



2001 ANNUAL REPORT

Accelerating digital opportunity for all people

“People lack many things: jobs, shelter, food, health care and drinkable water. Today, being cut off from basic telecommunications services is a hardship almost as acute as these other deprivations, and may indeed reduce the chances of finding remedies to them.”

Kofi Annan, UN Secretary General and Nobel Laureate

A MESSAGE FROM THE PRESIDENT



The Benton Foundation's third decade begins with a renewed commitment to *accelerating digital opportunity for all people* under new leadership.

Unprecedented political, economic and technological realities are transforming the way we live, work and play. There's been a shift in our culture from book to screen, from handwriting to keyboard, from manually gathering, sorting and linking data to using software to synthesize information into knowledge and action. Social and economic development will benefit worldwide by the use of information and communications technology as a tool for problem solving.

In the 21st century world of telecommunications, digital knowledge is proving essential for success. Based on this premise, the Benton Foundation has focused its resources during the past decade on a range of operating projects in collaboration with other foundations, corporations and government agencies. This annual report, our first in the new millennium, highlights selected examples of this work in the past year.

Looking to the future, the Benton Foundation intends to work with intermediary organizations and policymakers to help underserved communities realize the benefits and promise of digital technology. Our

goals are easy to describe and hard to achieve.

Imagine a world where all youth and adults in our society could use appropriate technology in the areas of education, the economy and civic engagement to improve their lives and strengthen their communities. Despite cutbacks for technology investments, this is not a time to retrench.

We know that local and regional conditions vary and that available resources in the U.S. and abroad will determine the specific strategies for using technology to effect social change. However, lessons learned from successful initiatives in one arena can be adapted and applied to solve problems elsewhere.

In 2002 our focus will be on building bridges across sectors among decisionmakers. The Benton Foundation will also identify best practices in digital communications and disseminate the findings to help nonprofits and other key learning institutions to monitor trends, implement programs and evaluate effectiveness.

As the foundation learns more about the impact of technology on society, we'll continue to educate and engage policymakers and stakeholders about how to promote 21st century literacy.

Documenting and sharing knowledge about the ways that technology affects productivity and improves performance will broaden the mandate for change. We believe that this work will strengthen the rationale for smart, strategic investments during lean times to prepare communities for advancement when the economy rebounds.

The Benton Foundation proudly celebrates 21 years promoting communications in the public interest. A staff restructuring in November combined with the decision to relocate our offices allowed us to respond to changing economic conditions and establish a more multidisciplinary and focused approach to our work.

In a world profoundly affected by the events that occurred on September 11, our values remain rooted in a strong belief that digital technology and media can be catalysts for civic dialogue and problem solving in a healthy democracy. As an organization we're confident about the importance of our mission and poised to meet the challenges ahead with innovative approaches and new partnerships.

A handwritten signature in black ink that reads "Andrea L. Taylor". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Andrea L. Taylor
March 2002

Benton's 2001 Funders



AOL Time Warner Foundation
 The Aspen Institute
 The Atlantic Philanthropies
 AT& T Foundation
 Carnegie Corporation of New York
 The Stephen Case Foundation
 The Annie E. Casey Foundation
 The Ford Foundation
 Bill and Melinda Gates Foundation
 W. T. Grant Foundation
 The Otto Haas Charitable Trust
 Intel Foundation
 The James Irvine Foundation
 Jacobs Foundation
 The Robert Wood Johnson Foundation
 The Joyce Foundation
 W. K. Kellogg Foundation
 John S. and James L. Knight Foundation
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 Lucent Technologies Foundation
 The John D. and Catherine T. MacArthur Foundation
 The John & Mary Markle Foundation
 Charles Stewart Mott Foundation
 National Association of Child Advocates
 National Education Association
 National Endowment for the Arts
 The David and Lucile Packard Foundation
 PowerUP
 The Rockefeller Foundation
 Russell Sage Foundation
 SBC Foundation
 Streaming Media.Com
 Surdna Foundation

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2001 (unaudited)

