initiatives and engaging workers in key California industries: agriculture, construction, domestic care, goods movement, janitorial, and retail. These organizations are promoting the rights and protections of workers, raising industry standards, and ensuring that every worker is treated with dignity and respect.

Ensuring every California worker receives a fair day's pay for a fair day's work

Irvine is supporting the work of the California Strategic Enforcement Partnership, a collaboration between the California Labor Commissioner's Office and 14 community organizations working to significantly reduce wage theft and ensure a level playing field for employers. To date, the partnership has led to nearly \$40 million in assessments for unpaid wages due to California workers.

Listening to and learning from our grantees and partners

We convened more than 30 leaders and partners (representing 25 organizations) to recognize their achievements, build greater understanding of what is needed to support worker organizations, and chart a course for how grantees and the Foundation can deepen impact on behalf of Californians who are working but struggling with poverty.

[Learn more about the Fair Work initiative.](#)

Other Work



Priority Regions

In 2018, Irvine made the first grants as part of a new, pilot approach to our [Priority Regions](#) grantmaking. This included \$3.95 million in total (over 18 months) to community foundations serving Fresno and Salinas (the Central Valley Community Foundation, The Community Foundation for Monterey County, and The Latino Community Foundation).

Partnering with these funders will allow Irvine to leverage their local expertise to regrant Irvine dollars to grassroots, community-based organizations. These funds will help to expand the capacity of community-based organizations, creating opportunities for residents to engage civically on issues affecting their well-being and to strengthen their leadership potential.

In addition to the pilot regranting programs in Fresno and Salinas, Irvine also continued to partner with leaders and organizations in communities with fewer philanthropic resources but who have great importance to and promise for California. For example, Irvine contributed \$2 million to the statewide Fund for an Inclusive California - with \$1.4 million to be grants in the Central Valley, Inland Empire, and possibly the Central Coast - to increase the organizing capacity and impact of local organizations working on housing issues.



Protecting Immigrant Rights

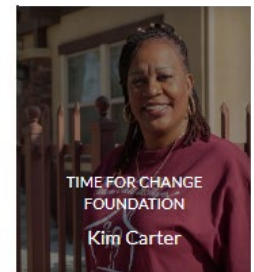
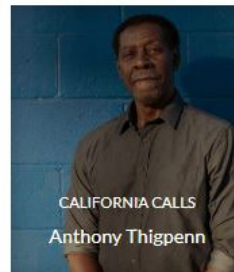
In 2018 we continued to play a leadership role to align investments with other funders to [protect immigrant families](#). The resulting \$18 million in grants included support for the Catalyst Fund, focused on protecting DACA students enrolled in California's post-secondary institutions and their families, as well as efforts to address the [family separation crisis](#).

Other Work

Leadership Awards

The Leadership Awards are a yearly reminder that there are real solutions to some of California's toughest challenges. In February 2018, we recognized the accomplishments of eight leaders at six organizations advancing innovative solutions in the areas of affordable housing, safe drinking water, immigration, youth development, homelessness, and civic engagement.

[Click here to read about our 2019 recipients.](#)



Voter and Civic Engagement

In 2018, Irvine provided grants supporting civic engagement in our [priority regions](#), as part of our [Fair Work initiative](#), and to organizations working to [ensure an accurate U.S. Census count](#) in 2020 and to those supporting a fair and effective redistricting process.

We were also grateful to see progress by previous years' grantees. For example, the multi-racial community groups that make up the nonpartisan [Power California](#) organization contacted 173,032 young voters in 29 California counties in 2018.

Culminating Work



Arts Engagement

Our previous [Arts Engagement](#) initiative is coming to a close. We have made our final grants, which include efforts to evaluate and learn from Irvine's history of supporting the arts. For example, in 2018, Harder+Company Community Research produced a [final report](#) evaluating our Exploring Engagement Fund.

In addition, grantees supported by our New California Arts Fund continued to work together to spend grant resources related to learning, innovation, and reaching new organizations interested in arts engagement. And an Irvine grant to the California Arts Council will allow them to create a fellowship program for emerging arts managers from historically marginalized communities – a public-private partnership model they hope to expand in coming years.



Election Policies and Practices

The Future of California Elections – a collaboration between election officials, civil rights organizations, and election reform advocates – is using their final Irvine grant to organize a network of stakeholders around the continued implementation of election reforms.