ASSETS	
TOTAL ASSETS	\$ 15,062,464
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LIABILITIES AND NET ASSETS	
TOTAL LIABILITIES	\$ 569,364
NET ASSETS	
Unrestricted:	
Undesignated	\$ 132,098
Board designated – Endowment	\$ 11,923,222
Temporarily restricted – Program Grants	\$ 2,437,780
TOTAL NET ASSETS	\$ 14,493,100
 TOTAL LIABILITIES AND NET ASSETS	 \$ 15,062,464

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDING DECEMBER 31, 2001 (unaudited)

REVENUE	
New grants	\$ 3,725,402
Carry-forward grants	\$ 1,008,570
Dues, publications	\$ 50,129
Endowment	\$ 1,150,000
Other income	\$ 326,624
Total revenue	\$ 6,260,724
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EXPENSES	
Salaries & benefits	\$ 2,090,120
Professional services	\$ 1,716,232
Publishing, travel, office	\$ 754,687
Facilities	\$ 1,078,971
Other	\$ 250,810
Grants	\$ 369,904
Total expenses	\$ 6,260,724
 REVENUE LESS EXPENSES	 \$ 0

Our mission is to advance a public interest vision for the digital age and to demonstrate the value of communications for solving social problems.



COMMUNICATIONS LEADERSHIP FOR SOCIAL CHANGE

The Benton Foundation has embraced the principle of accelerating digital opportunity for all people as our important priority. As part of a strategic planning process, the foundation sharpened its focus on ensuring equitable access to and a diversity of voices in the emerging media landscape. The accomplishments highlighted below reflect the growing integration of our programs around a shared set of related outcomes: (1) Promoting effective use and evaluating the social impact of powerful new communications tools; (2) Engaging decisionmakers in appreciating the contributions of such tools; and (3) Preserving and expanding public and private investments in digital media.

Promoting Effective Use and Evaluating Social Impact

Preserving spaces for the public to recreate, speak and be heard free from commercial interference is as old as the First Amendment. In 2001 the foundation worked with the Media Access Project (MAP) to encourage policymakers to administer the *dot-us* national top-level domain in the public interest. As this policy debate lingers, the Benton Foundation's initiatives showcase the value of effective use of noncommercial space for addressing social problems.

OneWorld US, an initiative in partnership with OneWorld International, the premier global portal on human rights and sustainable development, relies on a network of 1,000 NGOs (nongovernmental organizations) throughout the world to create its daily Web sites on global trends in development and human rights. Over 100 NGO collaborators were recruited to OneWorld US in 2001 to contribute their content to the site. OneWorld also became the only nonprofit syndication service to join leading news providers — *The New York Times* and Associated Press — on Yahoo!'s "World News" section, bringing nonprofit perspectives on global issues to a mass audience.

Sound Partners for Community Health, a partnership with The Robert Wood Johnson Foundation, fosters creative solutions to health care problems by linking community organizations with public radio stations to produce programming to address local needs.

- Sound Partners has supported 68 partnerships in the U.S. to demonstrate the role broadcasters and NGOs can play in local communities.
- Sound Partners amplifies the voices of underserved communities, such as the partnership between KUAC-FM and Native American youth in Fairbanks, Alaska, that generated a dialogue about substance abuse and recovery.

Connect for Kids celebrated five years of success in demonstrating innovative and effective use of communications technology to foster beneficial social policy for children and families. Using Web and e-mail tools, Connect for Kids responded to recent budget changes in state and federal policy that adversely affect children by placing the issues at the forefront of the public agenda.

The Independent Sector reports that 86 percent of nonprofits utilize some form of information technology. There is a growing consensus that information technology can increase efficiencies and enhance communications when used appropriately.

- In 2001 the Benton Foundation launched its **Strategic Communications in the Digital Age** Web site as a resource for nonprofit technology leaders to guide appropriate and effective technology use.
- The **Digital Divide Network** is an outlet for nonprofits and policymakers to share experiences about "best practices" through its "Voices of the Net" section. The lively listserv's subscription rate skyrocketed in 2001 — from under 500 members to more than 2,500 by year's end, 20 percent of whom are now international subscribers.

Building New Bridges: Engaging Decisionmakers

The **Teens and Technology Roundtable (TTR)** held an unprecedented transatlantic dialogue on the critical issue of underserved teens and technology in Washington, DC, on October 4-5, 2001. TTR convened 50 decisionmakers from the U.S. and Europe who heard keynote remarks from Education Undersecretary Eugene Hickok, Congressman Major Owens (D-NY), Congressman Fred Upton

“Digital technology can be the ultimate tool for empowerment — promoting individual opportunity, economic prosperity and social progress and improving people’s lives — but only if we work together to expand digital opportunity around the world.”

Steve Case, Chairman, AOL Time Warner



(R-MI) and attorney Larry Irving, former National Telecommunications and Information Administration chief. Participants focused on the need both to deepen research on technology effects and to communicate these results more effectively to decisionmakers.

December 18, 2001, marked the third anniversary of the release of *Charting the Digital Broadcasting Future*, recommendations of the 22-member President’s Advisory Committee on Public Interest Obligations of Digital Television Broadcasters (PIAC), a committee that included Benton Foundation Chairman Charles Benton as a member. As a **PIAC legate**, the foundation is among the few organizations monitoring the digital transition and seeking accountability to ensure that the pending digital transition serves the public interest.

The digital transition is an opportunity for communities to produce local content through collaboration among libraries, local arts and culture institutions, hospitals and broadcasters to encourage diverse programming. To nurture and broaden sustainable local media alliances, the foundation, in partnership with Pennsylvania State University, the Corporation for Public Broadcasting and the Institute of Museum and Library Services, documented the practices and lessons learned from recent collaborations in **Partners in Public Service**. Capitalizing on the successes of Sound Partners, this report is sure to influence station managers, community leaders and policymakers for some time.

Preserving and Expanding Investments: From Boom to Bust

In an era of new federal priorities and a weak economy, the massive technology investments of the 1990s are threatened. Our aim is to help preserve these funding streams to sustain fragile new initiatives.

The Benton Foundation, in collaboration with the Center for Children and Technology (CCT) in New York, continued to support the multi-billion-dollar federal **E-Rate program** that provides digital access to underserved students. In November 2002 Benton and CCT released a research study, funded by the Joyce Foundation, evaluating the use of technology in classrooms.

Based on the study’s findings, we are working on key issues with education groups and policymakers to:

- Bridge the gap in professional development for teachers.
- Address the need for new curricula and materials to effectively leverage the huge influx of hardware into schools.
- Maintain a quality educational program with significantly reduced public and private funding.

Looking to the Future

Building on these accomplishments, the Benton Foundation has chartered a course for the next year and beyond:

- Our Digital Divide Network, in partnership with OneWorld International’s New Delhi-based South Asia center, will launch the Digital Opportunity Channel in spring 2002 to help bridge the digital divide in the developing world.
- Sound Partners will expand from radio to include television, making sizable grants to public television stations and community partners to address community problems.
- The Teens & Technology Roundtable will reconvene in Europe to engage decisionmakers to increase investments aimed at underserved youth.
- The Benton Foundation and the Center for Children and Technology will explore issues related to the sustainability of educational technology in K-12 schools through a new one-year grant from the Joyce Foundation.
- Connect for Kids will play a critical brokering role for the Grantmakers Income Security Task Force to create a communications strategy for child advocates in the upcoming debates around the reauthorization of Temporary Assistance for Needy Families, also known as welfare reform.

In 2002 the foundation will more systemically measure its progress based on its performance in promoting effective use of new communications technologies, engaging decisionmakers and expanding investments and capacity. We believe that government, foundation and corporate policymakers will invest in new technologies for social good if their investments can be justified with results. Our future role is envisioned as a broker to share knowledge, evaluate performance and generate new partnerships to empower all people to enjoy the benefits of the new media.



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" To accelerate digital opportunity for all people, the Benton Foundation focuses on what we've referred to as the interrelated '3 Ps' — communications Policy analysis and engagement in the public interest; best Practices in the use of communication tools and resources for nonprofit organizations; and the Production of new media models, especially knowledge networks for education and solving social problems."

Charles Benton, Chairman, Benton Foundation

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For more information on the Benton Foundation's board, staff and projects refer to the following Web sites:

Benton Foundation (www.benton.org)

Connect for Kids (www.connectforkids.org)

Digital Divide Network (www.digitaldividenetwork.org)

OneWorld US (www.oneworld.net/us)

Sound Partners for Community Health (www.soundpartners.org)