For example, in 2016 the state legislature passed the California Voter's Choice Act to provide voters flexibility in where, when, and how they cast their ballots. The network brings registrars of voters, advocates, and good governance groups together to ensure forward-looking voting policies like this are well implemented, including applying lessons learned as new counties, such as Los Angeles, implement the law.

Culminating Work



Linked Learning

We continued to wind down our grantmaking for this decade-long effort to prepare students to graduate from high school ready for college and with skills to thrive in the workplace. We are supporting, through 2021, the Linked Learning Alliance – a leader in the growing field focused on building high-quality career pathways that support student success.

This growth was evident as more than 800 practitioners attended the annual Linked Learning convening in February 2018, and with leaders in education, business, and the community coauthoring op-eds touting Linked Learning in [San Bernardino](#), [Coachella Valley](#), and [Fresno](#) newspapers. Additional research on Linked Learning's impact is coming in 2019.



Pay for Success

We have made our final grant for Irvine's California Pay for Success Initiative, and in 2018 we summarized the goals, investments, outcomes to date, and lessons learned from that initiative in this [recap](#).



Postsecondary Success

We have concluded grantmaking for our [Postsecondary Success pilot](#), an effort exploring how to strengthen low-income students' transitions to — and through — postsecondary institutions. We have learned a tremendous amount from this grantmaking, and it has informed our thinking as we consider what's next (and aspects of our [Better Careers](#) workforce initiative).

You can learn more about that effort and its grantmaking [here](#), and we will share more about the future of Irvine's postsecondary grantmaking later in 2019.



Letter from our CIO and Treasurer

The purpose of our investment portfolio is to provide the financial resources to achieve impact through our programmatic work and, ultimately, our mission: expanding opportunity for the people of California.

Fortunately, our long-term returns have allowed us to grow our grantmaking capacity over time. As a result of strong historical investment results, Irvine's Board of Directors approved an increase in how much we can give as grants, from a \$96 million budget in 2018 to \$102 million in 2019. And that, at the end of the day, is why we are in business.

2018 was a busy year for the Investment team, as we completed a number of strategic projects that I identified when I joined Irvine as CIO two years ago. In addition, we successfully added a new Investment Director and began recruiting a new Investment Associate.

We also continued to streamline and rebalance capital among managers to align with our investment principles, and we completed some secondary sales of private assets.

Irvine's Investment Principles

Our relationships with investment partners are critical to our continued success. That's why, early in my tenure as CIO, the Investment team articulated our shared Investment Principles.

We believe it is important to share these with our investment partners so they can better understand Irvine's approach to investments and what drives our behavior. I believe these principles are the foundation for building a successful investment portfolio:

- We are a long-term investor
- We believe that relationships matter
- We value independent thinking
- We are a conviction-based investor
- We are a flexible and nimble partner
- We are intellectually curious
- We align Irvine's interests with the interests of our partners

Letter from our CIO & Treasurer

Partnering with top investment managers will help Irvine continue to evolve its investment strategies. Like many endowments and foundations, Irvine's investment portfolio currently has a significant exposure to equity securities, both public and private. This includes a significant commitment to venture capital and private investments.

Irvine has benefited significantly from this positioning over the long term. Due to strong performance during the year, private investments increased from 33 percent of the portfolio at the end of 2017 to 36 percent at the end of 2018. The private investment portfolio continues to track above the target allocation of the total portfolio due to multiple years of strong performance, and it would have been even higher without the secondary sales that we completed in 2018.

As a long-term investor, it is important to measure performance over long time periods, especially when the portfolio has a significant amount of private investments. The Foundation has been rewarded as a long-term investor, generating more than a 10-percent portfolio return over the past 10 years. Two key contributors drove Irvine's long-term returns: superior manager selection and an overweight to quality private investments.

On shorter time horizon, 2018 was a challenging year for financial markets, with the global public equity market declining more than 9 percent. Despite this challenging backdrop, Irvine's portfolio was able to deliver more than a 4-percent return for 2018.

While this return is below our long-term expectations, it is an exceptional return relative to other institutions with similar portfolios. Irvine's disciplined approach to portfolio construction with a focus on conviction-based investing allowed Irvine's portfolio to perform different than the broad financial market.

We would like to thank all of our investment partners for their contributions in allowing us to increase our grantmaking budget and our ability to support organizations working to expand opportunity for the people of California.

Tim Recker

[Read our audited 2018 financial statement](#)

**Thank you to all of our partners for your work
expanding opportunity for California.**